

## **EXHIBIT B**



## **OCC Rules**

Underlined text indicates new text

~~Strikethrough~~ text indicates deleted text

## CHAPTER IX – DELIVERY OF UNDERLYING SECURITIES AND PAYMENT

### Introduction

The Rules in this Chapter are applicable to the discharge of delivery and payment obligations arising out of the exercise of physically settled stock option contracts and the maturity of physically settled stock futures contracts. As a general policy, the Corporation will direct that such obligations be settled through the facilities of the correspondent clearing corporation as specified in Rule 901 (including in connection with any Guaranty Substitution Payment as may be made by the Corporation to the Correspondent Clearing Corporation) to the extent that the security to be delivered and received is CCC-eligible, and will direct that such obligations be settled on a broker-to-broker basis as specified in Rules 903 through 912 to the extent that the security to be delivered and received is not CCC-eligible. However, the Corporation may in its discretion make exceptions to this policy, either to direct that the delivery of CCC-eligible securities be made on a broker-to-broker basis as specified in Rules 903 through 912, utilizing services of the correspondent clearing corporation or otherwise, or (with the agreement of the correspondent clearing corporation) to direct that the delivery of non-CCC-eligible securities be made through the facilities of the correspondent clearing corporation as specified in Rule 901. The Corporation may alter a previous designation of a settlement method at any time (i) prior to the obligation time (as defined in Rule 901(b)) for any settlement to be made through the facilities of the correspondent clearing corporation pursuant to Rule 901 or (ii) prior to the designated delivery date for any settlement to be made on a broker-to-broker basis pursuant to Rules 903 through 912 by giving the affected Clearing Members such notice thereof as is practicable under the circumstances.

### RULE 901 – Settlement Through Correspondent Clearing Corporations

(a) [No change.]

(b) Settlement obligations for CCC-eligible securities that settle “regular way,” as defined in the rules and procedures of the correspondent clearing corporation, will ordinarily be directed for settlement through the facilities of the correspondent clearing corporation. ~~Unless otherwise agreed between the correspondent clearing corporation and the Corporation, if (i) If~~ such settlement obligations are reported to and are not rejected by the correspondent clearing corporation under the terms of an agreement between the correspondent clearing corporation and the Corporation then; ~~(ii) the correspondent clearing corporation has not notified the Corporation that it has ceased to act for the relevant Clearing Member or Appointed Clearing Member; and (iii) the clearing fund requirements of the relevant Clearing Member or Appointed Clearing Member owing to such correspondent clearing corporation, as determined in accordance with its rules and procedures, are received by the correspondent clearing corporation;~~ the Corporation

shall have no further obligation in respect of such settlement obligations, other than such obligations as the Corporation may have pursuant to its agreement with the correspondent clearing corporation, and full settlement shall be deemed to have been made by the Corporation in respect of such settlement obligations, from and after the time when the correspondent clearing corporation becomes unconditionally obligated, in accordance with its rules, to effect settlement in respect thereof or to close out the securities contract arising therefrom (the “obligation time”). If an obligation to make delivery is netted by the Corporation against an obligation to receive in accordance with subparagraph (a) hereof, full settlement shall be deemed to have been made in respect thereof at the opening of business of the Corporation on the delivery date. If the Corporation takes action pursuant to subparagraph (d) hereof, settlement shall be made in accordance with the provisions of subparagraph (d). From and after the time when settlement is deemed to have been made pursuant to the second sentence of this subparagraph (b), the obligations of the Delivering and the Receiving Clearing Member in respect of the contracts deemed to have been settled, and any other obligations resulting from settlement in respect thereof, shall be determined by the rules and procedures of the correspondent clearing corporation.

Each Clearing Member understands and agrees with the Corporation that the Corporation maintains an agreement with the correspondent clearing corporation that addresses the terms under which settlement obligations for CCC-eligible securities may be settled through the facilities of the correspondent clearing corporation and that pursuant to that agreement the parties agree that in certain circumstances in which the correspondent clearing corporation has ceased to act and the Corporation has suspended a Clearing Member, the Corporation may make a Guaranty Substitution Payment to the correspondent clearing corporation so that the correspondent clearing corporation will not reject settlement obligations involving such Clearing Member for CCC-eligible securities that the Corporation directs to the correspondent clearing corporation for settlement through its facilities. The Corporation agrees to make available to each Clearing Member upon request a copy of the agreement between the Corporation and the correspondent clearing corporation.

The circumstances in which the Corporation may make such a Guaranty Substitution Payment under the agreement with the correspondent clearing corporation are as follows:

(i) the Clearing Member that is suspended by the Corporation is also a member of the correspondent clearing corporation and the correspondent clearing corporation has ceased to act for that member under its rules and procedures;

(ii) the Clearing Member that is suspended by the Corporation is also an Appointed Member for which the correspondent clearing corporation has ceased to act; or

(iii) the Clearing Member that is suspended by the Corporation is a Canadian Clearing Member for which CDS has been appointed to make settlement of obligations of the Canadian Clearing Member and the correspondent clearing corporation has ceased to act

for CDS.

Under the terms of the agreement between the Corporation and the correspondent clearing corporation, a Guaranty Substitution Payment will be in an amount as is required by the correspondent clearing corporation to satisfy any deficit(s) of the relevant Clearing Member, Appointed Clearing Member, or CDS as applicable, to the correspondent clearing corporation regarding the Clearing Member's portion of the "required fund deposit" and "supplemental liquidity deposit", as those terms are defined in the correspondent clearing corporation's rules and procedures, attributable to exercise and assignment transactions. Any amount of a Guaranty Substitution Payment that the correspondent clearing corporation does not use pursuant to its rules and procedures will be returned by the correspondent clearing corporation to the Corporation under such terms and within such times as agreed between the Corporation and the correspondent clearing corporation.

(c) – (h) [No change.]

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## **CHAPTER X – CLEARING FUND CONTRIBUTIONS**

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### **RULE 1006 – Purpose and Use of Clearing Fund**

(a) Conditions for Clearing Fund Use. The Clearing Fund may be used for borrowings pursuant to the authority in Rule 1006(f). The Clearing Fund may also be used to make good losses or expenses suffered by the Corporation or losses suffered by the Clearing Fund resulting from borrowings pursuant to the authority in Rule 1006(f): (i) as a result of the failure of any Clearing Member to discharge duly any obligation on or arising from any confirmed trade accepted by the Corporation, (ii) as a result of the failure of any Clearing Member (including any Appointed Clearing Member) or of CDS to perform its obligations (including its obligations to the correspondent clearing corporation) under or arising from any exercised or assigned option contract or matured future or any other contract or obligation issued, undertaken, or guaranteed by the Corporation or in respect of which the Corporation is otherwise liable, (iii) regarding any Guaranty Substitution Payment that that the Corporation may make to the correspondent clearing corporation under an agreement between them, as described in Rule 901, so that the correspondent clearing corporation will not reject settlement obligations for CCC-eligible securities involving a Clearing Member that the Corportion has suspended, as described in Rule 1102, and for which the correspondent clearing corporation has ceased to act, and that the Corporation directs to the correspondent clearing corporation for settlement through its facilities, (iv) as a result of the failure of any Clearing Member to perform any of its obligations to the Corporation in respect of the stock loan and borrow positions of such Clearing Member, (v) in connection with any liquidation of a Clearing Member's open positions, (vi) in connection with

protective transactions effected for the account of the Corporation pursuant to Chapter XI of the Rules, (vi) as a result of the failure of any Clearing Member to make any other required payment or render any other required performance, or (viii) as a result of the failure of any bank, securities or commodities clearing organization, or investment counterparty to perform its obligations to the Corporation for reasons specified in paragraph (c) of this Rule 1006. Notwithstanding the foregoing, in the event that the Corporation performs a Voluntary Tear-Up or a Partial Tear-Up pursuant to Rule 1111, the Clearing Fund may be used to provide compensation to non-defaulting Clearing Members and their customers as a means of re-allocating the losses, costs and fees imposed upon them as a result of such Voluntary Tear-Up or Partial Tear-Up, but only to the extent that such losses, costs and fees can be reasonably determined by the Corporation.

(b) *Clearing Member Failures.* (i) Upon occurrence of any of the events described in clauses (i) through (vi) of paragraph (a) of this Rule, the Corporation shall (after appropriate application of other funds in the accounts of the Clearing Member) apply the Clearing Member's Clearing Fund contribution to the discharge of the obligation, the reimbursement of such loss or expense, or the making of such payment or the funding of the performance, as applicable. If the sum of all such obligations, losses or expenses, and payments exceeds the sum of the amount of the Clearing Member's total Clearing Fund contribution and the amount of the other funds of the Clearing Member available to the Corporation, and if the Clearing Member fails to pay the Corporation the amount of any such deficiency on demand, the amount of the deficiency shall be first, funded by the Minimum Corporate Contribution in accordance with paragraph (e) of this Rule; and next funded by the Corporation's liquid net assets funded by equity in excess of 110% of the Target Capital Requirement in accordance with paragraph (e) of this Rule; and next, paid out of the Clearing Fund and the EDCP Unvested Balance and charged on a proportionate basis against the sum of the EDCP Unvested Balance and all other Clearing Members' required contributions as calculated at the time, but the Clearing Member who failed to pay the deficiency shall remain liable to the Corporation for the full amount of such deficiency until repayment thereof by such Clearing Member.

(ii) If the Corporation performs a Voluntary Tear-Up or a Partial Tear-Up pursuant to Rule 1111, then, the Corporation may elect to proportionately charge the Clearing Fund and EDCP Unvested Balance in the amount(s) the Corporation reasonably determines necessary to compensate non-defaulting Clearing Members and their customers for the losses, costs or fees imposed upon them as a direct result of such Voluntary Tear-Up or Partial Tear-Up, but only to the extent that such losses, costs and fees can be reasonably determined by the Corporation.

(iii) For purposes of this Rule 1006(b), the share of any Clearing Fund loss or deficiency shall be borne pro rata by each Clearing Member (other than the suspended Clearing Member(s)) and the EDCP Unvested Balance. The percentage attributed to each shall be a fraction, the numerator of which shall be the sum of the fixed amount and variable amount calculated pursuant to Rule 1003 for such Clearing Member (or its initial contribution if applicable) or the EDCP Unvested

Balance amount, as applicable, and the denominator of which shall be the sum of the EDCP Unvested Balance and fixed amounts, variable amounts and any initial contributions across all Clearing Members (other than suspended Clearing Member(s)).

(c) – (e) [No change.]

(f) *Borrowings.* (1) *Conditions.* The Corporation may take possession of cash or securities deposited by Clearing Members as contributions to the Clearing Fund and securities in which the Corporation has invested Clearing Fund cash contributions if:

(A) the Corporation deems it necessary or advisable to borrow or otherwise obtain funds in order to meet obligations arising out of the default or suspension, or in anticipation of the potential default or suspension, of a Clearing Member or any action taken by the Corporation to address such an actual or potential default or suspension (including in connection with making any Guaranty Substitution Payment to the correspondent clearing corporation related to such circumstances);

(B) the Corporation sustains a loss reimbursable out of the Clearing Fund pursuant to paragraph (c) but elects to borrow or otherwise obtain funds in lieu of immediately charging such loss to the Clearing Fund; or

(C) the Corporation reasonably believes it necessary to borrow to meet its liquidity needs for daily settlement as a result of the failure of any bank, securities or commodities clearing organization, or investment counterparty to perform any obligation to the Corporation when due. Failure of an investment counterparty under this paragraph shall be limited to a failure with respect to cash invested under Rule 604(a) or Rule 1002(c).

(2) *Use of Funds.* (A) The Corporation may use funds it takes possession of under Rule 1006(f) to:

(i) meet obligations, losses or liquidity needs; ~~or~~

(ii) make any Guaranty Substitution Payment to the correspondent clearing corporation; or

(iii) borrow or otherwise obtain funds through any means determined to be reasonable at the discretion of the Chairman, Chief Executive Officer or the Chief Operating Officer (including, without limitation, pledging such assets as security for loans and/or using such assets to effect repurchase, securities lending or other transactions

(B) In the case of a borrowing under conditions (1)(A) or (1)(C), the funds obtained will be used solely for the purposes described in conditions (1)(A) or (1)(C), as applicable.

(3) *Term; Clearing Fund Charge.* (A) The funds obtained by the Corporation under paragraph (f), irrespective of how such funds are applied (including if they are used by the Corporation in connection with making a Guaranty Substitution Payment to the correspondent clearing corporation), shall not be deemed to be charges against the Clearing Fund for a period not to exceed 30 days, and, during said period, shall not affect the amount or timing of any charges otherwise required to be made against the Clearing Fund pursuant to this Chapter X. Each Clearing Member agrees that a borrowing by the Corporation from the Clearing Fund for the purpose of making a Guaranty Substitution Payment shall be deemed to be repaid by the Corporation at such time as under the agreement between the Corporation and the correspondent clearing corporation it is the obligation of the correspondent clearing corporation after accepting a Guaranty Substitution Payment to return to the Corporation any portion of the Guaranty Substitution Payment that the correspondent clearing corporation does not use pursuant to its rules.

(B) At the close of business on a Business Day, the Corporation shall consider the amount of Clearing Fund assets used to support the Corporation's obligations under the outstanding borrowing or transaction as an actual loss to the Clearing Fund and immediately allocate such loss in accordance with this Chapter X if:

(i) on any Business Day, the Corporation determines, in its discretion, all or part of any borrowing or transaction under paragraph (f) represents an actual loss to the Clearing Fund, a loss to the Corporation reimbursable out of the Clearing Fund; or

(ii) all or a part of any borrowing or transaction under Rule 1006(f) remains outstanding after 30 days (or on the first Business Day thereafter if the thirtieth calendar day is not a Business Day).

(4) Substitution Requests. The Corporation may refuse any Clearing Member substitution request regarding securities contributed to the Clearing Fund that the Corporation has taken possession of under Rule 1006(f).

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## **CHAPTER XI – SUSPENSION OF A CLEARING MEMBER**

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### **RULE 1104 – Creation of Liquidating Settlement Account**

(a) – (f) [No change.]

(g) The Corporation may take possession of specified margin assets of a suspended Clearing Member as a borrowing to use such borrowed margin assets to make a Guaranty Substitution

Payment to the correspondent clearing corporation. For the avoidance of doubt, the margin assets may include the proceeds from any borrowing by the Corporation pursuant to paragraph (b) of this Rule 1104. Specifically, the margin assets that may be borrowed by the Corporation to make a Guaranty Substitution Payment are margin assets in the Clearing Member accounts described in the following subparagraphs of Article VI, Sec 3 of the By-Laws: subparagraph (a) (firm lien account and firm non-lien account); (b) (separate Market-Maker's account); (c) (combined Market-Maker's account); and (h) (JBO Participants' account). Each Clearing Member agrees that any such borrowing of margin assets by the Corporation to make a Guaranty Substitution Payment shall be deemed to be repaid by the Corporation to the Clearing Member at such time as under the agreement between the Corporation and the correspondent clearing corporation it is the obligation of the correspondent clearing corporation after accepting the Guaranty Substitution Payment to return to the Corporation any portion that the correspondent clearing corporation does not use pursuant to its rules. Margin assets borrowed by the Corporation to make a Guaranty Substitution Payment to the correspondent clearing corporation shall not be deemed to be charged against the margin assets for the relevant account(s) for a period not to exceed thirty days. If all or a part of any borrowing of margin assets pursuant to this paragraph (g) is determined by the Corporation, in its discretion, on any Business Day, to represent an actual loss or all or a part of any such borrowing remains outstanding after thirty days (or on the first Business Day thereafter if the thirtieth calendar day is not a Business Day), the Corporation, at the close of business on such Business Day shall consider the amount of margin assets used to support the Corporation's obligations under the outstanding borrowing or transaction as an actual loss and immediately allocate such loss in accordance with the By-Laws and Rules.

#### **RULE 1107 – Exercised or Matured Contracts**

(a) Unless the Corporation stipulates otherwise in a particular case, exercised option contracts to which a suspended Clearing Member is party (either as the exercising Clearing Member or as the assigned Clearing Member) and matured, physically-settled futures to which such Clearing Member is a party shall be disposed of as follows:

(1) Exercised option contracts and matured, physically-settled stock futures ~~for which the correspondent clearing corporation is obligated to effect settlement shall~~ to which the suspended Clearing Member is a party may be settled in the ordinary course ~~accordance with the terms of any agreement between the Corporation and the correspondent clearing corporation governing the settlement of exercised option contracts and matured, physically-settled stock futures of a suspended Clearing Member. In such an event, the settlement of any such exercised option contracts or matured, physically-settled stock futures shall be governed by and subject to the agreement between the Corporation and correspondent clearing corporation and the rules of the correspondent clearing corporation.~~ If the suspended Clearing Member was the assigned Clearing Member in respect of any such exercised option contract, and the exercise notice was allocated by the suspended Clearing Member, or is allocated by the Corporation pursuant to the



following provisions of this Rule, to a short position for which a specific deposit or an escrow deposit has been made, then (i) in the case of a call option contract, the Corporation shall obtain delivery of the underlying securities deposited in respect thereof from the depository and shall promptly liquidate such underlying securities, or (ii) in the case of a put option contract, the Corporation shall make a demand on the depository for payment out of the deposited property of the aggregate exercise price plus all applicable commissions and other charges.

(2) – (5) [no change]

(b) – (c) [no change]