

CHAPTER 9. CODE OF PROCEDURE

Rule Series 9.000. Code of Procedure

Rule 9.001. Regulatory Contract with FINRA

LTSE and FINRA are parties to the Regulatory Contract, pursuant to which FINRA has agreed to perform certain functions described in the Rule 9.000 Series on behalf of LTSE. LTSE Rules that refer to the LTSE Regulation, LTSE Regulation staff, LTSE staff, and LTSE departments should be understood as also referring to FINRA, FINRA staff, and FINRA departments acting on behalf of LTSE pursuant to the Regulatory Contract.

Notwithstanding the fact that LTSE has entered into the Regulatory Contract with FINRA to perform some of LTSE's functions, LTSE shall retain ultimate legal responsibility for, and control of, such functions.

Rule Series 9.100. Application and Purpose

Rule 9.110. Application

(a) Proceedings

Chapter 9 of the LTSE Rules is the Code of Procedure and includes proceedings for (1) disciplining a Member or person associated with a Member; (2) regulating the activities of a Member experiencing financial or operational difficulties; (3) summary or non-summary suspensions, cancellations, bars, prohibitions, or limitations; and (4) obtaining relief from the eligibility requirements of the LTSE Bylaws and LTSE Rules. Chapter 9 of the LTSE Rules is of general applicability to all proceedings set forth herein, unless a specific Rule provides otherwise.

(b) Rights, Duties, and Obligations of Members and Associated Persons

Unless otherwise specified, an associated person shall have the same rights as a Member and shall be subject to the same duties and obligations under the Code of Procedure.

(c) Incorporation of Defined Terms and Cross References

Unless otherwise provided, terms used in the LTSE Rule Series 9.000 shall have the meaning as defined in LTSE Rules 1.160 and 9.120. References within the LTSE Rule Series 9.000 to FINRA offices or departments refer to offices so designated by FINRA, including its Market Regulation department.

Rule 9.120. Definitions

- (a) Adjudicator: The term "Adjudicator" means:
 - (1) a body, board, committee, group, or natural person that presides over a proceeding and renders a decision;
 - (2) a body, board, committee, group, or natural person that presides over a proceeding and renders a recommended or proposed decision which is acted upon by an Adjudicator described in paragraph (a)(1); or
 - (3) a natural person who serves on a body, board, committee, or group described in paragraphs (a)(1) or (2).
- (b) Chief Hearing Officer: The term "Chief Hearing Officer" means the Hearing Officer who manages the Office of Hearing Officers, or his or her delegate. The Chief Hearing Officer may be FINRA's Chief Hearing Officer pursuant to the Regulatory Contract, if approved by the Board of Directors at least annually.
- (c) Reserved.
- (d) Code: The term "Code" refers to this Code of Procedure.
- (e) Counsel to the LTSE Appeals Committee: The term "Counsel to the LTSE Appeals Committee" means the General Counsel of LTSE who is responsible for advising the LTSE Appeals Committee regarding a disciplinary proceeding on appeal or review before the LTSE Appeals Committee.
- (f) Department of Enforcement: The term "Department of Enforcement" means the Department of Enforcement of FINRA, acting on behalf of LTSE pursuant to the Regulatory Contract.
- (g) Department of Market Regulation: The term "Department of Market Regulation" means FINRA's Market Regulation department, acting on behalf of LTSE pursuant to the Regulatory Contract.
- (h) Department of Member Regulation: The term "Department of Member Regulation" means the Department of Member Regulation of FINRA, acting on behalf of LTSE pursuant to the Regulatory Contract.
- (i) Director: The term "Director" means a member of the Board of Directors of LTSE.
- (j) Document: The term "Document" means a writing, drawing, graph, chart, photograph, recording, or any other data compilation, including data stored by computer, from which information can be obtained.

Rule 9.120. Definitions

- (k) Extended Hearing: The term "Extended Hearing" means a disciplinary proceeding described in LTSE Rule 9.231(c).
- (l) Extended Hearing Panel: The term "Extended Hearing Panel" means an Adjudicator that is constituted under LTSE Rule 9.231(c) to conduct a disciplinary proceeding that is classified as an "Extended Hearing" and is governed by Rule Series 9.200.
- (m) General Counsel: The term "General Counsel" means the Chief Legal Officer or General Counsel of LTSE, or his or her delegate, who shall be a person who reports to the Chief Legal Officer or General Counsel of LTSE and is an Associate General Counsel, an Assistant General Counsel, or a person who has substantially the same or equivalent duties and responsibilities as an Associate General Counsel or an Assistant General Counsel.
- (n) Head of Enforcement: The term "Head of Enforcement" means the individual designated by FINRA to manage its Department of Enforcement, or his or her delegate in the Department of Enforcement.
- (o) Head of Market Regulation: The term "Head of Market Regulation" means the individual designated by FINRA to manage its Department of Market Regulation, or his or her delegate in the Department of Market Regulation.
- (p) Hearing Officer: The term "Hearing Officer" means an employee of FINRA, or former employee of FINRA who previously acted as a Hearing Officer, who is an attorney and who is appointed by the Chief Hearing Officer to act in an adjudicative role and fulfill various adjudicative responsibilities and duties described in the Rule Series 9.200 regarding disciplinary proceedings, the Rule Series 9.550 regarding expedited proceedings and the Rule Series 9.800 regarding temporary cease and desist proceedings brought against Members and associated persons.
- (q) Hearing Panel: The term "Hearing Panel" means an Adjudicator that is constituted under LTSE Rule 9.231 to conduct a disciplinary proceeding governed by LTSE Rule Series 9.200 or that is constituted under LTSE Rule Series 9.520 or 9.550 to conduct a proceeding.
- (r) Interested Staff: The term "Interested Staff" means, in the context of:
 - (1) a disciplinary proceeding under LTSE Rule Series 9.200 and 9.300:
 - (A) the Head of Enforcement;
 - (B) an LTSE Regulation employee or FINRA employee of the Department of Enforcement who reports, directly or indirectly, to the Head of Enforcement;
 - (C) an LTSE Regulation or FINRA employee who directly participated in the authorization of the complaint;

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- (D) an LTSE Regulation or FINRA employee who directly participated in an examination, investigation, prosecution, or litigation related to a specific disciplinary proceeding, and a district director or department head to whom such employee reports;
 - (E) the Head of Market Regulation; or
 - (F) an employee of the Department of Market Regulation who reports, directly or indirectly, to the Head of Market Regulation;
- (2) a proceeding under LTSE Rule Series 9.520 or 9.550:
- (A) the head of the department or office that issues the notice or is designated as a Party;
 - (B) an LTSE Regulation or FINRA employee who reports, directly or indirectly, to such person;
 - (C) an LTSE Regulation or FINRA employee who directly participated in the authorization or initiation of the proceeding; or
 - (D) an LTSE Regulation or FINRA employee who directly participated in an examination, investigation, prosecution, or litigation related to a specific proceeding, and a district director or department head to whom such employee reports; or
- (3) a proceeding under LTSE Rule Series 9.600:
- (A) the head of the department or office that issues the decision granting or denying an exemption or is designated as a Party;
 - (B) an LTSE Regulation or FINRA employee who reports, directly or indirectly, to such person;
 - (C) an LTSE Regulation or FINRA employee who directly participated in the exemption proceeding; or
 - (D) an LTSE Regulation or FINRA employee who directly participated in an examination, investigation, prosecution, or litigation related to a specific exemption proceeding, and a district director or department head to whom such employee reports.
- (s) Office of Disciplinary Affairs: The term "Office of Disciplinary Affairs" means the Office of Disciplinary Affairs for FINRA, acting on behalf of LTSE pursuant to the Regulatory Contract..

Rule 9.131. Service of Complaints

- (t) Office of Hearing Officers: The term "Office of Hearing Officers" means the office managed by the Chief Hearing Officer, or his or her delegate. The Office of Hearing Officers may be FINRA's Office of Hearing Officers pursuant to the Regulatory Contract, if approved by the Board of Directors at least annually.
- (u) Panelist: The term "Panelist," as used in LTSE Rule 9.200, means a member of a Hearing Panel or Extended Hearing Panel who is not a Hearing Officer.
- (v) Party: With respect to a particular proceeding, the term "Party" means:
 - (1) in LTSE Rule Series 9.200, 9.300, and 9.800, the Department of Enforcement or the Department of Market Regulation or a Respondent;
 - (2) in LTSE Rule Series 9.520, the Department of Member Regulation or a Member that is the subject of a notice or files an application under LTSE Rule 9.522;
 - (3) in LTSE Rule Series 9.550, the LTSE department or office that issued the notice or, if another LTSE department or office is named as the party handling the matter on behalf of the issuing department or office, the LTSE department or office that is so designated or a Member or person that is the subject of a notice under LTSE Rule Series 9.550; or
 - (4) in LTSE Rule Series 9.600, the department or office designated under LTSE Rule 9.620 to issue the decision granting or denying an exemption or a Member that seeks the exemption under LTSE Rule 9.610.
- (w) Respondent: The term "Respondent" means, in a disciplinary proceeding governed by Rule Series 9.200 and in an appeal or review governed by Rule Series 9.300, an LTSE Member or associated person against whom a complaint is issued.

Rule Series 9.130. Service; Filing of Papers

Rule 9.131. Service of Complaints

(a) Service on Each Party

Except as provided below, a complaint shall be served on each Party by the Department of Enforcement or the Department of Market Regulation. When counsel for a Party or other person authorized to represent others under LTSE Rule 9.141 agrees to accept service of the complaint, then the Department of Enforcement or Department of Market Regulation may serve the complaint on counsel for a Party or other person authorized to represent others under LTSE Rule 9.141 as specified in LTSE Rule 9.134(a).

**Rule 9.133. Service of Papers Other Than Complaints,
Orders, Notices, or Decisions**

(b) How Served

A complaint or document initiating a proceeding shall be served pursuant to LTSE Rule 9.134.

(c) Filing Requirement

A complaint that is served upon a Respondent and each document initiating a proceeding that is served upon a Party, along with the certificate of service executed in connection with the service upon such Respondent or Party, shall be filed with the Adjudicator or, if none, the Office of Hearing Officers pursuant to LTSE Rule 9.135.

Rule 9.132. Service of Orders, Notices, and Decisions by Adjudicator

(a) Service on Each Party

An order, notice, or decision issued by a Hearing Officer, Hearing Panel, or Extended Hearing Panel under LTSE Rule Series 9.200 shall be served on each Party, or each Party's counsel, or other person the Party designates to represent him or her in a proceeding by the Office of Hearing Officers. An order, notice, or decision issued by any other Adjudicator shall be served by that Adjudicator.

(b) How Served

An order, notice, or decision shall be served pursuant to LTSE Rule 9.134.

(c) Service Upon Counsel or Other Person Acting In Representative Capacity

Whenever service is required to be made upon a person represented by counsel or a representative who has filed a notice of appearance pursuant to LTSE Rule 9.141, service shall be made upon counsel or the representative. The Adjudicator, at its discretion, may also order that service be made upon the person.

Rule 9.133. Service of Papers Other Than Complaints, Orders, Notices, or Decisions

(a) Service on Each Party

Other than a complaint, order, notice, or decision, any paper, including an answer and a motion, shall be served on each Party by the Party on whose behalf such paper was prepared or by his or her counsel or representative.

(b) How Served

The paper shall be served pursuant to LTSE Rule 9.134.

(c) Filing Requirement

The paper that is served upon a Party, along with the certificate of service executed in connection with the service upon such Party, shall be filed with the Adjudicator or, if none, the Office of Hearing Officers pursuant to LTSE Rule 9.135.

Rule 9.134. Methods of and Procedures for Service

(d) Service upon Counsel or Other Person Acting in Representative Capacity

Whenever service is required to be made upon a person represented by counsel or a representative who has filed a notice of appearance pursuant to LTSE Rule 9.141, service shall be made upon counsel or the representative. The Adjudicator, at his or her discretion, may also order that service be made upon the person.

Rule 9.134. Methods of and Procedures for Service

(a) Methods

The following methods of service are permitted:

(1) Personal Service

Personal service may be accomplished by handing a copy of the papers to the person required to be served; leaving a copy at the person's office with an employee or other person in charge thereof; or leaving a copy at the person's dwelling or usual place of abode with a person of suitable age and discretion then residing therein;

(2) Service by Mail by U.S. Postal Service

Service by mail may be accomplished by mailing the papers through the U.S. Postal Service by using first class mail, first class certified mail, first class registered mail, or Express Mail, except that a complaint shall be served upon a Respondent by U.S. Postal Service first class certified mail or Express Mail; or

(3) Service by Courier

Service by courier may be accomplished by sending the papers through a courier service that generates a written confirmation of receipt.

(b) Procedures

(1) Service on Natural Persons

Papers served on a natural person may be served at the natural person's residential address, as reflected in the Central Registration Depository, if applicable. When a Party or other person responsible for serving such natural person has actual knowledge that the natural person's Central Registration Depository address is out of date, duplicate copies shall be served on the natural person at the natural person's last known residential address and the business address in the Central Registration Depository of the entity with which the natural person is employed or affiliated. Papers may also be served at the business address of the entity with which the natural person is employed or affiliated, as reflected in the Central Registration Depository, or at a business address, such as a branch office, at which the natural person is employed, or at which the natural person is physically present during a normal business day.

Rule 9.135. Filing of Papers with Adjudicator: Procedure

The Hearing Officer may waive the requirement of serving documents (other than complaints) at the addresses listed in the Central Registration Depository if there is evidence that these addresses are no longer valid, and there is a more current address available. If a natural person is represented by counsel or a representative, papers served on the natural person, excluding a complaint or a document initiating a proceeding, shall be served on the counsel or representative.

(2) Service on Entities

Papers served on an entity shall be made by service on an officer, partner of a partnership, managing or general agent, a contact employee as set forth on Form BD, or any other agent authorized by appointment or by law to accept service. Such papers shall be served at the entity's business address as reflected in the Central Registration Depository, if applicable; provided, however, that when the Party or other person responsible for serving such entity has actual knowledge that an entity's Central Registration Depository address is out of date, duplicate copies shall be served at the entity's last known address. If an entity is represented by counsel or a representative, papers served on such entity, excluding a complaint or document initiating a proceeding, shall be served on such counsel or representative.

(3) When Service Is Complete

Personal service and service by courier or Express Mail are complete upon delivery. Service by mail is complete upon mailing.

Rule 9.135. Filing of Papers with Adjudicator: Procedure

(a) When to File

Papers, including answers and motions, that are required to be filed with an Adjudicator within a time limit specified by the Adjudicator or within a time limit set forth in the LTSE Rules shall be deemed timely if received within the time limit, or such later time as the Adjudicator may determine, except complaints, which shall be deemed timely filed upon mailing, delivery by electronic mail, or delivery to the Office of Hearing Officers. Other papers that are required to be filed shall be deemed timely if, on the same day such papers are served, they are also hand-delivered, mailed via U.S. Postal service first class mail, delivered by electronic mail, or sent by courier to FINRA.

(b) Where to File

All papers required to be filed pursuant to LTSE Rule Series 9.200 and any notice of appeal or review required to be filed pursuant to LTSE Rule Series 9.300 shall be filed with the Office of Hearing Officers. All other papers required to be filed pursuant to LTSE Rule Series 9.000 shall be filed where specified in the Rule Series, or if not specified in the Rule Series, with the Adjudicator, unless the Adjudicator orders otherwise.

(c) Certificate of Service

Papers filed with an Adjudicator or the Office of Hearing Officers shall be accompanied by a certificate of service stating the name of the person or persons served, the date on which service is made, the method of service and, if service is not made in person, the address to which service is made. Such certificate shall be executed by the person who made the service. If the method of service on a Party is different from the method of service on any other Party, the certificate shall state why such different method was used.

Rule 9.136. Filing of Papers: Form

(a) Specifications

Papers filed in connection with any proceeding under LTSE Rule Series' 9.200 and 9.300 shall:

- (1) be on unglazed white paper measuring 8 ½ x 11 inches, but to the extent that the reduction of a larger document would render it illegible, such document may be filed on larger paper;
- (2) be typewritten or printed in either 10 or 12-point typeface or otherwise reproduced by a process that produces a permanent and plainly legible copy;
- (3) include at the head of the paper, or on a title page, the title of the proceeding, the names of the Parties, the subject of the particular paper or pleading, and the number assigned to the proceeding;
- (4) be paginated at the bottom of the page and with all margins at least one inch wide;
- (5) be double-spaced, with single-spaced footnotes and single-spaced indented quotations; and
- (6) be stapled, clipped, or otherwise fastened in the upper left corner, but not bound.

(b) Signature Required

All papers shall be signed and dated pursuant to LTSE Rule 9.137.

(c) Number of Copies

A signed original and one copy of all papers shall be filed with the Adjudicator unless otherwise ordered.

Rule 9.137. Filing of Papers: Signature Requirement and Effect

(d) Form of Briefs

A brief containing more than ten pages shall include a table of contents, and an alphabetized table of cases, statutes, and other authorities cited, as applicable, with references to the page(s) of the brief wherein they are cited.

(e) Scandalous or Impertinent Matter

Any scandalous or impertinent matter contained in any brief, pleading, or other filing, or in connection with any oral presentation in a proceeding may be stricken on order of an Adjudicator. Any matter stricken by an Adjudicator by this LTSE Rule 9.136(e) shall be marked "Stricken" and preserved. Matters stricken in a proceeding governed by Rule Series 9.200 shall be preserved under LTSE Rule 9.267(b).

Rule 9.137. Filing of Papers: Signature Requirement and Effect

(a) General Requirements

Following the issuance of a complaint in a disciplinary proceeding, or the initiation of another proceeding, every filing of a Party represented by counsel or a representative shall be signed by at least one counsel or representative of record in his or her name and shall state the business address and telephone number of such counsel or representative. A Party who appears on his or her own behalf shall sign his or her individual name and state his or her address and telephone number on every filing.

(b) Effect of Signature

- (1) The signature of a counsel, representative, or Party shall constitute a certification that:
 - (A) the person signing the filing has read the filing;
 - (B) to the best of his or her knowledge, information, and belief, formed after reasonable inquiry, the filing is well-grounded in fact and is warranted by existing law or a good faith argument for the extension, modification, or reversal of existing law; and
 - (C) the filing is not made for any improper purpose, such as to harass, cause unnecessary delay, or needlessly to increase the cost of adjudication.
- (2) If a filing is not signed, an Adjudicator may strike the filing, unless it is signed promptly after the omission is called to the attention of the person making the filing.

Rule 9.141. Appearance and Practice; Notice of Appearance

Rule 9.138. Computation of Time

(a) Calendar Day

As used throughout this Chapter 9 of the LTSE Rules, "day" means calendar day.

(b) Formula

In computing any period of time, the day of the act, event, or default from which the period of time designated in the Code begins to run shall not be included. The last day of the period so computed shall be included, unless it is a Saturday, Sunday, or Federal holiday falling on a weekday, in which event the period runs until the end of the next day that is not a Saturday, Sunday, or Federal holiday falling on a weekday. Intermediate Saturdays, Sundays, and Federal holidays falling on weekdays shall be excluded from the computation when the period prescribed is ten days or less, not including any additional time for service by mail allowed by paragraph (c) of this Rule 9.138.

(c) Additional Time For Service by Mail

If service is made by U.S. Postal Service first class, certified, or registered mail, three (3) days shall be added to the prescribed period for response.

Rule Series 9.140. Proceedings

Rule 9.141. Appearance and Practice; Notice of Appearance

(a) Representing Oneself

In any proceeding, a person may appear on his or her own behalf. When a person first makes any filing or otherwise appears on his or her own behalf before an Adjudicator in a proceeding, he or she shall file with the Adjudicator, or otherwise state on the record, and keep current, an address at which any notice or other written communication required to be served upon or furnished to him or her may be sent and a telephone number where he or she may be reached during business hours.

(b) Representing Others

A person shall not be represented before an Adjudicator, except as provided in this paragraph 9.141(b). Subject to the prohibitions of LTSE Rules 9.150 and 9.280, a person may be represented in any proceeding by an attorney at law admitted to practice before the highest court of any state of the U.S., the District of Columbia, or any commonwealth, territory, or possession of the United States. A member of a partnership may represent the partnership; and a bona fide officer of a corporation, trust, or association may represent the corporation, trust, or association. When a person first makes any filing or otherwise

Rule 9.143. Ex Parte Communications

appears in a representative capacity before an Adjudicator in a proceeding, that person shall file with the Adjudicator, and keep current a Notice of Appearance. The Notice of Appearance is a written notice stating the name of the proceeding; the representative's name, business address, and telephone number; and the name and address of the person or persons represented. Any individual appearing or practicing in a representative capacity before an Adjudicator may be required to file a power of attorney with the Adjudicator showing his or her authority to act in such capacity.

Rule 9.142. Withdrawal by Attorney or Representative

An attorney for a Party or other person authorized to represent others by LTSE Rule 9.141 seeking to withdraw his or her appearance shall file a motion to withdraw. The motion shall set forth the good cause for withdrawal and state the name, current address, and telephone number of the Party no longer being represented.

Rule 9.143. Ex Parte Communications

(a) Prohibited Communications

Unless on notice and opportunity for all Parties to participate, or to the extent required for the disposition of ex parte matters as authorized by this Chapter 9 of the LTSE Rules:

- (1) No Party, or counsel to or representative of a Party, or Interested Staff shall make or knowingly cause to be made an ex parte communication relevant to the merits of a proceeding to an Adjudicator who is participating in a decision with respect to that proceeding, or to an LTSE employee who is participating or advising in the decision of an Adjudicator with respect to that proceeding; and
- (2) No Adjudicator who is participating in a decision with respect to a proceeding, or no LTSE employee who is participating or advising in the decision of an Adjudicator with respect to a proceeding shall make or knowingly cause to be made to a Party, a counsel or representative to a Party, or Interested Staff an ex parte communication relevant to the merits of that proceeding.

(b) Disclosure of Prohibited Communication

An Adjudicator who is participating in a decision with respect to a proceeding, or an LTSE employee who is participating or advising in the decision of an Adjudicator, who receives, makes, or knowingly causes to be made a communication prohibited by this LTSE Rule shall place in the record of the proceeding:

- (1) all such written communications;
- (2) memoranda stating the substance of all such oral communications; and

Rule 9.143. Ex Parte Communications

- (3) all written responses to all such communications and memoranda stating the substance of all oral responses to all such communications.

(c) Remedies

Upon receipt of a communication made or knowingly caused to be made by any Party, any counsel or representative to a Party, or any Interested Staff in violation of paragraph (a)(1) above, LTSE or an Adjudicator may, to the extent consistent with the interests of justice, the policies underlying the Exchange Act, and/or the LTSE Rules, order the Party responsible for the communication, or the Party who may benefit from the ex parte communication made, to show cause why the Party's claim or interest in the proceeding should not be dismissed, denied, disregarded, or otherwise adversely affected by reason of such ex parte communication. All participants to a proceeding may respond to any allegations or contentions contained in a prohibited ex parte communication placed in the record. Such responses shall be placed in the record.

(d) Timing

In a disciplinary proceeding governed by LTSE Rule Series 9.200 and 9.300, the prohibitions of this LTSE Rule 9.143 shall apply beginning with the authorization of a complaint as provided in LTSE Rule 9.211, unless the person responsible for the communication has knowledge that the complaint shall be authorized, in which case the prohibitions shall apply beginning at the time of his or her acquisition of such knowledge.

(e) Waiver of Ex Parte Prohibition

(1) Offer of Settlement

If a Respondent submits an offer of settlement under LTSE Rule 9.270, the submission constitutes a waiver by such Respondent of any claim that the prohibitions against ex parte communications were violated after the Respondent's submission of the offer of settlement by a person or body in connection with such person's or body's participation in discussions regarding the terms and conditions of the offer of settlement and the order of acceptance, or other consideration of the offer of settlement and order of acceptance, including acceptance or rejection of such offer of settlement and order of acceptance.

(2) Letter of Acceptance, Waiver, and Consent

If a Member or a person associated with a Member submits an executed letter of acceptance, waiver, and consent under LTSE Rule 9.216(a), the submission constitutes a waiver by such Member or person associated with a Member of any claim that the prohibitions against ex parte communications were violated after the Member's or associated person's submission of the executed letter of acceptance,

Rule 9.144. Separation of Functions

waiver, and consent by a person or body in connection with such person's or body's participation in discussions regarding the terms and conditions of the letter of acceptance, waiver, and consent, or other consideration of the letter of acceptance, waiver, and consent, including acceptance or rejection of such letter of acceptance, waiver, and consent.

(3) Minor Rule Violation Plan Letter

If a Member or a person associated with a Member submits an executed minor rule violation plan letter under LTSE Rule 9.216(b), the submission constitutes a waiver by such Member or person associated with a Member of any claim of violation after the Member or associated person submitted the executed minor rule violation plan letter of the prohibitions against ex parte communications by a person or body in connection with such person's or body's participation in discussions regarding the terms and conditions of the minor rule violation plan letter, or other consideration of the minor rule violation plan letter, including acceptance or rejection of such minor rule plan violation letter.

Rule 9.144. Separation of Functions

(a) Interested Staff

Except as counsel or a witness in a proceeding or as provided in LTSE Rule 9.550, Interested Staff are prohibited from advising an Adjudicator regarding a decision or otherwise participating in a decision of an Adjudicator. An Adjudicator is prohibited from advising Interested Staff regarding a decision or otherwise participating in a decision of Interested Staff, including the decision to issue a complaint and a decision whether to appeal or cross-appeal a disciplinary proceeding to the LTSE Appeals Committee.

(b) Separation of Adjudicators

A Hearing Officer, including the Chief Hearing Officer, or a Panelist of a Hearing Panel or an Extended Hearing Panel, is prohibited from participating in: a decision whether to issue a complaint pursuant to LTSE Rule 9.211; a decision whether to appeal or cross-appeal a disciplinary proceeding to the LTSE Appeals Committee pursuant to LTSE Rule 9.311; and a discussion or decision relating to a call for review, a review, or an appeal pursuant LTSE Rule Series 9.300. A Director is prohibited from participating in a discussion or a decision relating to the above referenced acts with the LTSE Appeals Committee or the Adjudicators referenced above, except to the extent the Director is serving on the LTSE Appeals Committee in such capacity.

(c) Waiver of Prohibitions of Separation of Functions

(1) Offer of Settlement

If a Respondent submits an offer of settlement under LTSE Rule 9.270, the submission constitutes a waiver by such Respondent of any claim of violation of paragraph (a) or (b) of this LTSE Rule 9.144 by a person or body in connection with such person's or body's participation in discussions regarding the terms and conditions of the offer of settlement and the order of acceptance, or other consideration of the offer of settlement and order of acceptance, including acceptance or rejection of such offer of settlement and order of acceptance.

(2) Letter of Acceptance, Waiver, and Consent

If a Member or a person associated with a Member submits an executed letter of acceptance, waiver, and consent under LTSE Rule 9.216(a), the submission constitutes a waiver by such Member or person associated with a Member of any claim of violation of paragraph (a) or (b) of this LTSE Rule 9.144 by a person or body in connection with such person's or body's participation in discussions regarding the terms and conditions of the letter of acceptance, waiver, and consent, or other consideration of the proposed letter of acceptance, waiver, and consent, including acceptance or rejection of such letter of acceptance, waiver, and consent.

(3) Minor Rule Violation Plan Letter

If a Member or a person associated with a Member submits an executed minor rule violation plan letter under LTSE Rule 9.216(b), the submission constitutes a waiver by such Member or person associated with a Member of any claim of violation of paragraph (a) or (b) of this LTSE Rule 9.144 by a person or body in connection with such person's or body's participation in discussions regarding the terms and conditions of the minor rule violation plan letter or other consideration of the minor rule violation plan letter, including acceptance or rejection of such minor rule violation plan letter.

Rule 9.145. Rules of Evidence; Official Notice

(a) Rules of Evidence

The formal rules of evidence as applied in judicial proceedings shall not apply in a proceeding brought under the Rule 9.000 Series.

(b) Official Notice

In a proceeding governed by the Rule 9.000 Series, an Adjudicator may take official notice of such matters as might be judicially noticed by a court, or of other matters within the specialized knowledge of LTSE as an expert body. Before an Adjudicator proposes to take official notice of a matter, it shall permit a Party the opportunity to oppose or otherwise comment upon the proposal to take official notice.

Rule 9.146. Motions

(a) General Requirement for Motions

A Party may make a written or oral motion, subject to limitations set forth below. A Party or other person may make a motion under LTSE Rule 9.146(k), subject to limitations set forth below.

(b) Adjudicator May Require a Written Motion

If a Party makes an oral motion, an Adjudicator may order that such motion be set forth in writing, after considering the facts and circumstances, including whether:

- (1) the hearing or conference in which the Party makes such motion is being recorded; and
- (2) the opposing Parties shall be fully informed and shall have adequate notice and opportunity to respond to such motion.

(c) Specificity

All motions shall state the specific relief requested and the basis therefor.

(d) Time For Filing Opposition or Other Response to Motion

Unless otherwise ordered by an Adjudicator, any Party may file an opposition or other response to a written motion and the opposition or response shall be filed within 14 days after service of the motion. If no response is filed within the response period, the Party failing to respond shall be deemed to have waived any objection to the granting of the motion. A Party shall be afforded an opportunity to respond to an oral motion at the time the oral motion is made, unless the Adjudicator orders that the Party shall be granted additional time to respond.

(e) Oral Argument

An Adjudicator may allow oral argument on motions. Oral argument may take place in person or by telephone.

(f) Frivolous Motions

An Adjudicator may deny dilatory, repetitive, or frivolous motions without awaiting a response.

(g) No Stay

Unless otherwise ordered by an Adjudicator, the filing of a motion does not stay a proceeding.

(h) Reply

The moving Party shall have no right to reply to the opposition or other response of the other Parties unless an Adjudicator by order permits a reply to be filed. Unless otherwise ordered by an Adjudicator, a movant's reply submission shall be filed within five days after the Adjudicator serves the order granting the motion to file a reply or a Party serves the opposition or other response to which the Adjudicator previously ordered that a reply could be filed.

(i) Page Limit, Format Requirements

Unless otherwise ordered by an Adjudicator, submissions in support of or in opposition to motions shall not exceed ten double-spaced pages, including double-spaced footnotes, exclusive of pages containing any table of contents, table of authorities, or addenda.

(j) Disposition of Procedural Motions; Disposition of Motions for Summary Disposition

- (1) In LTSE Rule Series 9.200, a motion on a procedural matter may be decided by a Hearing Officer. A motion for summary disposition of a cause of action set forth in a complaint shall be decided by a majority vote of the Hearing Panel or, if applicable, the Extended Hearing Panel.
- (2) In LTSE Rule Series 9.300, a motion on a procedural matter may be decided by the Board.
- (3) In LTSE Rule Series 9.500, a motion shall be decided by an Adjudicator.

(k) Motion For Protective Order

- (1) A Party, a person who is the owner, subject, or creator of a Document subject to production under LTSE Rule 8.210 or any other LTSE Rule that may be introduced as evidence in a disciplinary proceeding, or a witness who testifies at a hearing in a disciplinary proceeding may file a motion requesting a protective order to limit disclosure or prohibit from disclosure to other Parties, witnesses or other persons, except the Department of Enforcement and the Department of Market Regulation and LTSE Regulation staff, Documents or testimony that

Rule 9.148. Interlocutory Review

contain confidential information. The motion shall include a general summary or extract of the Documents or testimony without revealing confidential details. If the movant seeks a protective order against disclosure to other Parties, copies of the Documents shall not be served on the other Parties. Unless the Documents are unavailable, the movant shall file for in camera inspection a sealed copy of the Documents for which the order is sought. If the movant is not a Party, the motion shall be served on each Party by the movant using a method in LTSE Rule 9.134(a) and filed with the Adjudicator. A motion for a protective order shall be granted only upon a finding that disclosure of the Document or testimony would have a demonstrated adverse business effect on the movant or would involve an unreasonable breach of the movant's personal privacy.

- (2) If a protective order is granted, the order shall set forth the restrictions on use and disclosure of such Document or testimony. An Adjudicator does not have the authority to issue a protective order that would limit in any manner the use by LTSE staff of such Documents or testimony in LTSE staff's performance of their regulatory and self-regulatory responsibilities and functions, including the transmittal, without restriction to the recipient, of such Documents or testimony to state, federal, or foreign regulatory authorities or other self-regulatory organizations. An Adjudicator does not have the authority to issue a protective order that purports to protect from production such Documents or testimony in the event that LTSE is subject to a subpoena requiring that the Documents or testimony be produced.

(I) General

All motions, oppositions or responses, replies, and any other filings made in a proceeding shall comply with LTSE Rules 9.133, 9.134, 9.135, 9.136, and 9.137.

Rule 9.147. Rulings on Procedural Matters

The Board, the LTSE Appeals Committee, a Hearing Officer, or any other applicable Adjudicator shall have full authority, except as otherwise provided by the Code, to rule on a procedural motion and any other procedural or administrative matter arising during the course of a proceeding conducted pursuant to the Code, subject to the rights of review or appeal provided by the Code.

Rule 9.148. Interlocutory Review

Except as provided in LTSE Rule 9.280, there shall be no interlocutory review of a ruling or order issued by any Adjudicator in a proceeding governed by the Code. If an Adjudicator grants

Rule 9.160. Recusal or Disqualification

interlocutory review of a ruling or order pursuant to LTSE Rule 9.280, such review shall not stay a proceeding, except under LTSE Rule 9.280 or as otherwise ordered by the Adjudicator.

Rule 9.149. Reserved

Rule 9.150. Exclusion from LTSE Rule Series 9.000 Proceeding

(a) Exclusion

An Adjudicator may exclude an attorney for a Party or other person authorized to represent others by LTSE Rule 9.141 from acting as counsel, acting in any representative capacity, or otherwise appearing in a particular Chapter 9 of the LTSE Rules proceeding for contemptuous conduct under LTSE Rule 9.280 or unethical or improper professional conduct in that proceeding. If an attorney for a Party, or other person authorized to represent others by LTSE Rule 9.141, is excluded from a disciplinary hearing or conference, or any portion thereof, such attorney or person may seek review by the LTSE Appeals Committee of such exclusion under LTSE Rule 9.280(c).

(b) Other Proceedings Not Precluded

Prohibiting an attorney or other person authorized to represent others by LTSE Rule 9.141 from practicing or appearing in an LTSE proceeding shall not preclude LTSE or FINRA from initiating other proceedings against such person.

Rule 9.160. Recusal or Disqualification

No person shall participate as an Adjudicator in a matter governed by the Code as to which he or she has a conflict of interest or bias, or circumstances otherwise exist where his or her fairness might reasonably be questioned. In any such case, the person shall recuse himself or herself, or shall be disqualified as follows:

(a) LTSE Board of Directors

The Chair of the Board shall have authority to order the disqualification of a Director, and a majority of the Board excluding the Chair of the Board, shall have authority to order the disqualification of the Chair;

(b) The Chair of the LTSE Appeals Committee shall have authority to order the disqualification of a member of the LTSE Appeals Committee, and a majority of the LTSE Appeals Committee excluding the Chair, shall have authority to order the disqualification of the Chair;

(c) Reserved;

(d) Reserved;

**Rule 9.212. Complaint Issuance – Requirements, Service,
Amendment, Withdrawal, and Docketing**

(e) Panelist of Hearing Panel or Extended Hearing Panel

Disqualification of a Panelist of a Hearing Panel or Extended Hearing Panel appointed under LTSE Rule Series 9.200 shall be governed by LTSE Rule 9.234; and

(f) Hearing Officer

Disqualification of a Hearing Officer of a Hearing Panel or an Extended Hearing Panel shall be governed by LTSE Rule 9.233.

Rule Series 9.200. Disciplinary Proceedings

Rule Series 9.210. Complaint and Answer

Rule 9.211. Authorization of Complaint

(a) Complaint

- (1) If the Department of Enforcement or the Department of Market Regulation believes that any LTSE Member or associated person is violating or has violated any rule, regulation, or statutory provision, including the federal securities laws and the regulations thereunder, which LTSE has jurisdiction to enforce, the Department of Enforcement or the Department of Market Regulation may request authorization from the Office of Disciplinary Affairs to issue a complaint.
- (2) The Board shall have the authority to direct the Office of Disciplinary Affairs to authorize the Department of Enforcement or the Department of Market Regulation to issue a complaint when, on the basis of information and belief, LTSE is of the opinion that any LTSE Member or associated person is violating or has violated any rule, regulation, or statutory provision, including the federal securities laws and the regulations thereunder, which LTSE has jurisdiction to enforce.

(b) Commencement of Disciplinary Proceeding

A disciplinary proceeding shall begin when the complaint is served and filed.

Rule 9.212. Complaint Issuance – Requirements, Service, Amendment, Withdrawal, and Docketing

(a) Form, Content, Notice, Docketing, and Service

- (1) If a complaint is authorized, the Department of Enforcement or the Department of Market Regulation shall issue the complaint. Each complaint shall be in writing and signed by the Department of Enforcement or the Department of Market

**Rule 9.212. Complaint Issuance – Requirements, Service,
Amendment, Withdrawal, and Docketing**

Regulation. The complaint shall specify in reasonable detail the conduct alleged to constitute the violative activity and the rule, regulation, or statutory provision the Respondent is alleged to be violating or to have violated. If the complaint consists of several causes of action, each cause shall be stated separately. Complaints shall be served by the Department of Enforcement or the Department of Market Regulation on each Party pursuant to LTSE Rules 9.131 and 9.134, and filed at the time of service with the Office of Hearing Officers pursuant to LTSE Rules 9.135, 9.136, and 9.137.

(2) At the time of issuance of a complaint, the Department of Enforcement or the Department of Market Regulation may propose:

- (A) an appropriate location for the hearing; and
- (B) if applicable, the Extended Hearing Panel as described in LTSE Rule 9.231.

(b) Amendments to Complaint

The Department of Enforcement or the Department of Market Regulation may file and serve an amended complaint once as a matter of course at any time before the Respondent answers the complaint. Otherwise, upon motion by the Department of Enforcement or the Department of Market Regulation, the Hearing Officer may permit the Department of Enforcement or the Department of Market Regulation to amend the complaint, including amendments so as to make the complaint conform to the evidence presented, after considering whether the Department of Enforcement or the Department of Market Regulation has shown good cause for the amendment and whether any Respondent will suffer any unfair prejudice if the amendment is allowed. Amendments to complaints will be freely granted when justice so requires.

(c) Withdrawal of Complaint

With prior leave of the Hearing Officer, the Department of Enforcement or the Department of Market Regulation may withdraw a complaint. If the Department of Enforcement or the Department of Market Regulation withdraws the complaint before the earlier of (1) the Hearing Panel's or, if applicable, the Extended Hearing Panel's, issuance of a ruling on a motion for summary disposition, or (2) the start of the hearing on the merits, the withdrawal of the complaint by the Department of Enforcement or the Department of Market Regulation shall be without prejudice and the Department of Enforcement or the Department of Market Regulation shall be permitted to re-file a case based on allegations concerning the same facts and circumstances that are set forth in the withdrawn complaint. If the Department of Enforcement or the Department of Market Regulation requests to withdraw such complaint after the occurrence of either of the events set forth in (1) and (2) in this paragraph, the Hearing Panel or, if applicable, the Extended Hearing

Rule 9.214. Consolidation or Severance of Disciplinary Proceedings

Panel, after considering the facts and circumstances of the request, shall determine whether the withdrawal shall be granted with prejudice.

(d) Disciplinary Proceeding Docket

The Office of Hearing Officers shall promptly record each complaint filed with it in LTSE's disciplinary proceeding docket, and record in the disciplinary proceeding docket each event, filing, and change in the status of a disciplinary proceeding.

Rule 9.213. Assignment of Hearing Officer and Appointment of Panelists to Hearing Panel or Extended Hearing Panel

(a) Assignment of Hearing Officer

As soon as practicable after the Department of Enforcement or the Department of Market Regulation has filed a complaint with the Office of Hearing Officers, the Chief Hearing Officer shall assign a Hearing Officer to preside over the disciplinary proceeding and shall serve the Parties with notice of the Hearing Officer's assignment pursuant to LTSE Rule 9.132.

(b) Appointment of Panelists

As soon as practicable after assigning a Hearing Officer to preside over a disciplinary proceeding, the Chief Hearing Officer shall appoint Panelists pursuant to LTSE Rules 9.231 and 9.232 to a Hearing Panel or, if the Chief Hearing Officer determines that an Extended Hearing Panel should be appointed, to an Extended Hearing Panel.

Rule 9.214. Consolidation or Severance of Disciplinary Proceedings

(a) Consolidation Initiated by Chief Hearing Officer

The Chief Hearing Officer may order the consolidation of two or more disciplinary proceedings, upon his or her own motion, under circumstances where such consolidation would further the efficiency of the disciplinary process, and where the subject complaints involve common questions of law or fact, or one or more of the same Respondents. In determining whether to order the consolidation of such disciplinary proceedings, the Chief Hearing Officer shall consider:

- (1) whether the same or similar evidence reasonably would be expected to be offered at each of the hearings;
- (2) whether the proposed consolidation would conserve the time and resources of the Parties; and

Rule 9.214. Consolidation or Severance of Disciplinary Proceedings

- (3) whether any unfair prejudice would be suffered by one or more Parties as a result of the consolidation.

If the Chief Hearing Officer proposes to consolidate two or more disciplinary proceedings, the Chief Hearing Officer shall serve upon the Parties notice of the proposed consolidation of disciplinary proceedings, together with a copy of each relevant complaint and any answer that has been filed thereto, pursuant to LTSE Rule 9.132. The Parties shall have 14 days after service to file a response, stating any arguments in favor of or opposition to consolidation.

(b) Consolidation Initiated by a Party

A Party may file a motion to consolidate two or more disciplinary proceedings if such consolidation would further the efficiency of the disciplinary process, if the subject complaints involve common questions of law or fact or one or more of the same Respondents, or if one or more of the factors favoring consolidation set forth in paragraph (a) appear to be present. If a Party moves to consolidate two or more disciplinary proceedings, the Party shall file such motion, together with a copy of each relevant complaint and any answer thereto that has been filed, with the Office of Hearing Officers, and, pursuant to LTSE Rule 9.133, shall serve the same upon the Parties in each of the cases proposed to be consolidated. The Parties shall have 14 days after service to file a response, stating any arguments in favor of or opposition to consolidation, and shall serve the response upon the Parties in each of the cases proposed to be consolidated. The Chief Hearing Officer shall issue an order approving or denying the request for consolidation.

(c) Impact on Hearing Panel or Extended Hearing Panel

If the Chief Hearing Officer issues an order to consolidate two or more disciplinary proceedings for which Hearing Panels or, if applicable, Extended Hearing Panels, have been appointed, the Chief Hearing Officer's order shall specify which Hearing Panel or, if applicable, Extended Hearing Panel, shall preside over the consolidated disciplinary proceeding, or shall appoint a new Hearing Panel or, if applicable, Extended Hearing Panel, to preside, based on the criteria set forth in LTSE Rules 9.231 and 9.232.

(d) Severance Initiated by Chief Hearing Officer

The Chief Hearing Officer may order the severance of a disciplinary proceeding into two or more disciplinary proceedings, upon his or her own motion. In determining whether to order the severance of such disciplinary proceedings, the Chief Hearing Officer shall consider:

- (1) whether the same or similar evidence reasonably would be expected to be offered at each of the possible hearings;

Rule 9.215. Answer to Complaint

- (2) whether the severance would conserve the time and resources of the Parties;
and
- (3) whether any unfair prejudice would be suffered by one or more Parties if the severance is (not) ordered.

If the Chief Hearing Officer proposes to sever a disciplinary proceeding, the Chief Hearing Officer shall serve upon the Parties notice of the proposed severance of disciplinary proceedings pursuant to LTSE Rule 9.132. The Parties shall have 14 days after service to file a response, stating any arguments in favor of or opposition to severance.

(e) Severance Initiated by a Party

A Party may file a motion to sever a disciplinary proceeding if one (1) or more of the factors favoring severance set forth in paragraph (d) above appear to be present. If a Party moves to sever a disciplinary proceeding, the Party shall file such motion with the Office of Hearing Officers, and, pursuant to LTSE Rule 9.133, shall serve the same upon each of the parties to the action proposed to be severed. The Parties shall have fourteen (14) days after service to file a response, stating any arguments in favor of or opposition to severance, and shall serve the response upon the Parties in the case proposed to be severed. The Chief Hearing Officer shall issue an order approving or denying the request for severance.

(f) Impact on Hearing Panel or Extended Hearing Panel of Severance

If the Chief Hearing Officer issues an order to sever a disciplinary proceeding for which a Hearing Panel or, if applicable, Extended Hearing Panel, has been appointed, the Chief Hearing Officer's order shall specify whether the same Hearing Panel or, if applicable, Extended Hearing Panel, shall preside over the severed disciplinary proceedings, or shall appoint a new Hearing Panel(s) or, if applicable, Extended Hearing Panel(s), to preside over any or all of the severed proceedings, based on the criteria set forth in LTSE Rules 9.231 and 9.232.

Rule 9.215. Answer to Complaint

(a) Form, Service, Notice

Pursuant to LTSE Rule 9.133, each Respondent named in a complaint shall serve an answer to the complaint on all other Parties within 25 days after service of the complaint on such Respondent, and at the time of service shall file such answer with the Office of Hearing Officers pursuant to LTSE Rules 9.135, 9.136 and 9.137. The Hearing Officer assigned to a disciplinary proceeding pursuant to LTSE Rule 9.213 may extend such period for good cause. Upon the receipt of a Respondent's answer, the Office of Hearing Officers shall promptly send written notice of the receipt of such answer to all Parties.

(b) Content, Affirmative Defenses

Unless otherwise ordered by the Hearing Officer, an answer shall specifically admit, deny, or state that the Respondent does not have and is unable to obtain sufficient information to admit or deny, each allegation in the complaint. When a Respondent intends to deny only part of an allegation, the Respondent shall specify so much of it as is admitted and deny only the remainder. A statement of lack of information shall be deemed a denial. Any allegation not denied in whole or in part shall be deemed admitted. Any affirmative defense shall be asserted in the answer.

(c) Motion for More Definite Statement

A Respondent may file with an answer a motion for a more definite statement of specified matters of fact or law to be considered or determined. Such motion shall state why each such matter of fact or law should be required to be made more definite. If the motion is granted, the order granting such motion shall set the periods for filing such a statement and any answer thereto.

(d) Amendments to Answer

Upon motion by a Respondent, the Hearing Officer may, after considering good cause shown by the Respondent and any unfair prejudice which may result to any other Party, permit an answer to be amended.

(e) Extension of Time to Answer Amended Complaint

If a complaint is amended pursuant to LTSE Rule 9.212(b), the time for filing an answer or amended answer shall be the greater of the original time period within which the Respondent is required to respond, or 14 days after service of the amended complaint. If any Respondent has already filed an answer, such Respondent shall have 14 days after service of the amended complaint, unless otherwise ordered by the Hearing Officer, within which to file an amended answer.

(f) Failure to Answer, Default

If a Respondent does not file an answer or make any other filing or request related to the complaint with the Office of Hearing Officers within the time required, the Department of Enforcement or the Department of Market Regulation shall send a second notice to such Respondent requiring an answer within 14 days after service of the second notice. The second notice shall state that failure of the Respondent to reply within the period specified shall allow the Hearing Officer, in the exercise of his or her discretion, pursuant to LTSE Rule 9.269 to: (1) treat as admitted by the Respondent the allegations in the complaint; and (2) issue a default decision against the Respondent. If the Respondent fails to file an

**Rule 9.216. Acceptance, Waiver, and Consent; Plan
Pursuant to Exchange Act Rule 19d -1(c)(2)**

answer with the Office of Hearing Officers within the time required, the Hearing Officer may issue a default decision against the Respondent pursuant to LTSE Rule 9.269.

Rule 9.216. Acceptance, Waiver, and Consent; Plan Pursuant to Exchange Act Rule 19d -1(c)(2)

(a) Acceptance, Waiver, and Consent Procedures

- (1) Notwithstanding LTSE Rule 9.211, if the Department of Enforcement or the Department of Market Regulation has reason to believe a violation has occurred and the Member or associated person does not dispute the violation, the Department of Enforcement or the Department of Market Regulation may prepare and request that the Member or associated person execute a letter accepting a finding of violation, consenting to the imposition of sanctions, and agreeing to waive such Member's or associated person's right to a hearing before a Hearing Panel or, if applicable, an Extended Hearing Panel, and any right of appeal to the LTSE Appeals Committee, the SEC, and the courts, or to otherwise challenge the validity of the letter, if the letter is accepted. The letter shall describe the act or practice engaged in or omitted, the rule, regulation, or statutory provision violated, and the sanction or sanctions to be imposed. Unless the letter states otherwise, the effective date of any sanction(s) imposed will be a date to be determined by LTSE Regulation staff.
- (2) (A) If a Member or person associated with a Member submits an executed letter of acceptance, waiver, and consent, by the submission such Member or person associated with a Member also waives:
 - (i) any right of such Member or person associated with a Member to claim bias or prejudgment of the General Counsel, CRO, the LTSE Appeals Committee, or any Member of the LTSE Appeals Committee, in connection with such person's or body's participation in discussions regarding the terms and conditions of the letter of acceptance, waiver, and consent, or other consideration of the letter of acceptance, waiver, and consent, including acceptance or rejection of such letter of acceptance, waiver, and consent; and
 - (ii) any right of such Member or person associated with a Member to claim that a person violated the ex parte prohibitions of LTSE Rule 9.143 or the separation of functions prohibitions of LTSE Rule 9.144, in connection with such person's or body's participation in discussions regarding the terms and conditions of the letter of acceptance, waiver, and consent, or other consideration of the letter of acceptance, waiver, and consent,

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including acceptance or rejection of such letter of acceptance, waiver, and consent.

- (B) If a letter of acceptance, waiver, and consent is rejected, the Member or associated person shall be bound by the waivers made under paragraphs (a)(1) and (a)(2)(A) for conduct by persons or bodies occurring during the period beginning on the date the letter of acceptance, waiver, and consent was executed and submitted and ending upon the rejection of the letter of acceptance, waiver, and consent.
 - (3) If the Member or associated person executes the letter of acceptance, waiver, and consent, it shall be submitted to the Office of Disciplinary Affairs. The Office of Disciplinary Affairs may, on behalf of the LTSE Board, accept or reject such letter.
 - (4) If the letter is accepted by the Office of Disciplinary Affairs, it shall be deemed final and shall constitute the complaint, answer, and decision in the matter. If the letter is rejected by the Office of Disciplinary Affairs, LTSE, or FINRA on its behalf, may take any other appropriate disciplinary action with respect to the alleged violation or violations. If the letter is rejected, the Member or associated person shall not be prejudiced by the execution of the letter of acceptance, waiver, and consent under paragraph (a)(1) and the letter may not be introduced into evidence in connection with the determination of the issues set forth in any complaint or in any other proceeding.
- (b) Procedure for Violation Under Plan Pursuant to Exchange Act Rule 19d-1(c)(2)
- (1) Notwithstanding LTSE Rule 9.211, LTSE or FINRA on its behalf, may, subject to the requirements set forth in paragraphs (b)(2) through (b)(4) and in Exchange Act Rule 19d-1(c)(2), impose a fine (not to exceed \$2,500) and/or a censure on any Member or associated person with respect to any rule listed in LTSE Rule 9.218. If the Department of Enforcement or the Department of Market Regulation has reason to believe a violation has occurred and if the Member or associated person does not dispute the violation, the Department of Enforcement or the Department of Market Regulation may prepare and request that the Member or associated person execute a minor rule violation plan letter accepting a finding of violation, consenting to the imposition of sanctions, and agreeing to waive such Member's or associated person's right to a hearing before a Hearing Panel or, if applicable, an Extended Hearing Panel, and any right of appeal to the LTSE Appeals Committee, the Board, the SEC, and the courts, or to otherwise challenge the validity of the letter, if the letter is accepted. The letter shall describe the act or practice engaged in or omitted, the rule, regulation, or

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statutory provision violated, and the sanction or sanctions to be imposed. Unless the letter states otherwise, the effective date of any sanction(s) imposed will be a date to be determined by LTSE Regulation staff.

- (2) (A) If a Member or person associated with a Member submits an executed minor rule violation plan letter, by the submission such Member or person associated with a Member also waives:
 - (i) any right of such Member or person associated with a Member to claim bias or prejudgment of the General Counsel, CRO, the LTSE Appeals Committee, or any Member of the LTSE Appeals Committee, in connection with such person's or body's participation in discussions regarding the terms and conditions of the minor rule violation plan letter or other consideration of the minor rule violation plan letter, including acceptance or rejection of such minor rule violation plan letter; and
 - (ii) any right of such Member or person associated with a Member to claim that a person violated the ex parte prohibitions of LTSE Rule 9.143 or the separation of functions prohibitions of LTSE Rule 9.144, in connection with such person's or body's participation in discussions regarding the terms and conditions of the minor rule violation plan letter or other consideration of the minor rule violation plan letter, including acceptance or rejection of such minor rule violation plan letter.
 - (B) If a minor rule violation plan letter is rejected, the Member or person associated with a Member shall be bound by the waivers made under paragraphs (b)(1) and (b)(2)(A) for conduct by persons or bodies occurring during the period beginning on the date the minor rule violation plan letter was executed and submitted and ending upon the rejection of the minor rule violation plan letter.
- (3) If the Member or associated person executes the minor rule violation plan letter, it shall be submitted to the Office of Disciplinary Affairs. The Office of Disciplinary Affairs may, on behalf of the LTSE Board, accept or reject such letter.
 - (4) If the letter is accepted by the Office of Disciplinary Affairs, it shall be deemed final and LTSE shall report the violation to the SEC as required by the SEC pursuant to a plan approved under Exchange Act Rule 19d-1(c)(2). If the letter is rejected by the Office of Disciplinary Affairs, LTSE, or FINRA on its behalf, may take any other appropriate disciplinary action with respect to the alleged violation or violations. If the letter is rejected, the Member or associated person shall not be prejudiced by the execution of the minor rule violation plan letter under

Rule 9.217. Expedited Client Suspension Proceeding

paragraph (b)(1) and the letter may not be introduced into evidence in connection with the determination of the issues set forth in any complaint or in any other proceeding.

Rule 9.217. Expedited Client Suspension Proceeding

(a) Initiation of Proceeding

- (1) Scope of Authority. With the prior written authorization of the CRO or such other senior officers as the CRO may designate, the Office of General Counsel or LTSE Regulation (such departments generally referred to as the "Exchange" for purposes of this LTSE Rule 9.217) may initiate an expedited suspension proceeding with respect to alleged violations of LTSE Rule 10.270 (Disruptive Quoting and Trading Activity Prohibited).
- (2) Service of Notice. The Exchange shall initiate the proceeding by serving a notice on a Member or associated person of a Member (hereinafter "Respondent"). The Exchange shall serve the notice by personal service or overnight commercial courier. The notice shall be effective upon service.
- (3) Content of Notice. The notice shall state whether the Exchange is requesting the Respondent to be required to take action or to refrain from taking action. The notice shall be accompanied by:
 - (A) A declaration of facts, signed by a person with knowledge of the facts contained therein, that specifies the acts that constitute the alleged violation; and
 - (B) A proposed order that contains the required elements of a suspension order (except the date and hour of the order's issuance), which are set forth in subparagraph (d)(2) of this Rule 9.217).

(b) Appointment of Hearing Officers and Hearing Panel

- (1) As soon as practicable after the Exchange initiates a suspension proceeding, a Hearing Panel shall be assigned in accordance with LTSE Rules 9.231 and 9.232.
- (2) If at any time a Hearing Officer determines that he or she has a conflict of interest or bias or circumstances otherwise exist where his or her fairness might reasonably be questioned, or if a Party files a motion to disqualify a Hearing Officer, the recusal and disqualification proceeding shall be conducted in accordance with LTSE Rule Series 9.200 except that:

Rule 9.217. Expedited Client Suspension Proceeding

- (A) a motion seeking disqualification of a Hearing Officer must be filed no later than five (5) days after the announcement of the Hearing Panel; and
- (B) the Exchange may file a brief in opposition to the Respondent's motion no later than 5 days after service thereof.

(c) Hearing

- (1) **When Held.** The hearing shall be held not later than 15 days after service of the notice initiating the suspension proceeding, unless otherwise extended by the Chief Hearing Officer with the consent of the Parties for good cause shown. If a Hearing Officer is recused or disqualified, the hearing shall be held not later than five days after a replacement Hearing Officer is appointed.
- (2) **Service of Notice of Hearing.** A notice of date, time, and place of the hearing shall be served on the Parties not later than seven days before the hearing, unless otherwise ordered by the Chief Hearing Officer. Service shall be made by personal service or overnight commercial courier. The notice shall be effective upon service.
- (3) **Authority of Hearing Officers.** A Hearing Officer shall have authority to do all things necessary and appropriate to discharge his or her duties as set forth the LTSE Rule Series 9.200.
- (4) **Witnesses.** A person who is subject to the jurisdiction of the Exchange shall testify under oath or affirmation. The oath or affirmation shall be administered by a court reporter or a notary public.
- (5) **Additional Information.** At any time during its consideration, the Hearing Panel may direct a Party to submit additional information. Any additional information submitted shall be provided to all Parties at least one day before the Hearing Panel renders its decision.
- (6) **Transcript.** The hearing shall be recorded by a court reporter and a written transcript thereof shall be prepared. A transcript of the hearing shall be available to the Parties for purchase from the court reporter at prescribed rates. A witness may purchase a copy of the transcript of his or her own testimony from the court reporter at prescribed rates. Proposed corrections to the transcript may be submitted by affidavit to the Hearing Panel within a reasonable time determined by the Hearing Panel. Upon notice to all the Parties to the proceeding, the Hearing Panel may order corrections to the transcript as requested or sua sponte.

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- (7) Record and Evidence Not Admitted. The record shall consist of the notice initiating the proceeding, the declaration, and the proposed order described in subparagraph (a)(3) above; the transcript of the hearing; all evidence considered by the Hearing Panel; and any other document or item accepted into the record by the Hearing Panel. The Office of General Counsel shall be the custodian of the record. Proffered evidence that is not accepted into the record by the Hearing Panel shall be retained by the custodian of the record until the date when the Exchange's decision becomes final or, if applicable, upon the conclusion of any review by the SEC or the federal courts.
 - (8) Failure to Appear at Hearing. If a Respondent fails to appear at a hearing for which it has notice, the allegations in the notice and accompanying declaration may be deemed admitted, and the Hearing Panel may issue a suspension order without further proceedings. If the Exchange fails to appear at a hearing for which it has notice, the Hearing Panel may order that the suspension proceeding be dismissed.
- (d) Issuance of Suspension Order by Hearing Panel
- (1) Basis for Issuance. The Hearing Panel shall issue a written decision stating whether a suspension order shall be imposed. The Hearing Panel shall issue the decision not later than ten days after receipt of the hearing transcript, unless otherwise extended by the Chief Hearing Officer with the consent of the Parties for good cause shown. A suspension order shall be imposed if the Hearing Panel finds:
 - (A) by a preponderance of the evidence that the alleged violation specified in the notice has occurred; and
 - (B) that the violative conduct or continuation thereof is likely to result in significant market disruption or other significant harm to investors.
 - (2) Content, Scope, and Form of Order. A suspension order shall:
 - (A) be limited to: (i) ordering a Respondent to cease and desist from violating LTSE Rule 10.270, and/or (ii) ordering a Respondent to cease and desist from providing access to the Exchange to a client of Respondent that is causing violations of LTSE Rule 10.270;
 - (B) set forth the alleged violation and the significant market disruption or other significant harm to investors that is likely to result without the issuance of an order;

**Rule 9.218. Violations Appropriate for Disposition Under
Plan Pursuant to Exchange Act Rule 19d-1(c)(2)**

- (C) describe in reasonable detail the act or acts the Respondent is to take or refrain from taking and to suspend the Respondent unless and until such action is taken or refrained from; and
- (D) include the date and hour of its issuance.
- (3) Duration of Order. A suspension order shall remain effective and enforceable unless modified, set aside, limited, or revoked pursuant to paragraph (e), below.
- (4) Service. The Hearing Panel's decision and any suspension order shall be served by personal service or overnight commercial courier. The suspension order shall be effective upon service.
- (e) Review by Hearing Panel. At any time after the Respondent is served with a suspension order, a Party may apply to the Hearing Panel to have the order modified, set aside, limited, or revoked. The application shall set forth with specificity the facts that support the request. The Hearing Panel shall respond to the request in writing within ten days after receipt of the request, unless otherwise extended by the Chief Hearing Officer with the consent of the Parties for good cause shown. The Hearing Panel's response shall be served on the Respondent via personal service or overnight commercial courier. The filing of an application under this Rule shall not stay the effectiveness of the suspension order.
- (f) Application to SEC for Review. Sanctions imposed pursuant to this Rule constitute final and immediately effective disciplinary sanctions imposed by the Exchange. The right to have any action under this Rule reviewed by the SEC is governed by Section 19 of the Exchange Act. The filing of an application for review shall not stay the effectiveness of a suspension order unless the SEC otherwise orders.

**Rule 9.218. Violations Appropriate for Disposition Under Plan Pursuant to Exchange Act
Rule 19d-1(c)(2)**

- (a) Rule 2.160(p) - Continuing Education Requirements.
- (b) Rule 4.511 - General Requirements related to books and records requirements.
- (c) Rule 4.540 - Furnishing of records.
- (d) Rule 5.110 - Supervision.
- (e) Rule 8.220 - Automated submission of trading data requested.
- (f) Rule 11.151(a)(1) - Market Maker two-sided quotation requirement.
- (g) Rule 11.290 - Short sales.
- (h) Rule 11.310 - Locking or crossing quotations in NMS stocks.

Rule 9.221. Request for Hearing

- (i) Rule 11.420 - Order audit trail system requirements.
- (j) Rule Series 11.600 – Failure to comply with the Consolidated Audit Trail Compliance Rule requirements

RECOMMENDED FINE SCHEDULE – RULE 9.218(a) – (i)

OCCURRENCE*	INDIVIDUAL	MEMBER
First time fined	\$100	\$500
Second time fined	\$300	\$1,000
Third time fined	\$500	\$2,500

* Within a "rolling" 12-month period.

For failures to comply with the Consolidated Audit Trail Compliance Rule requirements of the Rule Series 11.600, pursuant to Rule 9.218(j), the Exchange may impose a minor rule violation fine of up to \$2,500.

(Amended by SR-LTSE-2019-11 eff. July 2, 2020)

Rule 9.219. Reserved

Rule Series 9.220. Request for Hearing; Extensions of Time, Postponements, Adjournments

Rule 9.221. Request for Hearing

(a) Respondent Request for Hearing

With the filing of any Respondent's answer, such Respondent may:

- (1) request a hearing;
- (2) propose an appropriate location for the hearing; and
- (3) propose, if applicable, an Extended Hearing Panel as described in LTSE Rule 9.231.

If a Respondent requests a hearing, a hearing shall be granted. A Respondent who fails to request a hearing with the filing of his or her answer waives the right to a hearing unless a Hearing Officer, Hearing Panel, or, if applicable, an Extended Hearing Panel, grants, for good cause shown, a later filed motion by such Respondent requesting a hearing.

(b) Hearing Officer Order Requiring Hearing

In the absence of a request for a hearing from any Respondent, the Hearing Officer may order any complaint set down for hearing.

(c) Authority of Hearing Panel, Extended Hearing Panel to Order Hearing

Rule 9.222. Extensions of Time, Postponements, and Adjournments

If all Respondents waive a hearing, and the Hearing Officer does not order a hearing on his or her own motion, the Hearing Panel or, if applicable, the Extended Hearing Panel, may order a hearing or may consider the matter on the record, as defined in LTSE Rule 9.267. If fewer than all Respondents waive a hearing, the Hearing Officer, the Hearing Panel, or, if applicable, the Extended Hearing Panel, may, in the exercise of its discretion, order that a hearing be held as to all Respondents. Alternatively, the Hearing Officer, the Hearing Panel, or, if applicable, the Extended Hearing Panel, may conduct a hearing as to only those Respondents who requested a hearing and consider the matter on the record as to those Respondents who waived a hearing.

(d) Notice of Hearing

The Hearing Officer shall issue a notice stating the date, time, and place of the hearing, and whether the hearing shall be held before a Hearing Panel or an Extended Hearing Panel, and shall serve such notice on the Parties at least 28 days before the hearing, unless:

- (1) in the discretion of the Hearing Officer, he or she determines that extraordinary circumstances require a shorter notice period; or
- (2) the Parties waive the notice period.

Rule 9.222. Extensions of Time, Postponements, and Adjournments

(a) Availability

At any time prior to the issuance of the decision of the Hearing Panel or, if applicable, the Extended Hearing Panel, the Hearing Officer may, for good cause shown, extend or shorten any time limits prescribed by the Code for the filing of any papers and may, consistent with paragraph (b), postpone or adjourn any hearing.

(b) Limitations on Postponements, Adjournments, and Extensions

A hearing shall begin at the time and place ordered, unless the Hearing Officer, for good cause shown, changes the place of the hearing, postpones the commencement of the hearing, or adjourns a convened hearing for a reasonable period of time, subject to the limitations in paragraph (b)(2) below.

(1) Additional Considerations

In considering a motion for the postponement of the start of a hearing or, adjournment once a hearing has begun, the Hearing Officer shall consider:

- (A) the length of the proceeding to date;

Rule 9.231. Appointment by the Chief Hearing Officer of Hearing Panel or Extended Hearing Panel or Replacement Hearing Officer

- (B) the number of postponements, adjournments, or extensions already granted;
 - (C) the stage of the proceedings at the time of the request;
 - (D) potential harm to the investing public if an extension of time, adjournment, or postponement is granted; and
 - (E) such other matters as justice may require.
- (2) Time Limit

Postponements, adjournments, or extensions of time for filing papers shall not exceed 28 days unless the Hearing Officer states on the record or provides by written order the reasons a longer period is necessary.

Rule Series 9.230. Appointment of Hearing Panel; Extended Hearing Panel

Rule 9.231. Appointment by the Chief Hearing Officer of Hearing Panel or Extended Hearing Panel or Replacement Hearing Officer

(a) Appointment

The Chief Hearing Officer shall appoint a Hearing Panel or an Extended Hearing Panel to conduct the disciplinary proceeding and issue a decision.

(b) Hearing Panel

The Hearing Panel shall be composed of a Hearing Officer and two Panelists, except as provided in paragraph (e) of this LTSE Rule 9.231 and in LTSE Rule 9.234 (a), (c), (d), or (e). The Hearing Officer shall serve as the chair of the Hearing Panel. Each Panelist shall be associated with a Member of LTSE or retired therefrom.

(c) Extended Hearing Panel

Upon consideration of the complexity of the issues involved, the probable length of the hearing, or other factors that the Chief Hearing Officer deems material, the Chief Hearing Officer may determine that a matter shall be designated an Extended Hearing, and that such matter shall be considered by an Extended Hearing Panel. The Extended Hearing Panel shall be composed of a Hearing Officer and two Panelists, except as provided in LTSE Rule 9.234(a), (c), (d), or (e). The Hearing Officer will serve as the chair of the Extended Hearing Panel. The Panelists shall be associated with an LTSE Member, or retired therefrom. The Chief Hearing Officer shall have discretion in consultation with LTSE to compensate any or all Panelists of an Extended Hearing Panel at the rate then in effect for FINRA arbitrators as referenced in Chapter 12.

Rule 9.232. Criteria for Selection of Panelists and Replacement Panelists

(d) Observer

A person who is qualified to serve as a Panelist may be designated by the Chief Hearing Officer to serve as an observer to a Hearing Panel or an Extended Hearing Panel. If the Chief Hearing Officer designates more than two people to serve as observers to a Hearing Panel or an Extended Hearing Panel, the Chief Hearing Officer shall obtain the consent of the Parties. An observer may attend any hearing of a disciplinary proceeding and observe the proceeding, but may not vote or participate in any other manner in the hearing or the deliberations of the Hearing Panel or the Extended Hearing Panel, or participate in the administration of the disciplinary proceeding.

(e) Appointment of Replacement Hearing Officer

In the event that a Hearing Officer withdraws, is incapacitated, or otherwise is unable to continue service after being appointed, the Chief Hearing Officer shall appoint a replacement Hearing Officer. To ensure fairness to the parties and expedite completion of the proceeding when a replacement Hearing Officer is appointed after the hearing has commenced, the replacement Hearing Officer has discretion to exercise the following powers:

- (1) Allow the Hearing Panelists to resolve the issues in the proceeding and issue a decision without the participation of the replacement Hearing Officer in the decision. The replacement Hearing Officer may advise the Hearing Panelists regarding legal issues, and shall exercise the powers of the Hearing Officer under LTSE Rule 9.235(a), including preparing and signing the decision on behalf of the Hearing Panel, in accordance with LTSE Rule 9.268; or
- (2) Certify familiarity with the record and participate in the resolution of the issues in the case and in the issuance of the decision. In exercising this power, the replacement Hearing Officer may recall any witness before the Hearing Panel.

Rule 9.232. Criteria for Selection of Panelists and Replacement Panelists

- (a) Each Panelist shall be a person of integrity and judgment and, other than the Hearing Officer, shall be a Member of the LTSE hearing board as provided in paragraph (b). At least one Panelist shall be engaged in securities activities differing from that of the Respondent, or, if retired, was so engaged in differing activities at the time of retirement.
- (b) The Chairman of the Exchange Board of Directors, subject to the approval of the Board, shall from time to time appoint a hearing board to be composed of such number of persons associated with an LTSE Member or retired therefrom, who are

**Rule 9.233. Hearing Panel or Extended Hearing Panel:
Recusal and Disqualification of Hearing Officers**

not members of the Board. The members of the hearing board shall be appointed annually and shall serve at the pleasure of the Board.

(c) Criteria for Appointment of a Panelist

The Chief Hearing Officer shall select Panelists from the current members of the LTSE hearing board based upon the following criteria:

- (1) expertise;
- (2) the absence of any conflict of interest or bias, and any appearance thereof;
- (3) availability; and
- (4) the frequency with which a person has served as a Panelist on a Hearing Panel or an Extended Hearing Panel during the past two years, favoring the selection of a person as a Panelist who has never served or served infrequently as a Panelist during the period.

Rule 9.233. Hearing Panel or Extended Hearing Panel: Recusal and Disqualification of Hearing Officers

(a) Recusal, Withdrawal of Hearing Officer

If at any time a Hearing Officer determines that he or she has a conflict of interest or bias or circumstances otherwise exist where his or her fairness might reasonably be questioned, the Hearing Officer shall notify the Chief Hearing Officer and the Chief Hearing Officer shall issue and serve on the Parties a notice stating that the Hearing Officer has withdrawn from the matter. In the event that a Hearing Officer withdraws, is incapacitated, or otherwise is unable to continue service after being appointed, the Chief Hearing Officer shall appoint a replacement Hearing Officer. In such a case, the replacement Hearing Officer shall proceed according to LTSE Rule 9.231(e).

(b) Motion for Disqualification

A Party may move for the disqualification of a Hearing Officer. A motion shall be based upon a reasonable, good faith belief that a conflict of interest or bias exists or circumstances otherwise exist where the Hearing Officer's fairness might reasonably be questioned, and shall be accompanied by an affidavit setting forth in detail the facts alleged to constitute grounds for disqualification, and the dates on which the Party learned of those facts. Such motions shall be filed not later than 15 days after the later of:

- (1) when the Party learned of the facts believed to constitute the disqualification; or
- (2) when the Party was notified of the assignment of the Hearing Officer.

**Rule 9.234. Hearing Panel or Extended Hearing Panel:
Recusal and Disqualification of Panelists**

(c) Disposition of Disqualification Motion

A motion for disqualification of a Hearing Officer shall be decided by the Chief Hearing Officer who shall promptly investigate whether disqualification is required and issue a written ruling on the motion. In the event of a disqualification of the Hearing Officer, the Chief Hearing Officer shall appoint a replacement Hearing Officer.

Rule 9.234. Hearing Panel or Extended Hearing Panel: Recusal and Disqualification of Panelists

(a) Recusal, Withdrawal of Panelist

If at any time a Panelist of a Hearing Panel or an Extended Hearing Panel determines that he or she has a conflict of interest or bias or circumstances otherwise exist where his or her fairness might reasonably be questioned, the Panelist shall notify the Hearing Officer and the Hearing Officer shall issue and serve on the Parties a notice stating that the Panelist has withdrawn from the matter. In the event that a Panelist withdraws, is incapacitated, or otherwise is unable to continue service after being appointed, the Chief Hearing Officer may, in the exercise of discretion, determine whether to appoint a replacement Panelist. In the event that both Panelists withdraw, are incapacitated, or otherwise are unable to continue service after being appointed, the Chief Hearing Officer shall appoint two replacement Panelists.

(b) Disqualification: Motion of Party; Order of Chief Hearing Officer

- (1) A Party may file a motion to disqualify a Panelist of a Hearing Panel or an Extended Hearing Panel. A motion shall be based upon a reasonable, good faith belief that a conflict of interest or bias exists or circumstances otherwise exist where the Panelist's fairness might reasonably be questioned, and shall be accompanied by an affidavit setting forth in detail the facts alleged to constitute grounds for disqualification, and the dates on which the Party learned of those facts.
- (2) Such motions shall be filed not later than 15 days after the later of:
 - (A) when the Party learned of the facts believed to constitute the disqualification;
or
 - (B) when the Party was notified of the appointment of the Panelist.
- (3) The Chief Hearing Officer may order the disqualification of a Panelist of a Hearing Panel or an Extended Hearing Panel if the Chief Hearing Officer determines that a conflict of interest or bias exists or circumstances otherwise

**Rule 9.234. Hearing Panel or Extended Hearing Panel:
Recusal and Disqualification of Panelists**

exist where the Panelist's fairness might reasonably be questioned, and shall state the facts constituting the grounds for disqualification.

(c) Disposition of Disqualification Motion: Challenge to Single Member of Hearing Panel

If a Party files a motion to disqualify a Panelist of a Hearing Panel or an Extended Hearing Panel, the Hearing Officer shall promptly investigate whether disqualification is required and shall issue a written ruling on the motion. In the event a Panelist is disqualified, the Chief Hearing Officer may, in the exercise of discretion, appoint a replacement Panelist.

(d) Disposition of Disqualification Motion: Challenge to Both Panelists of Hearing Panel or Extended Hearing Panel

If a Party files a motion to disqualify both Panelists of a Hearing Panel or an Extended Hearing Panel, the Hearing Officer shall promptly investigate whether disqualification is required and shall issue a written ruling on the motion. In the event one Panelist is disqualified, the Chief Hearing Officer may, in the exercise of discretion, appoint a replacement Panelist. In the event both Panelists are disqualified, the Chief Hearing Officer shall promptly appoint two persons as replacement Panelists.

(e) Disposition of Disqualification Motion: Challenge to Both Panelists of Hearing Panel or Extended Hearing Panel and Hearing Officer

If a Party files a motion to disqualify both Panelists of a Hearing Panel or an Extended Hearing Panel, and the Hearing Officer, the Chief Hearing Officer shall promptly investigate whether disqualification is required and shall issue a written ruling on the motion. In the event a Panelist is disqualified, the Chief Hearing Officer may, in the exercise of discretion, appoint a replacement Panelist. In the event both Panelists are disqualified, the Chief Hearing Officer shall promptly appoint two persons as replacement Panelists. In the event a Hearing Officer and a Panelist are disqualified, the Chief Hearing Officer shall promptly appoint a replacement Hearing Officer. In the event both Panelists and the Hearing Officer are disqualified, the Chief Hearing Officer shall promptly appoint a replacement Hearing Officer and two persons as replacement Panelists.

(f) Criteria for Replacement Panelist

If the Chief Hearing Officer appoints a replacement Panelist by operation of this LTSE Rule 9.234, the Chief Hearing Officer shall do so using the criteria set forth in LTSE Rule 9.232.

Rule 9.235. Hearing Officer Authority

(a) Hearing Officer Authority

The Hearing Officer shall be selected by the Chief Hearing Officer and shall have authority to do all things necessary and appropriate to discharge his or her duties. In addition to the powers exercised by all members of the Hearing Panel or, if applicable, the Extended Hearing Panel, the powers of the Hearing Officer include, but are not limited to:

- (1) holding pre-hearing and other conferences and requiring the attendance at any such conference of at least one representative of each Party who has authority to negotiate the resolution of issues in controversy;
- (2) regulating the course of the hearing;
- (3) ordering the Parties to present oral arguments at any stage of the disciplinary proceeding;
- (4) resolving any and all procedural and evidentiary matters, discovery requests, and other non-dispositive motions, subject to any limitations set forth elsewhere in the Code;
- (5) reopening any hearing, upon notice to all Parties, prior to the issuance of the decision of the Hearing Panel or, if applicable, the Extended Hearing Panel;
- (6) creating and maintaining the official record of the disciplinary proceeding; and
- (7) drafting a decision that represents the views of the majority of the Hearing Panel or, if applicable, the Extended Hearing Panel.

(b) Authority in the Absence of Hearing Officer

If the Hearing Officer appointed to a case is temporarily unavailable or unable for any reason to discharge his or her duties in a particular proceeding under conditions not requiring the appointment of a replacement Hearing Officer, the Chief Hearing Officer or the Deputy Chief Hearing Officer in his or her discretion may exercise the necessary authority in the same manner as if he or she had been appointed Hearing Officer in the particular proceeding.

Rule Series 9.240. Pre-Hearing Conference and Submission

Rule 9.241. Pre-Hearing Conference

(a) Purposes

Rule 9.241. Pre-Hearing Conference

The purposes of a pre-hearing conference include, but are not limited to:

- (1) expediting the disposition of the proceeding;
- (2) establishing procedures to manage the proceeding efficiently; and
- (3) improving the quality of the hearing through more thorough preparation.

(b) Procedure

On his or her own motion or at the request of a Party, the Hearing Officer may, in his or her discretion, order counsel or any Party to meet for a pre-hearing conference. Such conferences also may be held with one or more persons participating by telephone or other remote means.

(c) Subjects to be Discussed

At a pre-hearing conference, the Hearing Officer shall schedule an expedited proceeding as required by LTSE Rule 9.290, and may consider and take action with respect to any or all of the following:

- (1) simplification and clarification of the issues;
- (2) exchange of witness and exhibit lists and copies of exhibits;
- (3) stipulations, admissions of fact, and stipulations concerning the contents, authenticity, or admissibility into evidence of documents;
- (4) matters of which official notice may be taken;
- (5) the schedule for exchanging pre-hearing motions or briefs, if any;
- (6) the method of service and filing of papers by the Parties;
- (7) determination of hearing dates;
- (8) amendments to the complaint or answers thereto;
- (9) production of documents as set forth in LTSE Rule 9.251;
- (10) designation of relevant portions of transcripts from investigative testimony or other proceedings and the inclusion of an index for such testimony; and
- (11) such other matters as may aid in the orderly and expeditious disposition of the proceeding.

Rule 9.242. Pre-Hearing Submission

(d) Scheduling

An initial pre-hearing conference, unless determined by the Hearing Officer to be unnecessary or premature, shall be held within 21 days after filing of an answer, or after the expiration of the second period provided for filing an answer as set forth in LTSE Rule 9.215(f). When a complaint names multiple Respondents, the 21-day period shall commence from the later of (i) the date on which the last timely answer was filed, or (ii) if one or more Respondents have failed to answer, from the expiration of the second period provided for filing an answer under LTSE Rule 9.215 (f).

(e) Pre-hearing Order

At or following the conclusion of any conference held pursuant to this LTSE Rule 9.241, the Hearing Officer shall enter a written ruling or order that recites any agreements reached and any procedural determinations made by the Hearing Officer.

(f) Failure to Appear: Default

The Hearing Officer may issue a default decision, pursuant to LTSE Rule 9.269, against a Party that fails to appear, in person or through counsel or a representative, at a pre-hearing conference of which the Party has due notice.

Rule 9.242. Pre-Hearing Submission

(a) Requirement to Furnish Information

Prior to a hearing before a Hearing Panel or, if applicable, an Extended Hearing Panel, the Hearing Officer, in the exercise of his or her discretion, may order a Party to furnish to all other Parties and the Hearing Panel or, if applicable, the Extended Hearing Panel, such information as deemed appropriate, including any or all of the following:

- (1) an outline or narrative summary of a Party's case or defense;
- (2) the legal theories upon which a Party shall rely;
- (3) a list and copies of documents that a Party intends to introduce at the hearing;
- (4) a list of witnesses who shall testify on a Party's behalf, including the witnesses' names, occupations, addresses, and a brief summary of their expected testimony; and
- (5) if a witness shall be called to testify as an expert, a statement of the expert's qualifications, a listing of other proceedings in which the expert has given expert testimony, a list of the expert's publications, and copies of those publications that

Rule 9.242. Pre-Hearing Submission

are not readily available to the other Parties and the Hearing Panel or, if applicable, the Extended Hearing Panel.

(b) Reserved

Rule Series 9.250. Discovery

Rule 9.251. Inspection and Copying of Documents in Possession of Staff

(a) Documents to be Available for Inspection and Copying

- (1) Unless otherwise provided by this LTSE Rule, or by order of the Hearing Officer, the Department of Enforcement or the Department of Market Regulation shall make available for inspection and copying by any Respondent, Documents prepared or obtained by Interested Staff in connection with the investigation that led to the institution of proceedings. Such Documents include but are not limited to:
 - (A) requests for information issued pursuant to LTSE Rule 8.210;
 - (B) every other written request directed to persons not employed by LTSE to provide Documents or to be interviewed;
 - (C) the Documents provided in response to any such requests described in (A) and (B) above;
 - (D) all transcripts and transcript exhibits; and
 - (E) all other Documents obtained from persons not employed by LTSE.
- (2) The Department of Enforcement or the Department of Market Regulation shall promptly inform the Hearing Officer and each other Party if, after the issuance of a complaint, requests for information under LTSE Rule 8.210 are issued under the same investigative file number under which the investigation leading to the institution of disciplinary proceedings was conducted. If Interested Staff receive Documents pursuant to a request for information under LTSE Rule 8.210 after Documents have been made available to a Respondent for inspection and copying as set forth in paragraph (a), and if such Documents are material and relevant to the disciplinary proceeding in which such Respondent is a Party, the additional Documents shall be made available to the Respondent not later than 14 days after the Interested Staff receives such Documents. If a hearing on the merits is scheduled to begin, Interested Staff shall make the additional Documents available to the Respondent not less than ten days before the hearing. If Interested Staff receives such Documents ten or fewer days before a hearing on the merits is scheduled to begin or after such hearing begins, Interested Staff shall make the additional Documents available immediately to the Respondent.

Rule 9.251. Inspection and Copying of Documents in Possession of Staff

- (3) Nothing in paragraph (a)(1) above shall limit the discretion of the Department of Enforcement or the Department of Market Regulation to make available any other Document or the authority of the Hearing Officer to order the production of any other Document.

(b) Withheld Documents

- (1) The Department of Enforcement or the Department of Market Regulation may withhold a Document if:
 - (A) the Document is privileged or constitutes attorney work product;
 - (B) the Document is an examination or inspection report, an internal memorandum, or other note or writing prepared by a FINRA or LTSE employee that shall not be offered in evidence;
 - (C) the Document would disclose (i) an examination, investigatory or enforcement technique or guideline of FINRA or LTSE, a federal, state, or foreign regulatory authority, or a self-regulatory organization; (ii) the identity of a source, including a federal, state, or foreign regulatory authority or a self-regulatory organization that furnished information or was furnished information on a confidential basis regarding an investigation, an examination, an enforcement proceeding, or any other type of civil or criminal enforcement action; or (iii) an examination, an investigation, an enforcement proceeding, or any other type of civil or criminal enforcement action under consideration by, or initiated by, LTSE, a federal, state, or foreign regulatory authority, or a self-regulatory organization; or
 - (D) the Hearing Officer grants leave to withhold a Document or category of Documents as not relevant to the subject matter of the proceeding, or for other good cause shown.
- (2) The Department of Enforcement or the Department of Market Regulation shall withhold a Document if the Document is prohibited from disclosure by federal law.
- (3) Nothing in paragraph (b)(1) above authorizes the Department of Enforcement or the Department of Market Regulation to withhold a Document, or a part thereof, that contains material exculpatory evidence.

(c) Withheld Document List

The Hearing Officer may require the Department of Enforcement or the Department of Market Regulation to submit to the Hearing Officer a list of Documents withheld pursuant to paragraph (b) or to submit to the Hearing Officer any Document withheld. Upon review,

Rule 9.251. Inspection and Copying of Documents in Possession of Staff

the Hearing Officer may order the Department of Enforcement or the Department of Market Regulation to make the list or any Document withheld available to the other Parties for inspection and copying unless federal law prohibits disclosure of the Document or its existence. A motion to require the Department of Enforcement or the Department of Market Regulation to produce a list of Documents withheld pursuant to paragraph (b) shall be based upon some reason to believe that a Document is being withheld in violation of the Code.

(d) Timing of Inspection and Copying

The Hearing Officer shall determine the schedule of production of documents pursuant to this LTSE Rule. Unless otherwise ordered by the Hearing Officer, the Department of Enforcement or the Department of Market Regulation shall commence making Documents available to a Respondent for inspection and copying pursuant to this LTSE Rule not later than 21 days after service of the Respondent's answer or, if there are multiple Respondents, not later than 21 days after the last timely answer is filed. If a Respondent in a multi-Respondent case fails to answer, the Department of Enforcement or the Department of Market Regulation shall make Documents available to all other Respondents not later than the later of:

- (1) 21 days after the filing date of the last timely answer, or
- (2) the expiration of the second period provided for filing an answer as set forth in LTSE Rule 9.215(f).

(e) Place and Time of Inspection and Copying

Documents subject to inspection and copying pursuant to this LTSE Rule 9.251 shall be made available to the Respondent for inspection and copying at the LTSE or FINRA office where they are ordinarily maintained, or at such other FINRA office as the Hearing Officer, in his or her discretion, shall designate, or as the Parties otherwise agree. A Respondent shall be given access to the Documents at LTSE's or FINRA's offices during normal business hours. A Respondent shall not be given custody of the Documents or be permitted to remove the Documents from LTSE's or FINRA's offices.

(f) Copying Costs

A Respondent may obtain a photocopy of all Documents made available for inspection. A Respondent shall be responsible for the cost of photocopying. Unless otherwise ordered, charges for copies made at the request of a Respondent shall be at a rate to be established by LTSE.

(g) Failure to Make Documents Available - Harmless Error

In the event that a Document required to be made available to a Respondent pursuant to this LTSE Rule 9.251 is not made available by the Department of Enforcement or the Department of Market Regulation, no rehearing or amended decision of a proceeding already heard or decided shall be required unless the Respondent establishes that the failure to make the Document available was not harmless error. The Hearing Officer, or, upon appeal or review, the LTSE Appeals Committee, shall determine whether the failure to make the document available was not harmless error, applying applicable LTSE, FINRA, SEC, and federal judicial precedent.

Rule 9.252. Requests for Information

(a) Content and Timing of Requests

A Respondent who requests that LTSE invoke LTSE Rule 8.210 to compel the production of Documents or testimony at the hearing shall do so in writing and serve copies on all Parties. Such request shall: be submitted to the Hearing Officer no later than 21 days before the scheduled hearing date; describe with specificity the Documents, the category or type of Documents, or the testimony sought; state why the Documents, the category or type of Documents, or the testimony are material; describe the requesting Party's previous efforts to obtain the Documents, the category or type of Documents, or the testimony through other means; and state whether the custodian of each Document, or the custodian of the category or type of Documents, or each proposed witness is subject to LTSE's jurisdiction.

(b) Standards for Issuance

A request that LTSE compel the production of Documents or testimony shall be granted only upon a showing that: the information sought is relevant, material, and non-cumulative; the requesting Party has previously attempted in good faith to obtain the desired Documents and testimony through other means but has been unsuccessful in such efforts; and each of the persons from whom the Documents and testimony are sought is subject to LTSE's jurisdiction. In addition, the Hearing Officer shall consider whether the request is unreasonable, oppressive, excessive in scope, or unduly burdensome, and whether the request should be denied, limited, or modified.

(c) Limitations on Requests

If, after consideration of all the circumstances, the Hearing Officer determines that a request submitted pursuant to this LTSE Rule is unreasonable, oppressive, excessive in scope, or unduly burdensome, he or she shall deny the request, or grant it only upon such conditions as fairness requires. In making the foregoing determination, the Hearing Officer may inquire of the other Parties whether they shall stipulate to the facts sought to be

Rule 9.253. Production of Witness Statements

proved by the Documents or testimony sought. If the Hearing Officer grants the request, the Hearing Officer shall order that requested Documents be produced to all Parties not less than ten days before the hearing, and order that witnesses whose testimony was requested appear and testify at the hearing. If the Hearing Officer grants the request ten or fewer days before a hearing on the merits is scheduled to begin or after such hearing begins, the Documents or testimony shall be produced immediately to all Parties.

Rule 9.253. Production of Witness Statements

(a) Availability

Notwithstanding the provisions of LTSE Rule 9.251(b),

- (1) A Respondent in a disciplinary proceeding may file a motion requesting that the Department of Enforcement or the Department of Market Regulation produce for inspection and copying any statement of any person called or to be called as a witness by the Department of Enforcement or the Department of Market Regulation that pertains, or is expected to pertain, to his or her direct testimony and which is "a stenographic, mechanical, electrical, or other recording, or a transcription thereof, which is a substantially verbatim recital of an oral statement made by said witness and recorded contemporaneously with the making of such oral statement," as that phrase is used in 18 U.S.C. § 3500(e)(2).
- (2) A Respondent in a disciplinary proceeding may also file a motion requesting that the Department of Enforcement or the Department of Market Regulation produce for inspection and copying any contemporaneously written statement made by an Interested Staff member during a routine examination or inspection about the substance of oral statements made by a non-LTSE person when (a) either the Interested Staff member or non-LTSE person is called as a witness by the Department of Enforcement or the Department of Market Regulation, and (b) that portion of the statement for which production is sought directly relates to the Interested Staff member's testimony or the testimony of the non-LTSE witness.

(b) Failure to Produce - Harmless Error

In the event that a statement required to be made available for inspection and copying by a Respondent is not provided by the Department of Enforcement or the Department of Market Regulation, there shall be no rehearing of a proceeding already heard, or issuance of an amended decision in a proceeding already decided, unless the Respondent establishes that the failure to provide the statement was not harmless error. The Hearing Officer, or upon appeal or review, the LTSE Appeals Committee, shall determine whether the failure to provide any statement was not harmless error, applying applicable LTSE, FINRA, SEC, and federal judicial precedent.

Rule Series 9.260. Hearing and Decision

Rule 9.261. Evidence and Procedure in Hearing

(a) Submission of Documentary Evidence and List of Witnesses Before Hearing

No later than ten days before the hearing, or at such earlier date as may be specified by the Hearing Officer, each Party shall submit to all other Parties and to the Hearing Officer copies of documentary evidence and the names of the witnesses each Party intends to present at the hearing. The documentary evidence submitted by the Parties prior to the hearing pursuant to this paragraph shall not become part of the record, unless the Hearing Officer, Hearing Panel, or Extended Hearing Panel orders some or all of it included pursuant to LTSE Rule 9.267(a)(8). The Hearing Officer may order each Party to refrain from submitting its documentary evidence to the Hearing Officer.

(b) Party's Right to Be Heard

If a hearing is held, a Party shall be entitled to be heard in person, by counsel, or by the Party's representative.

(c) Request to Submit Additional Evidence

Notwithstanding paragraph (a), a Party, for good cause shown, may seek to submit any additional evidence at the hearing as the Hearing Officer, in his or her discretion, determines may be relevant and necessary for a complete record.

Rule 9.262. Testimony

A person who is subject to the jurisdiction of LTSE shall testify under oath or affirmation. The oath or affirmation shall be administered by a court reporter or a notary public.

Rule 9.263. Evidence: Admissibility

(a) Criteria for Receiving and Excluding Evidence

The Hearing Officer shall receive relevant evidence, and may exclude all evidence that is irrelevant, immaterial, unduly repetitious, or unduly prejudicial.

(b) Objections

Objections to the admission or exclusion of evidence shall be made on the record and shall succinctly state the grounds relied upon. Excluded material shall be deemed a supplemental document, which shall be attached to the record and retained under LTSE Rule 9.267.

Rule 9.264. Motion for Summary Disposition

(a) Pre-hearing

After a Respondent's answer has been filed and Documents have been made available to that Respondent for inspection and copying pursuant to LTSE Rule 9.251, the Respondent or the Department of Enforcement or the Department of Market Regulation, without leave of the Hearing Officer, may make a motion for summary disposition of any or all the causes of action in the complaint with respect to that Respondent, as well as any defense raised in a Respondent's answer. All pre-hearing motions for summary disposition and supporting papers shall be filed at least 21 days before the time set for the hearing, or at such earlier time as ordered by the Hearing Officer. Notwithstanding the provisions of LTSE Rule 9.146(d), any opposition or response to a pre-hearing motion for summary disposition shall be filed at least seven days before the time set for the hearing.

(b) After Commencement of Hearing on Merits

After a hearing on the merits has commenced, a Respondent or the Department of Enforcement or the Department of Market Regulation may make a motion for summary disposition of any or all of the causes of action in the complaint with respect to that Respondent or defenses raised in that Respondent's answer only with leave of the Hearing Officer.

(c) Case Not Fully Adjudicated on Motion

If on motion under this LTSE Rule a decision is not rendered upon the whole case or for all the relief asked and a hearing is necessary, the Hearing Panel or, if applicable, the Extended Hearing Panel, at the hearing of the motion, by examining the pleadings and the evidence before it and by questioning counsel, shall, if practicable, ascertain what material facts exist without substantial controversy and what material facts are actually and in good faith controverted. It shall thereupon make an order specifying the facts that appear without substantial controversy, and directing such further proceedings in the action as are just. Upon the hearing of the action the facts so specified shall be deemed established, and the hearing shall be conducted accordingly.

(d) Form of Papers

A motion for summary disposition pursuant to paragraph (a) shall be accompanied by the following: a statement of undisputed facts; a supporting memorandum of points and authorities; and affidavits or declarations that set forth such facts as would be admissible at the hearing and show affirmatively that the affiant is competent to testify to the matters stated therein. A memorandum of points and authorities in support or opposition shall not exceed 35 pages.

(e) Rulings on Motion

The Hearing Officer may promptly deny or defer decisions on any motion for summary disposition; however, only the Hearing Panel or, if applicable, the Extended Hearing Panel, may grant a motion for summary disposition, except the Hearing Officer may grant motions for summary disposition with respect to questions of jurisdiction. The Hearing Panel or, if applicable, the Extended Hearing Panel, may grant the motion for summary disposition if there is no genuine issue with regard to any material fact and the Party that files the motion is entitled to summary disposition as a matter of law. If a Party files a motion under paragraph (a), the facts alleged in the pleadings of the Party against whom the motion is made shall be taken as true, except as modified by stipulations or admissions made by the non-moving Party, by uncontested affidavits or declarations, or by facts officially noticed pursuant to LTSE Rule 9.145. If a Party opposing a motion for summary disposition made under paragraph (a) cannot present, by affidavit prior to the hearing, facts essential to justify the Party's opposition to the motion, the Hearing Panel or, if applicable, the Extended Hearing Panel, may deny the motion for summary disposition or defer the decision on the motion.

Rule 9.265. Record of Hearing

(a) Recordation

A hearing shall be recorded by a court reporter and a transcript shall be prepared. Unless otherwise ordered by a Hearing Officer, a pre-hearing conference shall be recorded by a court reporter and a transcript shall be prepared.

(b) Availability of a Transcript

A transcript of a pre-hearing conference and a transcript of a hearing shall be available to a Party for purchase from the court reporter at prescribed rates. A witness may purchase from the court reporter a transcript of his or her own testimony.

(c) Transcript Correction

Prior to the filing of post-hearing briefs or proposed findings and conclusions, or within such earlier time as ordered by the Hearing Officer, a Party or witness may seek to correct his or her transcript. A proposed correction of the transcript shall be submitted to the Hearing Officer by affidavit. Upon notice to all Parties to the disciplinary proceeding, the Hearing Officer may order the correction to the transcript as requested or sua sponte.

Rule 9.267. Record; Supplemental Documents Attached to Record; Retention

Rule 9.266. Proposed Findings of Fact; Conclusions of Law; Post-Hearing Briefs

(a) Discretion of Hearing Officer to Require Proposed Findings of Fact, Conclusions of Law, and Post-Hearing Briefs

At the discretion of the Hearing Officer, the Parties may be ordered to file proposed findings of facts and conclusions of law, or post-hearing briefs, or both. The Hearing Officer may order that such proposed findings and conclusions be filed together with, or as part of, post-hearing briefs.

(b) Reference to Record Required

Proposed findings of fact or other statements of fact in briefs shall be supported by specific references to the record.

(c) Period for Filing

In any case in which the Hearing Officer ordered the filing of proposed findings or conclusions of law, or post-hearing briefs, the Hearing Officer shall, after consultation with the Parties, prescribe the period within which proposed findings and conclusions of law and post-hearing briefs are to be filed. Such period shall be reasonable under all the circumstances but the total period allowed for the filing of post-hearing submissions shall not exceed 60 days after the conclusion of the hearing unless the Hearing Officer, for good cause shown, permits a different period and sets forth in an order the reasons why a longer period is necessary.

(d) Form, Length of Papers

Unless the Hearing Officer orders otherwise, each post-hearing submission shall not exceed 25 pages, exclusive of cover sheets, tables of contents, and tables of authorities.

Rule 9.267. Record; Supplemental Documents Attached to Record; Retention

(a) Contents of the Record; Retention

The record shall consist of:

- (1) the complaint, answers, each notice of hearing, pre-hearing order, and any amendments thereto;
- (2) each application, motion, submission, and other paper, and any amendments, motions, objections, and exceptions to or regarding them;

Rule 9.267. Record; Supplemental Documents Attached to Record; Retention

- (3) each transcript of a pre-hearing conference and of a hearing, and each stipulation, transcript of testimony, Document, and other item admitted into evidence;
- (4) each written communication accepted at the discretion of the Hearing Officer;
- (5) with respect to a motion to disqualify a Hearing Officer under LTSE Rule 9.233 or a Panelist under LTSE Rule 9.234, each affidavit or transcript of testimony taken and the ruling made in connection with the request;
- (6) all proposed findings and conclusions;
- (7) each written ruling, order, and decision issued by the Chief Hearing Officer, Hearing Officer, Hearing Panel or, if applicable, Extended Hearing Panel; and
- (8) any other Document or item accepted into the record by the Hearing Officer, the Hearing Panel or, if applicable, the Extended Hearing Panel.

(b) Supplemental Documents Attached To Record; Retention

- (1) A supplemental Document attached to the record is any Document submitted to the Hearing Officer that did not become part of the record, including:
 - (A) a Document not admitted by the Hearing Officer, Hearing Panel or, if applicable, the Extended Hearing Panel;
 - (B) any matter stricken from any filing or stricken during an oral presentation, including any matter stricken from any filing or stricken during any oral presentation because the Adjudicator determined it was scandalous or impertinent as provided in LTSE Rule 9.136(e); and
 - (C) a list of Documents, if any, that a Respondent unsuccessfully sought by motion to inspect and copy under LTSE Rule 9.251(c).
- (2) A supplemental Document attached to the record shall not constitute part of the record, but shall be retained until the date upon which LTSE's decision becomes final disciplinary action or, if applicable, upon the conclusion of any review by the SEC or the federal courts.

(c) Substitution of Copies

Parties may submit to the Hearing Officer for substitution a true copy of a Document in the record.

Rule 9.268. Decision of Hearing Panel or Extended Hearing Panel

(a) Majority Decision

Within 60 days after the final date allowed for filing proposed findings of fact, conclusions of law, and post-hearing briefs, or by a date established at the discretion of the Chief Hearing Officer, the Hearing Officer shall prepare a written decision that reflects the views of the Hearing Panel or, if applicable, the Extended Hearing Panel, as determined by majority vote.

(b) Contents of Decision

The decision shall include:

- (1) a statement describing the investigative or other origin of the disciplinary proceeding, if not otherwise contained in the record;
- (2) the specific statutory or rule provisions that were alleged to have been violated;
- (3) a statement setting forth the findings of fact with respect to any act or practice the Respondent was alleged to have committed or omitted;
- (4) the conclusions of the Hearing Panel, or Extended Hearing Panel, as to whether the Respondent violated any provision alleged in the complaint;
- (5) a statement of the Hearing Panel, or the Extended Hearing Panel, in support of the disposition of the principal issues raised in the proceeding; and
- (6) a statement describing any sanction imposed, the reasons therefor, and the date upon which such sanction shall become effective. Unless otherwise provided in the decision, the sanction(s) shall become effective pursuant to paragraph (f) of this LTSE Rule 9.268.

(c) Dissenting Opinion

Within 65 days after the final date allowed for filing proposed findings of fact and conclusions of law, and post-hearings briefs, or by a date established at the discretion of the Chief Hearing Officer, the Hearing Officer or any Panelist may prepare a written dissenting opinion.

(d) Service, Notice, and Dissemination Requirements

The Office of Hearing Officers shall promptly serve the decision of the Hearing Panel, or the Extended Hearing Panel, and any dissenting opinion on the Parties; publish notice of the decision and any dissenting opinion in the Central Registration Depository; and

Rule 9.269. Default Decisions

provide a copy of the decision and any dissenting opinion to each LTSE Member with which a Respondent is associated.

(e) Appeal or Review

If not timely appealed pursuant to LTSE Rule 9.311 or timely called for review pursuant to LTSE Rule 9.312, the majority decision shall constitute final disciplinary action of LTSE for purposes of Rule 19d-1(c)(1) of the Act.

(f) Effectiveness of Sanctions

Unless otherwise provided in the majority decision issued under paragraph (a) of this LTSE Rule 9.268:

- (1) a sanction (other than a bar or an expulsion) specified in a decision constituting final disciplinary action of LTSE for purposes of Exchange Act Rule 19d-1(c)(1) shall become effective on a date to be determined by LTSE; and
- (2) a bar or an expulsion specified in a decision shall become effective immediately upon the decision becoming the final disciplinary action of LTSE for purposes of Exchange Act Rule 19d-1(c)(1).

Rule 9.269. Default Decisions

(a) Issuance of Default Decisions

- (1) The Hearing Officer may issue a default decision against a Respondent that fails to answer the complaint within the time afforded under LTSE Rule 9.215, or a Party that fails to appear at a pre-hearing conference held pursuant to LTSE Rule 9.241 of which the Party has due notice, or a Party that fails to appear any hearing that a Party is required to attend under LTSE Rule Series 9.200 of which the Party has due notice.
- (2) If the defaulting Party is the Respondent, the Hearing Officer may deem the allegations against that Respondent admitted. If the Defaulting Party is the Department of Enforcement or the Department of Market Regulation, the Hearing Officer may issue a default decision ordering that the complaint be dismissed with prejudice.
- (3) The Hearing Officer may order a Party that fails to appear at the pre-hearing conference or the hearing to pay the costs incurred by other Parties in connection with their appearance.

(b) Contents of Decision

The contents of a default decision shall conform to the requirements of LTSE Rule 9.268(b).

(c) Review of Default Decision

Party may, for good cause shown, file a motion to set aside a default, dismissal, and the imposition of costs. Upon a showing of good cause, the Hearing Officer that entered the original order shall decide the motion. If the Hearing Officer that issued the original order is not available, the Chief Hearing Officer shall appoint another Hearing Officer to decide the motion.

(d) Final Disciplinary Action of LTSE; Effectiveness of Sanctions

If a default decision is not appealed pursuant to LTSE Rule 9.311 or called for review pursuant to LTSE Rule 9.312 within 25 days after the date the Office of Hearing Officers serves it on the Parties, the default decision shall become the final disciplinary action of LTSE for purposes of Rule 19d-1(c)(1) of the Act. Unless otherwise provided in the default decision, the sanctions shall become effective on a date to be determined by LTSE staff, except that a bar or expulsion shall become effective immediately upon the default decision becoming the final disciplinary action of LTSE. The decision shall be served upon Respondent by courier, facsimile or other means reasonably likely to obtain prompt service when the sanction is a bar or an expulsion.

Rule 9.270. Settlement Procedure

(a) When Offer Allowed; No Stay of Proceeding

A Respondent who is notified that a proceeding has been instituted against him or her may propose in writing an offer of settlement at any time. If a Respondent proposes an offer of settlement before the hearing on the merits has begun, the making of an offer of settlement shall not stay the proceeding, unless otherwise decided by the Hearing Officer. If a Respondent proposes an offer of settlement after the hearing on the merits has begun, the making of an offer of settlement shall not stay the proceeding, unless otherwise decided by the Hearing Panel or, if applicable, the Extended Hearing Panel.

(b) Settlement Offer Shall Conform to LTSE Rule

A Respondent who makes an offer of settlement shall do so in conformity with the provisions of this LTSE Rule 9.270, and shall not make such an offer of settlement frivolously or propose a sanction inconsistent with the seriousness of the violations to be found.

(c) Content and Signature Requirements

An offer of settlement shall be in writing and signed by the person making the offer, and, if the person is represented by counsel or a representative, signed also by the counsel or representative. The offer of settlement shall contain in reasonable detail:

- (1) a statement describing the investigative or other origin of the disciplinary action;
- (2) the specific statutory or rule provisions that the Member or associated person is alleged to have violated;
- (3) a statement containing the acts or practices which the Member or associated person is alleged to have engaged in or omitted;
- (4) a statement consenting to findings of fact and violations consistent with the statements contained in the offer of settlement required by paragraphs (c)(2) and (c)(3) above;
- (5) a description of the proposed sanction and the effective date of any sanction(s) imposed; or a statement that the effective date of the sanction(s) will be a date to be determined by LTSE staff.

(d) Waiver

- (1) If a Respondent submits an offer of settlement, by the submission such Respondent waives:
 - (A) any right of such Respondent to a hearing before a Hearing Panel or, if applicable, an Extended Hearing Panel, and any right of appeal to the LTSE Appeals Committee, the SEC, and the courts, or any right otherwise to challenge or contest the validity of the order issued, if the offer of settlement and order of acceptance are accepted;
 - (B) any right of such Respondent to claim bias or prejudgment of the Chief Hearing Officer, Hearing Officer, a Hearing Panel or, if applicable, an Extended Hearing Panel, a Panelist on a Hearing Panel, or, if applicable, an Extended Hearing Panel, the Chief Regulatory Officer, the LTSE Appeals Committee, or any member of the LTSE Appeals Committee, in connection with such person's or body's participation in discussions regarding the terms and conditions of the offer of settlement and the order of acceptance, or other consideration of the offer of settlement and order of acceptance, including acceptance, or rejection of such offer of settlement and order of acceptance; and

- (C) any right of such Respondent to claim that a person or body violated the ex parte prohibitions of LTSE Rule 9.143 or the separation of functions prohibitions of LTSE Rule 9.144, in connection with such person's or body's participation in discussions regarding the terms and conditions of the offer of settlement and the order of acceptance, or other consideration of the offer of settlement and order of settlement, including acceptance or rejection of such offer of settlement and order of acceptance.
- (2) If an offer of settlement and an order of acceptance are rejected, the Respondent shall be bound by the waivers made in this paragraph (d) for conduct by persons or bodies occurring during the period beginning from the date the offer of settlement was submitted and ending upon the rejection of the offer of settlement and order of acceptance.
- (e) Uncontested Offers of Settlement
- If a Respondent makes an offer of settlement and the Department of Enforcement or the Department of Market Regulation does not oppose it, the offer of settlement is uncontested. If an offer of settlement is determined to be uncontested by the Department of Enforcement or the Department of Market Regulation before a hearing on the merits has begun, the Department of Enforcement or the Department of Market Regulation shall transmit the uncontested offer of settlement and a proposed order of acceptance to the Office of Disciplinary Affairs with its recommendation. If an offer of settlement is determined to be uncontested by the Department of Enforcement or the Department of Market Regulation after a hearing on the merits has begun, the Department of Enforcement or the Department of Market Regulation shall transmit the offer of settlement and a proposed order of acceptance to the Hearing Panel or, if applicable, the Extended Hearing Panel for acceptance or rejection.
- (1) A proposed order of acceptance shall make findings of fact, including a statement of the rule, regulation, or statutory provision violated, and impose sanctions consistent with the terms of the offer of settlement.
- (2) Before an offer of settlement and an order of acceptance shall become effective, they shall be submitted to and accepted by the Office of Disciplinary Affairs, Hearing Panel, or if applicable, Extended Hearing Panel. The Office of Disciplinary Affairs, Hearing Panel, or if applicable, Extended Hearing Panel may or may not accept such offer of settlement and order of acceptance.
- (3) If the offer of settlement and order of acceptance are accepted by the Office of Disciplinary Affairs, Hearing Panel, or if applicable, Extended Hearing Panel they shall be issued and become final.

Rule 9.280. Contemptuous Conduct

(f) Contested Offers of Settlement

If a Respondent makes an offer of settlement and the Department of Enforcement or the Department of Market Regulation opposes it, the offer of settlement is contested. A contested offer of settlement shall be deemed rejected, shall not be transmitted to the Office of Hearing Officers, Office of Disciplinary Affairs, or Hearing Panel or Extended Hearing Panel, and shall not constitute a part of the record in any proceeding against the Respondent making the offer.

(g) Final Disciplinary Action of LTSE

The proceeding shall conclude as of the date the order of acceptance is issued. The order of acceptance shall constitute final disciplinary action of LTSE. The sanction shall take effect as set forth in the order.

(h) Uncontested Offer of Settlement Not Accepted

If an uncontested offer of settlement or an order of acceptance is not accepted by the Office of Disciplinary Affairs, the Hearing Panel or, if applicable, the Extended Hearing Panel, the Respondent shall be notified in writing and the offer of settlement and proposed order of acceptance shall be deemed withdrawn. An offer and proposed order of acceptance shall not constitute a part of the record in any proceeding against the Respondent making the offer.

(i) Disciplinary Proceeding With Multiple Respondents

When a disciplinary proceeding names multiple Respondents, settlement offers may be accepted or rejected as to any or all of the Respondents submitting offers. The proceedings shall thereafter be terminated as to those Respondents whose offers of settlement are accepted, but such Respondents may be required to participate in any hearing conducted as to those Respondents that did not submit offers of settlement or whose offers of settlement were rejected.

(j) No Prejudice from Rejected Offer of Settlement

If an offer of settlement is rejected by the Office of Disciplinary Affairs, a Hearing Panel or, if applicable, an Extended Hearing Panel, the Respondent shall not be prejudiced by the offer, which may not be introduced into evidence in connection with the determination of the issues involved in the pending complaint or in any other proceeding.

Rule 9.280. Contemptuous Conduct

(a) Persons Subject to Sanctions

If a Party, attorney for a Party, or other person authorized to represent others by LTSE Rule 9.141, engages in conduct in violation of an order of a Hearing Officer, a Hearing

Rule 9.280. Contemptuous Conduct

Panel or, if applicable, an Extended Hearing Panel, or other contemptuous conduct during a proceeding, a Hearing Officer, Hearing Panel or, if applicable, an Extended Hearing Panel, may:

- (1) subject the Party, attorney for a Party, or other person authorized to represent others by LTSE Rule 9.141, to the sanctions set forth in paragraph (b); and
- (2) exclude an attorney for a Party, or other person authorized to represent others by LTSE Rule 9.141, under LTSE Rule 9.150.

(b) Sanctions Other Than Exclusion

A Hearing Officer, Hearing Panel or, if applicable, an Extended Hearing Panel, may make such orders as are just in regard to a Party, an attorney for a Party, or other person authorized to represent others by LTSE Rule 9.141.

- (1) Such orders may include:
 - (A) an order providing that the matters on which the order is made or any other designated facts shall be taken to be established for the purposes of the disciplinary proceeding in accordance with the claim of the Party obtaining the order;
 - (B) an order providing that the disobedient Party may not support or oppose designated claims or defenses, or may not introduce designated matters in evidence;
 - (C) an order providing that pleadings or a specified part of the pleading shall be stricken, or an order providing that the proceeding shall be stayed until the Party subject to the order obeys it;
 - (D) in lieu of any of the foregoing orders or in addition thereto, an order providing that contemptuous conduct includes the failure to obey any order; and
 - (E) an order as provided in subparagraphs (A), (B), and (C) where a Party has failed to comply with an order to produce a person for examination, unless the Party failing to comply shows that such Party is unable to produce such person for examination.
- (2) A Party that without substantial justification fails to disclose information required by LTSE Rules 9.240 and 9.250 or otherwise required by order of the Hearing Officer, Hearing Panel or, if applicable, the Extended Hearing Panel, shall not, unless such failure is harmless, be permitted to use as evidence at a hearing, in a motion or in any other filing of papers, or in oral argument, any witness or

Rule 9.290. Expedited Disciplinary Proceedings

information not so disclosed. In addition to, or in lieu of this sanction, the Hearing Officer, Hearing Panel or, if applicable, the Extended Hearing Panel, on motion and after affording an opportunity to be heard, may impose other appropriate sanctions. These sanctions may include any of the sanctions provided for in paragraphs (b)(1)(A) through (C) above.

(c) **Review of Exclusions**

If an attorney for a Party, or other person authorized to represent others by LTSE Rule 9.141, is excluded from a disciplinary hearing or conference, or any portion thereof, such attorney or other person may seek review of the exclusion by filing a motion to vacate with the Chief Hearing Officer. Such motion to vacate shall be filed and served on all Parties within five days after service of the exclusion order. Any response shall be filed with the Chief Hearing Officer and served on all Parties within five days after the service of the motion to vacate. The Chief Hearing Officer shall consider such motion on an expedited basis and promptly issue a written order. The filing of a motion to vacate shall stay all aspects of the disciplinary proceeding until at least seven days after service of the order of the Chief Hearing Officer. The review proceedings shall be conducted on the basis of the written record without oral argument.

(d) **Adjournment**

The hearing, conferences, or other activities relating to the disciplinary proceeding shall be stayed pending the review by the Chief Hearing Officer of an exclusion order in paragraph (c). In the event that the Chief Hearing Officer upholds an exclusion of an attorney or other person authorized to represent others by LTSE Rule 9.141, the Hearing Officer may, upon motion by a Party represented by an attorney or other person subject to an order of exclusion, grant an adjournment to allow the retention of new counsel or selection of a new representative. In determining whether to grant an adjournment or the length of an adjournment, the Hearing Officer shall consider whether there are other counsel or representatives of record on behalf of the Party, the availability of other counsel or other members of an excluded attorney's firm, or the availability of other representatives for the Party, and any other relevant factors.

Rule 9.290. Expedited Disciplinary Proceedings

For any disciplinary proceeding, the subject matter of which also is subject to a temporary cease and desist proceeding initiated pursuant to LTSE Rule 9.810 or a temporary cease and desist order, hearings shall be held and decisions shall be rendered at the earliest possible time. An expedited hearing schedule shall be determined at a pre-hearing conference held in accordance with LTSE Rule 9.241.

Rule Series 9.300. Review of Disciplinary Proceeding by LTSE Board; Application for SEC Review

Rule Series 9.310. Appeal To or Review By the LTSE Board

Rule 9.311. Appeal by Any Party; Cross -Appeal

(a) Time to File Notice of Appeal

A Respondent or the Department of Enforcement or the Department of Market Regulation may file a written notice of appeal with the Secretary of LTSE, which states the basis and reasons for such review within 25 days after service of a decision issued pursuant to LTSE Rules 9.268 or 9.269, except that a decision concerning an LTSE Member that is an affiliate may not be appealed to the Board.

(b) Effect

An appeal to the Board from a decision issued pursuant to LTSE Rules 9.268 or 9.269 shall be heard by the LTSE Appeals Committee of the Board, and shall operate as a stay of that decision until a decision is issued pursuant to LTSE Rule 9.349 or, in cases called for discretionary review by the Board, until a decision is issued pursuant to LTSE Rule 9.351. Any such appeal, however, will not stay a decision, or that part of a decision, that imposes a permanent cease and desist order.

(c) Notice of Appeal Content and Signature Requirements

A Party appealing pursuant to this LTSE Rule 9.311 shall file a written notice of appeal with the Office of Hearing Officers and serve the notice on the Parties. The notice of appeal shall be signed by the appealing Party, or his or her counsel or representative, and shall contain:

- (1) the name of the disciplinary proceeding;
- (2) the disciplinary proceeding docket number;
- (3) the name of the Party on whose behalf the appeal is made;
- (4) a statement on whether oral argument before the LTSE Appeals Committee is requested; and
- (5) a brief statement of the findings, conclusions, or sanctions as to which exceptions are taken.

Rule 9.312. Review Proceeding Initiated by the LTSE Board

(d) Notice of Cross-Appeal

A Party who is served with a notice of appeal may file a written notice of cross-appeal and serve the notice of cross-appeal on the Parties. The notice of cross-appeal shall be filed within five days after service of the notice of appeal. The notice of cross-appeal shall be signed by the Party cross-appealing, or his or her counsel, and shall contain the information set forth in paragraphs (c)(1), (c)(2), (c)(4), and (c)(5), and the name of the Party on whose behalf the cross-appeal is made.

(e) Waiver of Issues Not Raised

The LTSE Appeals Committee may, in its discretion, deem waived any issue not raised in the notice of appeal or cross-appeal. The LTSE Appeal Committee or the General Counsel shall provide the Parties with notice of, and an opportunity to submit briefs on, any issue that shall be considered by the LTSE Appeals Committee if such issue was not previously set forth in the notice of appeal. Parties may submit motions to the LTSE Appeals Committee challenging requests for briefing made by the General Counsel under this LTSE Rule of issues that were not previously set forth in the notice of appeal.

(f) Withdrawal of Notice of Appeal or Cross-Appeal

A Party may withdraw a notice of appeal or a notice of cross-appeal filed by him or her at any time by filing a written notice of withdrawal of appeal or cross-appeal with the Office of Hearing Officers and serving notice thereof on the Parties. The notice of withdrawal of appeal or cross-appeal shall contain: the name of the disciplinary proceeding; the disciplinary proceeding docket number; and the name of the Party on whose behalf the notice of appeal or cross-appeal was filed previously. The notice of withdrawal of appeal or cross-appeal shall be signed by the Party, or his or her counsel or representative. Upon the withdrawal of a notice of appeal, any outstanding cross-appeal shall be treated as an appeal unless it is withdrawn.

Rule 9.312. Review Proceeding Initiated by the LTSE Board

(a) Call for Review

(1) Rule 9.268 Decision

A decision issued pursuant to LTSE Rule 9.268 may be subject to a call for review by any member of the Board. A decision issued pursuant to LTSE Rule 9.268 shall be subject to a call for review within 45 days after the date of service of the decision. If called for review, such decision shall be reviewed by the LTSE Appeals Committee.

Rule 9.312. Review Proceeding Initiated by the LTSE Board

(2) Rule 9.269 Decision

A default decision issued pursuant to LTSE Rule 9.629 shall be subject to a call for review by the Chief Regulatory Officer, on his or her own motion within 25 days after the date of service of the decision. If called for review, such decision shall be reviewed by the LTSE Appeals Committee.

(b) Effect

Institution of review by a member of the Board on his or her own motion or the Chief Regulatory Officer, on his or her own motion, shall operate as a stay of a final decision issued pursuant to LTSE Rules 9.268 or 9.629 as to all Parties subject to the notice of review, until the LTSE Appeals Committee issues a decision pursuant to LTSE Rule 9.349, or, in cases called for discretionary review by the Board, until a decision is issued pursuant to LTSE Rule 9.351. Institution of any such review, however, will not stay a decision, or that part of a decision, that imposes a permanent cease and desist order.

(c) Requirements

- (1) If a member of the Board, or, for a disciplinary proceeding decided under LTSE Rule 9.269, the Chief Regulatory Officer determines to call a case for review, a written notice of review shall be served promptly on each Party to the proceeding and filed with the Office of Hearing Officers. Such notice of review shall contain:

- (A) the name of the disciplinary proceeding;
- (B) the disciplinary proceeding docket number; and
- (C) a brief statement of the findings, conclusions, or sanctions with respect to which the Board or the Chief Regulatory Officer determined that a call for review was necessary.

- (2) The statement contained in the notice of review shall not limit the scope of the Board's authority under LTSE Rule 9.346 to review any issues raised in the record. The Board or the Chief Regulatory Officer shall provide the Parties with notice of, and an opportunity to submit briefs on, any issue that shall be considered by the LTSE Appeals Committee if such issue was not previously set forth in the notice of review. Parties may submit motions to the LTSE Appeals Committee requests for briefing made by the General Counsel under this LTSE Rule 9.312 of issues that were not previously set forth in the notice of appeal.

(d) Effect of Withdrawal of Notice of Appeal, Cross-Appeal

If the review of a disciplinary proceeding by the LTSE Appeals Committee is terminated before the LTSE Appeals Committee issues a decision on the merits because all

Rule 9.313. Counsel to LTSE Board and Appeals Committee

appealing Parties file a notice of withdrawal of appeal and no Party previously filed a notice of cross-appeal, or all Parties who previously filed a notice of cross-appeal file a notice of withdrawal of cross-appeal:

- (1) a member of the Board shall have the right to call for review a decision issued pursuant to LTSE Rule 9.268 in accordance with LTSE Rule 9.312(a)(1), except that the 45-day period during which a call for review may be made shall begin on the day LTSE receives the last filed notice of withdrawal of appeal or, if applicable, the last filed notice of withdrawal of cross-appeal; and,
- (2) the Chief Regulatory Officer shall have the right to call for review a decision issued pursuant to LTSE Rule 9.269 in accordance with LTSE Rule 9.312(a)(2), except that the 25-day period during which a call for review may be made shall begin on the day LTSE receives the last filed notice of withdrawal of appeal or, if applicable, the last filed notice of withdrawal of cross-appeal.

Rule 9.313. Counsel to LTSE Board and Appeals Committee

(a) Authority

A Counsel to the Board and Appeals Committee shall have authority to take ministerial and administrative actions to further the efficient administration of a proceeding, including the authority to:

- (1) direct the Office of Hearing Officers to complete and transmit a record of a disciplinary proceeding to the LTSE Appeals Committee in accordance with LTSE Rule 9.267;
- (2) establish or amend a briefing schedule under LTSE Rule 9.347(b) but not shorten a briefing schedule except with the consent of the Parties;
- (3) permit a brief or any other document required to be filed to vary from the requirements of LTSE Rule 9.130 as provided in LTSE Rule 9.347(a);
- (4) establish the date, time, and location of an oral argument and provide for notice of the hearing under LTSE Rule 9.341;
- (5) for other than a Party and counsel or a person acting in a representative capacity, determine who may attend a hearing;
- (6) rule on a motion by a Party to request to lengthen or shorten a period of time prescribed by the Code for the filing of any papers, or request that a hearing be postponed or adjourned under LTSE Rule 9.322, except that a period may not be

Rule 9.322. Extensions of Time; Postponements; Adjournments

shortened and a hearing may not be postponed or adjourned without the consent of the Parties;

- (7) create and maintain the official record of the disciplinary proceeding on appeal or review; and
- (8) establish the number of copies of all papers that shall be filed with the Adjudicator under LTSE Rule 9.136.

(b) Review

A Party seeking the review of a decision of a Counsel to the Board or Appeals Committee may make a motion to the LTSE Appeals Committee.

Rule 9.321. Transmission of Record

Within 21 days after the filing of a notice of appeal or notice of review, or at such later time as the LTSE Appeals Committee may designate, the Office of Hearing Officers shall assemble and prepare an index to the record, transmit the record and the index to the LTSE Appeals Committee, and serve copies of the index upon all Parties. The Hearing Officer who participated in the disciplinary proceeding, or the Chief Hearing Officer, shall certify that the record transmitted to the LTSE Appeals Committee is complete.

Rule 9.322. Extensions of Time; Postponements; Adjournments

(a) Availability

At any time prior to the issuance of a decision pursuant to LTSE Rule 9.349, the LTSE Appeals Committee or Counsel to the LTSE Appeals Committee, for good cause shown, may extend or shorten a period prescribed by the Code for the filing of any papers, except that Counsel to the LTSE Appeals Committee may shorten a period so prescribed only with the consent of the Parties. The LTSE Appeals Committee or Counsel to the LTSE Appeals Committee, for good cause shown, may postpone or adjourn a hearing consistent with paragraph (b), except that Counsel to the LTSE Appeals Committee may postpone or adjourn a hearing only with the consent of the Parties.

(b) Limitations on Postponements, Adjournments, and Changes in Location

Oral argument shall begin at the time and place ordered, unless the LTSE Appeals Committee or Counsel to the LTSE Appeals Committee, for good cause shown, postpones, adjourns, or changes the location of the oral argument, except that Counsel to the LTSE Appeals Committee may postpone or adjourn the oral argument only with the consent of the Parties. In considering a motion for the postponement or adjournment of an

Rule 9.332. Disqualification and Recusal

oral argument, the LTSE Appeals Committee or Counsel to the LTSE Appeals Committee shall consider, in addition to any other relevant factors:

- (1) the length of time the disciplinary proceeding has been pending to date, and the timeliness of the request for a postponement, an adjournment, or an extension;
- (2) the number of postponements, adjournments, or extensions already granted;
- (3) the stage of the proceedings at the time of the request;
- (4) the prejudice to the other Parties;
- (5) the potential harm to the investing public if an extension of time, an adjournment, or a postponement is granted; and
- (6) any other matter that justice may require.

Rule 9.331. Reserved

Rule 9.332. Disqualification and Recusal

(a) Recusal, Withdrawal of Member or Panelist

If at any time a member of the LTSE Appeals Committee or a Counsel to the LTSE Appeals Committee determines that the member or the Counsel to the LTSE Appeals Committee has a conflict of interest or bias or circumstances otherwise exist where the fairness of the member or the Counsel to the LTSE Appeals Committee might reasonably be questioned, the member or the Counsel to the LTSE Appeals Committee shall notify the Chair of the LTSE Appeals Committee who shall issue and serve on the Parties a notice stating that the member or the Counsel to the LTSE Appeals Committee has withdrawn from the matter. In the event that a member of the LTSE Appeals Committee withdraws, is incapacitated, or is otherwise unable to continue service after assignment, the Chair of the Board shall appoint another member of the Board to serve on the LTSE Appeals Committee for the limited purpose of considering the issues raised in the disciplinary proceeding in which the withdrawal action was taken. In the event that a Counsel to the LTSE Appeals Committee withdraws, is incapacitated, or is otherwise unable to continue service after assignment, the General Counsel shall assign a replacement Counsel to the LTSE Appeals Committee.

(b) Motion for Disqualification

A Party may move for the disqualification of a member of the LTSE Appeals Committee or a Counsel to the LTSE Appeals Committee. All such motions shall be based upon a reasonable, good faith belief that a conflict of interest or bias exists or circumstances

otherwise exist where the fairness of the member or the Counsel to the LTSE Appeals Committee might reasonably be questioned, and shall be accompanied by an affidavit setting forth in detail the facts alleged to constitute grounds for disqualification, and the dates on which the Party learned of those facts. Such motions shall be filed not later than 15 days after the later of:

- (1) when the Party learned of the facts believed to constitute the disqualification; or
- (2) when the Party was notified of the composition of the LTSE Appeals Committee or the assignment to the disciplinary proceeding of the Counsel to the LTSE Appeals Committee.

(c) Disposition of Disqualification Motions: Challenges to Single Member of LTSE Appeals Committee, or Counsel to the LTSE Appeals Committee

Motions for disqualification of a member of the LTSE Appeals Committee, or a Counsel to the LTSE Appeals Committee shall be decided by the Chair of the LTSE Appeals Committee (unless the member in question is the Chair in which case a majority of the other members of the LTSE Appeals Committee shall make the determination), who shall promptly determine whether disqualification is required and issue a written ruling on the motion. If a member of the LTSE Appeals Committee is disqualified, the Chair of the LTSE Appeals Committee (or a majority of the other members of the LTSE Appeals Committee if the Chair is disqualified) shall appoint another member of the Board to serve on the LTSE Appeals Committee for the limited purpose of considering the issues raised in the disciplinary proceeding in which the motion was made. If a Counsel is disqualified, the General Counsel shall assign a replacement Counsel to the LTSE Appeals Committee.

(d) Disposition of Disqualification Motions: Challenges to Multiple Members or Panelists

If a Party files a motion to disqualify more than one member of the LTSE Appeals Committee, the Chair of the LTSE Appeals Committee shall promptly determine whether disqualification is required, and shall issue a written ruling on the matter. In the event of such disqualification, the remaining members of the LTSE Appeals Committee shall consider the review or appeal of the disciplinary matter.

Rule Series 9.340. Proceedings

Rule 9.341. Oral Argument

(a) Request for Oral Argument

A Party may request oral argument before the LTSE Appeals Committee. Oral argument shall be requested in writing either in the Party's notice of appeal or cross-appeal or within

fifteen (15) days after service of the LTSE Appeal Committee's notice of review. Subject to the limitations of LTSE Rules 9.342 and 9.344, oral argument shall be granted if timely requested. The right to oral argument set forth in this LTSE Rule is unaffected by a Party's waiver of, or failure to request, a hearing pursuant to LTSE Rule Series 9.200. The LTSE Appeals Committee may cancel in writing a previously scheduled oral argument for good cause shown due to abandonment or similar unreasonable availability.

(b) Discretion to Proceed With or Without Oral Argument

In the absence of a request for oral argument, the LTSE Appeals Committee, in its discretion, may order that a matter be set down for oral argument or may consider the matter on the basis of the record.

(c) Notice Regarding Oral Argument

If oral argument is held, a notice stating the date, time, and location of the oral argument shall be served on the Parties at least 21 days before the hearing. The Parties may agree in writing to waive the notice period or, in extraordinary circumstances, the LTSE Appeals Committee or Counsel to the LTSE Appeals Committee may provide for a shorter notice period, except that Counsel to the LTSE Appeals Committee may provide for a shorter notice period only with the consent of the Parties.

(d) Attendance Required

The Parties shall make oral arguments before the LTSE Appeals Committee. Unless otherwise agreed to by all of the Parties, all members of the LTSE Appeals Committee shall be present for the oral argument.

(e) Time Limits

Unless the LTSE Appeals Committee orders otherwise for good cause shown, each Party's oral argument shall be limited to a total of 30 minutes.

(f) Recordation; Transcript Correction

- (1) Oral arguments shall be recorded by a court reporter and a transcript shall be prepared.
- (2) A transcript of a hearing shall be available to a Party for purchase from the court reporter at prescribed rates. A witness may purchase a transcript of his or her own testimony from the court reporter.
- (3) Prior to the filing of post-hearing briefs or within such earlier time as reasonably ordered by the LTSE Appeals Committee a Party or witness may seek to correct his or her transcript. A proposed correction of the transcript shall be submitted by affidavit to the LTSE Appeals Committee. Upon notice to all Parties to the

Rule 9.344. Failure to Participate Below; Abandonment of Appeal

disciplinary proceeding, the LTSE Appeals Committee may order the correction to the transcript as requested or sua sponte.

Rule 9.342. Failure to Appear at Oral Argument

A Party who requests oral argument but fails to appear after being duly notified shall be deemed to have waived any opportunity for oral argument provided under LTSE Rule Series 9.300. The LTSE Appeals Committee shall permit argument to go forward as to those Parties who appear. The LTSE Appeals Committee, in the exercise of its discretion, may consider the matter on the basis of the record without oral argument as to those Parties who failed to appear.

Rule 9.343. Disposition without Oral Argument

If an oral argument is not held, the matter shall be considered by the LTSE Appeals Committee, on the basis of the record, as defined in LTSE Rule 9.267, and supplemented by any written materials submitted to or issued by the LTSE Appeals Committee in connection with the appeal, cross-appeal, or call for review.

Rule 9.344. Failure to Participate Below; Abandonment of Appeal

(a) Failure to Participate Below

If an appealing Party did not participate in the disciplinary proceeding before a Hearing Officer, a Hearing Panel or, if applicable, an Extended Hearing Panel, and fails to show good cause for the failure to participate, the matter shall be considered by the LTSE Appeals Committee on the basis of the record and other documents, as provided in LTSE Rules 9.346 and 9.347. When good cause is shown, the LTSE Appeals Committee shall remand the disciplinary proceeding with instructions. For purposes of this paragraph, failure to participate shall include failure to file an answer or otherwise respond to a complaint, or failure to appear at a scheduled hearing, but shall not include failure to request a hearing pursuant to LTSE Rule 9.221.

(b) Abandonment of Appeal

If an appealing Party fails to advise the LTSE Appeals Committee of the basis for seeking review or otherwise fails to provide information or submit a written brief in response to a request pursuant to LTSE Rules 9.346 and 9.347, the LTSE Appeals Committee may dismiss the appeal as abandoned, and the decision of the Hearing Officer, the Hearing Panel or, if applicable, the Extended Hearing Panel, shall become the final disciplinary action of LTSE. If a cross-appealing Party fails to advise the LTSE Appeals Committee of the basis for seeking review or otherwise fails to provide information or submit a written brief in response to a request pursuant to LTSE Rules 9.346 and 9.347, the LTSE

Rule 9.346. Evidence in LTSE Appeals Committee Proceedings

Appeals Committee may dismiss the cross-appeal as abandoned. Upon a showing of good cause, the LTSE Appeals Committee may withdraw any dismissal entered pursuant to this LTSE Rule.

Rule 9.345. Reserved

Rule 9.346. Evidence in LTSE Appeals Committee Proceedings

(a) Scope of Review

Except as otherwise set forth in this paragraph, the LTSE Appeals Committee's review shall be limited to consideration of:

- (1) the record, as defined in LTSE Rule 9.267, supplemented by briefs and other papers submitted to the LTSE Appeals Committee; and
- (2) any oral argument permitted under this Code.

A Party may introduce additional evidence only with prior approval of the LTSE Appeals Committee, upon a showing that extraordinary circumstances exist under paragraph (b) below. If an appealing Party shows good cause for failure to participate in the disciplinary proceeding below, the LTSE Appeals Committee may hear evidence and consider the disciplinary proceeding pursuant to LTSE Rule 9.344(a).

(b) Leave to Introduce Additional Evidence

A Party may apply to the LTSE Appeals Committee for leave to introduce additional evidence by motion filed not later than 30 days after the Office of Hearing Officers transmits to the LTSE Appeals Committee and serves upon all Parties the index to the record, pursuant to LTSE Rule 9.321. The motion shall describe each item of proposed new evidence, demonstrate that there was good cause for failing to introduce it below, demonstrate why the evidence is material to the proceeding, and be filed and served. The Party may attach the documentary evidence as an exhibit to the motion. By a motion filed in accordance with LTSE Rule 9.146, a Party may request an extension of the period during which a Party may file a motion for leave to introduce additional evidence. A Party shall demonstrate that there was good cause for failing to file the motion for leave to introduce additional evidence during the period prescribed.

(c) Motion In Opposition; Motion to Introduce Rebuttal Evidence

A Party may file an opposition to a motion, as provided in LTSE Rule 9.146(d), for leave to introduce new evidence, and may move for leave to introduce rebuttal evidence in response to the proposed new evidence. A Party who moves to introduce rebuttal evidence in response to the proposed new evidence of another Party shall describe each

Rule 9.347. Filing of Papers in LTSE Appeals Committee Proceedings

item of proposed rebuttal evidence and explain why the evidence is material to the proceeding, and shall file and serve such motion.

(d) Discretion Regarding Review of Additional Evidence

Upon consideration of any motion to introduce additional evidence and any opposition thereto, the LTSE Appeals Committee may permit the evidence to be introduced into the record on review, or may remand the disciplinary proceeding for further proceedings consistent with its ruling or for further fact finding.

(e) Requirements for Submitting Additional Documentary Evidence

A Party that is permitted to introduce additional documentary evidence before the LTSE Appeals Committee pursuant to paragraph (d) shall make copies of the evidence available to the LTSE Appeals Committee and to all Parties at such time as the LTSE Appeals Committee may specify.

(f) Additional Evidence

On its own motion, the LTSE Appeals Committee may order that the record be supplemented with such additional evidence as it may deem relevant. Among other things, the LTSE Appeals Committee may order a Respondent who asserts his or her inability to pay a monetary sanction to file a sworn financial statement and to keep such statement current as ordered by the LTSE Appeals Committee.

(g) Rules of Evidence Not Applicable

The formal rules of evidence as applied in judicial proceedings shall not apply.

(h) Testimony

A person who is subject to the jurisdiction of LTSE shall testify under oath or affirmation. The oath or affirmation shall be administered by a court reporter or a notary public.

Rule 9.347. Filing of Papers in LTSE Appeals Committee Proceedings

(a) Briefs; Reply Briefs; Requirements

Parties may file briefs in connection with proceedings governed by LTSE Rule Series 9.300. Briefs shall be confined to the particular matters at issue. An exception to findings, conclusions, or sanctions shall be supported by citation to the relevant portions of the record, including references to specific pages relied upon, and by concise argument, including citation of such statutes, decisions, and other authorities as may be relevant. If an exception relates to the admission or exclusion of evidence, the substance of the evidence admitted or excluded shall be set forth in the brief, an appendix thereto, or by citation to the record. Parties may file reply briefs. If a Party files a reply brief, such brief

Rule 9.349. LTSE Appeals Committee Formal Consideration; Decision

shall be limited to matters in reply. All briefs shall conform to the requirements of LTSE Rule Series 9.130, and, except with advance leave of the LTSE Appeals Committee, or Counsel to the LTSE Appeals Committee, exclusive of pages containing tables of contents or tables of authorities, a brief other than a reply brief shall not exceed 25 double-spaced pages, and a reply brief shall not exceed 12 double-spaced pages.

(b) Timely Filing of Briefs

Briefs shall be due upon dates established by the LTSE Appeals Committee, or Counsel to the LTSE Appeals Committee in a scheduling order. Unless the LTSE Appeals Committee, or Counsel to the LTSE Appeals Committee specifies otherwise, opening briefs shall be submitted not less than 21 days from the date of the scheduling order, and answering briefs shall be submitted 21 days thereafter. When reply briefs are submitted, such briefs shall be filed not later than ten days after service of the answering brief. Counsel to the LTSE Appeals Committee may not shorten a period previously established for the filing of briefs except with the consent of the Parties. The time periods listed in this provision are only applicable to the filing of opening briefs, answering briefs, and reply briefs.

Rule 9.348. Powers of the LTSE Appeals Committee on Review

In any appeal or review proceeding pursuant to LTSE Rule Series 9.300, the LTSE Appeals Committee may affirm, dismiss, modify, or reverse with respect to each finding, or remand the disciplinary proceeding with instructions. The LTSE Appeals Committee may affirm, modify, reverse, increase, or reduce any sanction, or impose any other fitting sanction.

Rule 9.349. LTSE Appeals Committee Formal Consideration; Decision

(a) Decision of LTSE Appeals Committee, Including Remand

In an appeal or review of a disciplinary proceeding governed by LTSE Rule Series 9.300 that is not withdrawn or dismissed prior to a decision on the merits, the LTSE Appeals Committee, after considering all matters presented in the appeal or review, may affirm, dismiss, modify or reverse the decision of the Hearing Panel or, if applicable, Extended Hearing Panel, with respect to each Respondent who has appealed or cross-appealed or is subject to a call for review. The LTSE Appeals Committee may affirm, modify, reverse, increase, or reduce any sanction, or impose any other fitting sanction. Alternatively, the LTSE Appeals Committee may remand the disciplinary proceeding with instructions. The LTSE Appeals Committee shall prepare a proposed written decision pursuant to paragraph (b) below.

Rule 9.351. Discretionary Review by LTSE Board

(b) Contents of Decision

The decision shall include:

- (1) a statement describing the investigative or other origin of the disciplinary proceeding, if not otherwise contained in the record;
- (2) the specific statutory or rule provisions that were alleged to have been violated;
- (3) a statement setting forth the findings of fact with respect to any act or practice the Respondent was alleged to have committed or omitted;
- (4) the conclusions as to whether the Respondent violated any provision alleged in the complaint;
- (5) a statement in support of the disposition of the principal issues raised in the proceeding; and
- (6) a statement describing any sanction imposed, the reasons therefor, and, pursuant to LTSE Rule 9.360, the date upon which such sanction shall become effective.

(c) Issuance of Decision After Expiration of Call for Review Period

The LTSE Appeals Committee shall provide its proposed written decision to the Board. The Board may call the disciplinary proceeding for review pursuant to LTSE Rule 9.351. If the Board does not call the disciplinary proceeding for review, the proposed written decision of the LTSE Appeals Committee shall become final, and the LTSE Appeals Committee shall serve its written decision on the Parties and provide a copy to each member of LTSE with which a Respondent is associated. The decision shall constitute the final disciplinary action of LTSE for purposes of Rule 19d- 1(c)(1) of the Act, unless the LTSE Appeals Committee remands the proceeding.

Rule Series 9350. Discretionary Review by LTSE Board

Rule 9.351. Discretionary Review by LTSE Board

(a) Call for Review by Director

A Director may call a disciplinary proceeding for review by the Board if the call for review is made within the period prescribed in paragraph (b) below.

Rule 9.360. Effectiveness of Sanctions

(b) 15 Day Period; Waiver

(1) A Director shall make his or her call for review not later than the next meeting of the Board that is at least 15 days after the date on which the Board receives the proposed written decision of the LTSE Appeals Committee.

(2) Waiver

By a unanimous vote of the Board, the Board may shorten the period in subparagraph (1) to less than 15 days. By an affirmative vote of the majority of the Board then in office, the Board may, during the 15-day period in subparagraph (1), vote to extend the period in subparagraph (1) to more than 15 days.

(c) Review at Next Meeting

If a Director calls a disciplinary proceeding for review within the period prescribed in paragraph (b) above, the Board shall review the disciplinary proceeding not later than the next meeting of the Board. The Board may order the Parties (excluding any Respondent who did not appeal or cross-appeal, or as to whom the issues appealed or called for review do not apply) to file briefs in connection with the review proceedings pursuant to this LTSE Rule.

(d) Decision of LTSE Board, Including Remand

After review, the Board may affirm, modify, or reverse the proposed written decision of the LTSE Appeals Committee. The Board may affirm, modify, reverse, increase, or reduce any sanction, or impose any other fitting sanction. Alternatively, the Board may remand the disciplinary proceeding with instructions. The Board shall prepare a written decision that includes all of the elements described in LTSE Rule 9.349(b)(1) through (6).

(e) Issuance of Decision After Expiration of Call for Review Period

The Board shall issue and serve its written decision on the Parties and provide a copy to each Member of LTSE with which a Respondent is associated. The decision shall constitute the final disciplinary action of LTSE for purposes of Rule 19d-1(c)(1) of the Act, unless the Board remands the proceeding.

Rule 9.360. Effectiveness of Sanctions

Unless otherwise provided in the decision issued under LTSE Rule 9.349 or 9.351, a sanction (other than a bar, an expulsion, or a permanent cease and desist order) specified in a decision constituting final disciplinary action of LTSE for purposes of Rule 19d-1(c)(1) of the Act shall become effective on a date to be determined by LTSE staff (or the Hearing Panel, Extended Hearing Panel, or Office of Disciplinary Affairs in the case of a decision with respect to an

Rule 9.521. Purpose and Definitions

affiliate of LTSE within the meaning of LTSE Rule 2.210). A bar, an expulsion, or a permanent cease and desist order shall become effective upon service of the decision constituting final disciplinary action of LTSE, unless otherwise specified therein. LTSE shall serve the decision on a Respondent by courier, facsimile or other means reasonably likely to obtain prompt service when the sanction is a bar, an expulsion, or a permanent cease and desist order.

Rule 9.370. Application to SEC for Review

(a) Appeal to SEC; Effect

A Respondent aggrieved by final disciplinary action pursuant to LTSE Rule Series 9.200 or 9.300 may apply for review by the SEC pursuant to Section 19(d)(2) of the Exchange Act. The filing with the SEC of an application for review by the SEC shall stay the effectiveness of any sanction, other than a bar or an expulsion, imposed in a decision constituting final disciplinary action of LTSE for purposes of Rule 19d-1(c)(1) of the Act.

(b) LTSE Notification to Member

LTSE, or FINRA on its behalf, shall promptly notify any LTSE Member with which a Respondent is associated if the Respondent files an application for review to the SEC.

Rule Series 9.500. Other Proceedings

LTSE Rule Series 9.500 provides the procedure for persons who are or are about to be aggrieved by adverse action, including, but not limited to, those persons who have been denied membership in the Exchange, barred from becoming associated with a Member, or prohibited or limited with respect to Exchange services pursuant to the LTSE Bylaws or the Rules of the Exchange (other than disciplinary action for which review is provided in the Rule 9.300 Series and other than an arbitration award, from which there is no Exchange review), to apply for an opportunity to be heard and to have the complained of action reviewed.

Rule Series 9.520. Eligibility Proceedings

Rule 9.521. Purpose and Definitions

(a) Purpose

LTSE Rule Series 9.520 sets forth procedures for a person to become or remain associated with a Member, notwithstanding the existence of a statutory disqualification as defined in Article I of the LTSE Bylaws and for a current Member or person associated with a Member to obtain relief from the eligibility or qualification requirements of the LTSE Bylaws and LTSE Rules. Such actions hereinafter are referred to as "eligibility proceedings."

***Rule 9.522. Initiation of Eligibility Proceeding by
LTSE Staff; Member Regulation Consideration***

(b) Definitions

- (1) The term "Application" means FINRA's Form MC-400 for individuals or Form MC-400A for Members, filed with the Department of Registration and Disclosure ("RAD").
- (2) The term "disqualified Member" means a broker, dealer, municipal securities broker or dealer, government securities broker or dealer, or Member that is or becomes subject to a disqualification or is otherwise ineligible for membership under Article X, Section 10.3 of the LTSE Bylaws.
- (3) The term "disqualified person" means an associated person or person seeking to become an associated person who is or becomes subject to a disqualification or is otherwise ineligible for association under Article X, Section 10.3 of the LTSE Bylaws.
- (4) The term "sponsoring Member" means the Member or applicant for membership pursuant to LTSE Rule 2.160 that is sponsoring the association or continued association of a disqualified person to be admitted, readmitted, or permitted to continue in association.

**Rule 9.522. Initiation of Eligibility Proceeding by LTSE Staff; Member Regulation
Consideration**

(a) Initiation by FINRA

- (1) Issuance of Notice of Disqualification or Ineligibility

If LTSE Regulation staff has reason to believe, or if FINRA staff advises LTSE that it has reason to believe, that a disqualification exists or that a Member or person associated with a Member, or applicant thereof, otherwise fails to meet the eligibility requirements of LTSE, LTSE staff shall issue a written notice to the Member or applicant for membership under LTSE Rule 2.170(e). The notice shall specify the grounds for such disqualification or ineligibility. LTSE staff shall not issue such written notice to Members or applicants for membership under LTSE Rule 2.160(d) with respect to disqualifications arising solely from findings or orders specified in Section 15(b)(4)(D), (E), or (H) of the Exchange Act or arising under Section 3(a)(39)(E) of the Exchange Act, unless the Member or applicant for membership under LTSE Rule 2.160(d) is required to file an application pursuant to Supplementary Material .01 to this LTSE Rule 9.522.

***Rule 9.522. Initiation of Eligibility Proceeding by
LTSE Staff; Member Regulation Consideration***

(2) Notice Regarding a Member

A notice issued to a disqualified Member shall state that the disqualified Member may apply for relief by filing an application or, in the case of a matter set forth in LTSE Rule 9.522(e)(1), a written request for relief, within ten business days after service of the notice. If the Member fails to file the application or, where appropriate, the written request for relief, within the 10-day period, the membership of the Member shall be canceled, unless LTSE Regulation grants an extension for good cause shown.

(3) Notice Regarding an Associated Person

A notice issued regarding a disqualified person to a Member or applicant for membership under LTSE Rule 2.160(a)(3) shall state that such Member or applicant for membership may file an application on behalf of itself and such person or, in the case of a matter set forth in LTSE Rule 9.522(e)(1), a written request for relief, within ten business days after service of the notice. If the Member fails to file the application or, where appropriate, the written request for relief, within the 10-day period, the registration of the disqualified person shall be revoked, unless LTSE Regulation grants an extension for good cause shown.

(4) Service

A notice issued under this paragraph (a) shall be served by facsimile or pursuant to LTSE Rules 9.131 and 9.134.

(b) Obligation of Member to Initiate Proceeding

- (1) A Member shall file an application or, in the case of a matter set forth in LTSE Rule 9.522(e)(1), a written request for relief, with RAD, if the Member determines prior to receiving a notice under paragraph (a) that:
 - (A) it has become a disqualified Member;
 - (B) a person associated with such Member or whose association is proposed by an applicant for membership under LTSE Rule 2.160(a)(3) has become a disqualified person; or
 - (C) the Member or applicant for membership under LTSE Rule 2.160(a)(3) wishes to sponsor the association of a person who is a disqualified person.
- (2) For any disqualifications arising solely from findings or orders specified in Section 15(b)(4)(D), (E), or (H) of the Exchange Act or arising under Section 3(a)(39)(E)

**Rule 9.522. Initiation of Eligibility Proceeding by
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of the Exchange Act, a Member shall not file an application unless instructed to do so pursuant to Supplementary Material .01 to this LTSE Rule 9.522.

(c) Withdrawal of Application

A Member may withdraw its application or written request for relief prior to a hearing by filing a written notice with RAD pursuant to LTSE Rules 9.135, 9.136, and 9.137. A Member may withdraw its application after the start of a hearing but prior to the issuance of a decision by the LTSE Appeals Committee by filing a written notice with RAD and the Office of General Counsel pursuant to LTSE Rules 9.135, 9.136, and 9.137.

(d) Ex Parte Communications

The prohibitions against ex parte communications set forth in LTSE Rule 9.143 shall become effective under the LTSE Rule 9.520 when LTSE staff has initiated the eligibility proceeding and LTSE staff has knowledge that a Member intends to file an application or written request for relief pursuant to LTSE Rule 9.520.

(e) Member Regulation Consideration

(1) Matters that may be Approved by LTSE Regulation without the Filing of an Application

LTSE Regulation, as it deems consistent with the public interest and the protection of investors, is authorized to approve a written request for relief from the eligibility requirements by a disqualified Member or a sponsoring Member without the filing of an application by such disqualified Member or sponsoring Member if a disqualified Member or disqualified person is subject to one or more of the following conditions but is not otherwise subject to disqualification:

- (A) a disqualified Member or disqualified person is subject to a disqualification based on an injunction that was entered ten or more years prior to the proposed admission or continuance by order, judgment, or decree of any court of competent jurisdiction from acting as an investment adviser, underwriter, broker, dealer, municipal securities dealer, government securities broker, government securities dealer, transfer agent, foreign person performing a function substantially equivalent to any of the above, entity or person required to be registered under the Commodity Exchange Act, or any substantially equivalent foreign statute or regulation, or as an affiliated person or employee of any investment company, bank, insurance company, foreign entity substantially equivalent to any of the above, or entity or person required to be registered under the Commodity Exchange Act or any substantially equivalent foreign statute or regulation, or from engaging in or continuing any

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conduct or practice in connection with any such activity, or in connection with the purchase or sale of any security;

- (B) a sponsoring Member makes a request to change the supervisor of a disqualified person; or
 - (C) a disqualified Member or sponsoring Member is a Member of both LTSE and another self-regulatory organization; and:
 - (i) the other self-regulatory organization intends to file a Notice under Exchange Act Rule 19h-1 approving the membership continuance of the disqualified Member or, in the case of a sponsoring Member, the proposed association or continued association of the disqualified person; and
 - (ii) LTSE Regulation concurs with that determination.
- (2) Matters that may be Approved by LTSE Regulation after the Filing of an Application

LTSE Regulation, as it deems consistent with the public interest and the protection of investors, is authorized to approve an application filed by a disqualified Member or sponsoring Member if the disqualified Member or disqualified person is subject to one or more of the following conditions but is not otherwise subject to disqualification (other than a matter set forth in paragraph (e)(1)):

- (A) The disqualified person is already a participant in, a Member of, or a person associated with a Member of, a self-regulatory organization (other than LTSE), and the terms and conditions of the proposed admission to LTSE are the same in all material respects as those imposed or not disapproved in connection with such person's prior admission or continuance pursuant to an order of the SEC under Exchange Act Rule 19h-1 or other substantially equivalent written communication;
- (B) LTSE Regulation finds, after reasonable inquiry, that except for the identity of the employer concerned, the terms and conditions of the proposed admission or continuance are the same in all material respects as those imposed or not disapproved in connection with a prior admission or continuance of the disqualified person pursuant to an order of the SEC under Exchange Act Rule 19h-1 or other substantially equivalent written communication, and that there is no intervening conduct or other circumstance that would cause the employment to be inconsistent with the public interest or the protection of investors;

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- (C) The disqualification previously was a basis for the institution of an administrative proceeding pursuant to a provision of the federal securities laws, and was considered by the SEC in determining a sanction against such disqualified person in the proceeding, and the SEC concluded in such proceeding that it would not restrict or limit the future securities activities of such disqualified person in the capacity now proposed, or, if it imposed any such restrictions or limitations for a specified time period, such time period has elapsed;
 - (D) The disqualification consists of a court order or judgment of injunction or conviction, and such order or judgment:
 - (i) expressly includes a provision that, on the basis of such order or judgment, the SEC will not institute a proceeding against such person pursuant to Section 15(b) or 15B of the Exchange Act or that the future securities activities of such persons in the capacity now proposed will not be restricted or limited; or
 - (ii) includes such restrictions or limitations for a specified time period and such time period has elapsed;
 - (E) The disqualified person's functions are purely clerical and/ or ministerial in nature; or
 - (F) The disqualification arises from findings or orders specified in Section 15(b)(4)(D), (E), or (H) of the Exchange Act or arises under Section 3(a)(39)(E) of the Exchange Act.
- (3) Rights of Disqualified Member, Sponsoring Member, Disqualified Person, and LTSE Regulation
- (A) In the event LTSE Regulation does not approve a written request for relief from the eligibility requirements pursuant to paragraph (e)(1), the disqualified Member or sponsoring Member may file an application, and such Member shall have the right to proceed under LTSE Rules 9.523 or 9.524, as applicable. LTSE Regulation may require a disqualified Member or sponsoring Member to file an application with RAD, notwithstanding the provisions of paragraph (e)(1).
 - (B) In the event LTSE Regulation does not approve an application pursuant to paragraph (e)(2), the disqualified Member or sponsoring Member shall have the right to proceed under LTSE Rules 9.523 or 9.524, as applicable.

**Rule 9.522. Initiation of Eligibility Proceeding by
LTSE Staff; Member Regulation Consideration**

* * * * * **Supplementary Material** * * * * *

.01 Membership Application Requirements for Members and Persons Associated with a Member Who Are or Become Subject to a Statutory Disqualification.

This Supplementary Material describes when an LTSE Member or Person Associated with a Member who is or becomes subject to a Statutory Disqualification must file a membership application.

- (a) *Statutory Disqualifications Arising from Willful Violations or Failure to Supervise (Exchange Act Section 15(b)(4)(D) or (E). With respect to disqualifications arising solely from findings specified in Exchange Act Section 15(b)(4)(D) or (E) by the SEC, CFTC or an SRO as defined in the Uniform Forms (i.e., Form U4, Form U5 and Form BD), a member shall file an application with LTSE Regulation ("LTSE Regulation") if the sanction is still in effect and:*
 - (1) *the disqualified member or person is seeking admission or readmission to the securities industry; or*
 - (2) *the disqualified member or person is seeking to continue in membership or association with a member, unless*
 - (A) *such member or person was as of March 17, 2009, a member of, or an associated person of another SRO* and was, as of March 17, 2009, subject to the disqualification, in which event the member shall file an application with LTSE Regulation only if there is a change in employer or if the member makes an application for the registration of the person as a principal pursuant to LTSE rules.*
- (b) *Statutory Disqualifications Arising from Sarbanes-Oxley Act (Exchange Act Section 15(b)(4)(H). With respect to disqualifications arising solely from orders specified in Exchange Act Section 15(b)(4)(H)(i) and (ii), a member shall file an application with LTSE Regulation if:*
 - (1) *the disqualified member or person is seeking admission or readmission to, or continuance in, the securities industry, unless:*
 - (A) *such member or person is subject to a final order pursuant to Section 15(b)(4)(H)(ii)9**; and*
 - (B) *the sanctions do not involve licensing or registration revocation or suspension (or analogous sanctions), and the sanctions are no longer in effect, in which event an application need not be filed; or*
 - (C) *the sanctions do involve licensing or registration revocation or suspension (or analogous sanctions), the sanctions are no longer in effect, and the order was entered ten (10) or more years ago, in which event an application need not be filed.*

However, if the disqualified member or person was, as of March 17, 2009, a member of, or an associated person of a member of, another SRO and was, as of March 17, 2009, subject to a final order as described in Section 15(b)(4)(H)(ii) and:*

- (2) *the sanctions do not involve licensing or registration revocation or suspension (or analogous sanctions), and the sanctions are still in effect, the member shall file an application with LTSE Regulation only if there is a change in employer, or if the member makes an application for the registration of the person as a principal pursuant to LTSE rules; or*

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- (3) *the sanctions do involve licensing or registration revocation or suspension (or analogous sanctions), and the sanctions are no longer in effect, and the order was entered within the prior 10 years, the member shall file an application with LTSE Regulation only if there is a change in employer, or if the member makes an application for the registration of the person as a principal pursuant to LTSE rules.*

Moreover, where such member or person was, as of March 17, 2009, a member of, or an associated person of a member of another SRO and was, as of March 17, 2009, subject to a bar as described in Exchange Act Section 15(b)(4)(H)(i), and the bar is still in effect*** (and is not related to fraudulent, manipulative, or deceptive conduct), the member shall file an application with LTSE Regulation only if there is a change in employer or if the member makes an application for the registration of the person as a principal pursuant to LTSE rules.*

(c) *Statutory Disqualifications under Exchange Act Section 3(a)(39)(E) Certain Affiliated Relationships*

With respect to disqualifications arising solely under Section 3(a)(39)(E) of the Exchange Act, a member shall file an application with LTSE Regulation if:

- (1) *the disqualified member or person is seeking admission or readmission to, or continuance in, the securities industry and the disqualified member or person is subject to a statutory disqualification under Exchange Act Section 3(a)(39)(E), solely because such member or person has associated with him any person who is known, or in the exercise of reasonable care should be known, to the disqualified member or person to be a person described by Exchange Act Section 3(a)(39)(A), (B), (C) or (D), and the associated person:*

- (A) *controls such disqualified member or person, is a general partner or officer (or person occupying a similar status or performing similar functions) of such disqualified member, is an employee, who, on behalf of such disqualified member, is engaged in securities advertising, public relations, research, sales, trading, or training or supervision of other employees who engage or propose to engage in such activities, except clerical and ministerial persons engaged in such activities, or is an employee with access to funds, securities or books and records, or*
- (B) *is a broker or dealer not registered with the SEC, or controls such (unregistered) broker or dealer, or is a general partner or officer (or person occupying a similar status or performing similar functions) of such broker or dealer.*

However, the disqualified member or person seeking to continue in the securities industry is not required to file an application where such member or person was, as of March 17, 2009, a member of, or an associated person of a member of another SRO and was, as of March 17, 2009, subject to the disqualification.

** An associated person for purposes of LTSE Rule 9.522 would include a person that was associated with a member of another SRO within 45 days prior to March 17, 2009, provided that the person was associated with another member of another SRO within 45 days after March 17, 2009.*

*** This would include a finding of aiding and abetting a violation of such laws.*

**** A person would no longer be subject to a statutory disqualification when the time limitation of a bar or license revocation has expired, provided that: (1) application for reentry is not required or has been granted; (2) the bar or revocation has no continuing effect; and (3) the bar was not issued in*

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connection with a final order based on violations of laws or regulations prohibiting fraudulent, manipulative or deceptive conduct, as described in Exchange Act Section 15(b)(4)(H)(ii). As an example, a person subject to a statutory disqualification based on a three-month bar (or three-year bar) that ends automatically and has no continuing effect would no longer be subject to a statutory disqualification at the end of the three months (or three years) under Exchange Act Section 15(b)(4)(H)(i), unless the bar was issued in connection with a final order based on violations of laws or regulations prohibiting fraudulent, manipulative or deceptive conduct, as described in Exchange Act Section 15(b)(4)(H)(ii).

(Amended by SR-LTSE-2019-05 eff. December 20, 2019)

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- (a) With respect to all disqualifications, except those arising solely from findings or orders specified in Section 15(b)(4)(D), (E) or (H) of the Exchange Act or arising under Section 3(a)(39)(E) of the Exchange Act, after an application is filed, LTSE Regulation may recommend the membership or continued membership of a disqualified Member or sponsoring Member or the association or continuing association of a disqualified person pursuant to a supervisory plan where the disqualified Member, sponsoring Member, and/or disqualified person, as the case may be, consent to the recommendation and the imposition of the supervisory plan. The disqualified Member, sponsoring Member, and/or disqualified person, as the case may be, shall execute a letter consenting to the imposition of the supervisory plan.
 - (1) If a disqualified Member, sponsoring Member, and/or disqualified person submitted an executed letter consenting to a supervisory plan, by the submission of such letter, the disqualified Member, sponsoring Member and/or disqualified person waive:
 - (A) the right to a hearing before a Hearing Panel and any right of appeal to the LTSE Appeals Committee, the SEC, and the courts, or otherwise challenge the validity of the supervisory plan, if the supervisory plan is accepted.
 - (B) any right of the disqualified Member, sponsoring Member, and/or disqualified person to claim bias or prejudice by LTSE Regulation, the Chief Regulatory Officer, the LTSE Appeals Committee, or any Member of the LTSE Appeals Committee, in connection with such person's or body's participation in discussions regarding the terms and conditions of LTSE Regulation's recommendation or the supervisory plan, or other consideration of the recommendation or supervisory plan, including acceptance or rejection of such recommendation or supervisory plan; and

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- (C) any right of the disqualified Member, sponsoring Member, and/ or disqualified person to claim that a person violated the ex parte prohibitions of LTSE Rule 9.143 or the separation of functions prohibitions of LTSE Rule 9.144, in connection with such person's or body's participation in discussions regarding the terms and conditions of the recommendation or supervisory plan, or other consideration of the recommendation or supervisory plan, including acceptance or rejection of such recommendation or supervisory plan.
 - (2) If a recommendation or supervisory plan is rejected, the disqualified Member, sponsoring Member, and/or disqualified person shall be bound by the waivers made under paragraph (a)(1) for conduct by persons or bodies occurring during the period beginning on the date the supervisory plan was submitted and ending upon the rejection of the supervisory plan and shall have the right to proceed under this LTSE Rule and LTSE Rule 9.524, as applicable.
 - (3) If the disqualified Member, sponsoring Member, and/or disqualified person execute the letter consenting to the supervisory plan, it shall be submitted to the Office of General Counsel by LTSE Regulation with a proposed Notice under Exchange Act Rule 19h-1, where required. The Office of General Counsel shall forward the supervisory plan and proposed Notice under Exchange Act Rule 19h-1, if any, to the Chair of LTSE Appeals Committee, acting on behalf of the Board. The Chair of the LTSE Appeals Committee may accept or reject the recommendation of LTSE Regulation.
 - (4) If the recommendation and supervisory plan is accepted by the LTSE Appeals Committee, it shall be deemed final and, where required, the proposed Notice under Exchange Act Rule 19h-1 will be filed by LTSE. If the recommendation and supervisory plan are rejected by the LTSE Appeals Committee, LTSE may take any other appropriate action with respect to the disqualified Member, sponsoring Member, and/or disqualified person. If the recommendation and supervisory plan are rejected, the disqualified Member, sponsoring Member, and/or disqualified person shall not be prejudiced by the execution of the letter consenting to the supervisory plan under this paragraph (a) and the letter may not be introduced into evidence in any proceeding.
- (b) With respect to disqualifications arising solely from findings or orders specified in Section 15(b)(4)(D), (E) or (H) of the Exchange Act or arising under Section 3(a)(39)(E) of the Exchange Act, after an application is filed, in approving an application under LTSE Rule 9.522(e)(2)(F), LTSE Regulation is authorized to accept the Membership or continued Membership of a disqualified Member or sponsoring Member or the association or continuing association of a disqualified person pursuant to a supervisory plan where the disqualified Member, sponsoring Member, and/or

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disqualified persons, as the case may be, consent to the imposition of the supervisory plan. The disqualified Member, sponsoring Member, and/ or disqualified person, as the case may be, shall execute a letter consenting to the imposition of the supervisory plan. LTSE Regulation shall prepare a proposed Notice under Exchange Act Rule 19h-1, where required, and LTSE shall file such Notice.

- (1) If a disqualified Member, sponsoring Member, and/ or disqualified person submitted an executed letter consenting to a supervisory plan, by the submission of such letter, the disqualified Member, sponsoring Member and/or disqualified person waive:
 - (A) the right to a hearing before a Hearing Panel and any right of appeal to the LTSE Appeals Committee, the SEC, and the courts, or otherwise challenge the validity of the supervisory plan, if the supervisory plan is accepted;
 - (B) any right of the disqualified Member, sponsoring Member, and/or disqualified person to claim bias or prejudice by LTSE Regulation or the Chief Regulatory Officer in connection with such person's or body's participation in discussions regarding the terms and conditions of LTSE Regulation's recommended supervisory plan, or other consideration of the supervisory plan, including acceptance or rejection of such recommendation or supervisory plan; and
 - (C) any right of the disqualified Member, sponsoring Member, and/or disqualified person to claim that a person violated the ex parte prohibitions of LTSE Rule 9.143 or the separation of functions prohibitions of LTSE Rule 9.144, in connection with such person's or body's participation in discussions regarding the terms and conditions of the supervisory plan, or other consideration of the supervisory plan, including acceptance or rejection of such supervisory plan.
- (2) If the supervisory plan is rejected, the disqualified Member, sponsoring Member, and/or disqualified person shall be bound by the waivers made under paragraph (b)(1) for conduct by persons or bodies occurring during the period beginning on the date the supervisory plan was submitted and ending upon the rejection of the supervisory plan and shall have the right to proceed under LTSE Rule 9.524.

Rule 9.524. LTSE Appeals Committee Consideration

(a) Hearing Panel Consideration

(1) Appointment of Hearing Panel

When the disqualified Member, sponsoring firm, or applicant requests a hearing, the Chief Hearing Officer shall appoint a Hearing Panel composed of two or more

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members of the hearing board. The Hearing Panel shall conduct a hearing and recommend a decision on the request for relief.

(2) Notice of Hearing

The disqualified Member or sponsoring Member, as the case may be, and LTSE Regulation shall be notified via mail, facsimile, or overnight courier of the location, time, and date of the hearing not less than fourteen business days before the hearing, unless the parties agree to shorten the time period.

(3) Transmission of Documents

(A) Upon receipt of an application, RAD shall gather all of the information necessary to process the application, including (i) RAD records for the disqualified Member, sponsoring Member, and/ or disqualified person, as the case may be, and the proposed supervisor; and (ii) all of the information submitted by the disqualified Member or sponsoring Member in support of the application. RAD will prepare an index of these documents, and simultaneously provide this index and copies of the documents to the disqualified Member or sponsoring Member, as the case may be, the Office of the General Counsel, and LTSE Regulation. Such documents shall be served on the disqualified Member or sponsoring Member, as the case may be, by mail, facsimile, or overnight courier as soon as practicable. LTSE Regulation, or FINRA on its behalf, shall serve its recommendation and its supporting documents on the Office of General Counsel and the disqualified Member or sponsoring Member, as the case may be, within ten business days of the hearing, unless the Parties agree otherwise. The disqualified Member or sponsoring Member, as the case may be, shall serve its documents on the Office of General Counsel and LTSE Regulation within ten business days of the hearing, unless the Parties agree otherwise. The Office of General Counsel shall forward all documents transmitted to it pursuant to this paragraph (a)(3) to the Hearing Panel.

(B) Not less than ten business days before the hearing, LTSE Regulation, or FINRA on its behalf, which shall act as a Party in the eligibility proceeding, and the disqualified Member or sponsoring Member, as the case may be, shall serve proposed exhibit and witness lists on each other and the Office of General Counsel. The exhibit and witness lists shall be served by facsimile or overnight courier.

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(C) At any time prior to the issuance of its recommendation, the Hearing Panel may order the Parties to supplement the record with any additional information that the Hearing Panel deems necessary.

(4) Rights of Disqualified Member, Sponsoring Member, Disqualified Person, and Department of Member Regulation

The disqualified Member, sponsoring Member, and/ or disqualified person, as the case may be, and, LTSE Regulation, or FINRA on its behalf, shall be entitled to be heard in person, to be represented by an attorney, and to submit any relevant evidence.

(5) Extensions of Time, Postponements, and Adjournments

At any time prior to the issuance of the decision of the Hearing Panel, after obtaining consent of all the Parties, the Hearing Panel may shorten any time limits prescribed by the Code for the filing of any papers and may postpone or adjourn any hearing. The Hearing Panel may extend any time limits prescribed by the Code for the filing of any papers.

(6) Recordation of Hearing

The hearing shall be recorded and a transcript prepared by a court reporter. The disqualified Member, sponsoring Member, and/or disqualified person, as the case may be, may purchase a copy of the transcript from the court reporter at prescribed rates. A witness may purchase a copy of the transcript of his or her own testimony from the court reporter at prescribed rates. Proposed corrections to the transcript may be submitted by affidavit to the Hearing Panel within a reasonable time determined by the Hearing Panel. Upon notice to the participants in the hearing, the Hearing Panel may order corrections to the transcript as requested or sua sponte.

(7) Record

The record shall consist of:

- (A) the notice issued pursuant to LTSE Rule 9.522(a), if applicable;
- (B) all documents relied upon in issuing the notice under LTSE Rule 9.522(a), if applicable;
- (C) the application for relief filed pursuant to LTSE Rule 9.522(b);

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- (D) any other submissions by the disqualified Member, sponsoring Member, and/or disqualified person, as the case may be, and the Department of Member Regulation;
 - (E) any evidence considered at the hearing; and
 - (F) the transcript of the hearing and any corrections thereto.
- (8) Custodian of the Record

The custodian of the record shall be the Office of General Counsel of LTSE.

- (9) Evidence Not Admitted

Evidence that is proffered but not admitted during the hearing shall not be part of the record, but shall be retained by the custodian of the record until the date when LTSE's decision becomes final or, if applicable, upon the conclusion of any review by the SEC or the federal courts.

- (10) Recommendation

On the basis of the record, the Hearing Panel shall present a recommended decision in writing on the request for relief to the LTSE Appeals Committee. Notwithstanding the foregoing, with respect to an LTSE member that is an affiliate of LTSE within the meaning of LTSE Rule 2.210, the Hearing Panel shall prepare a final decision meeting the requirements of LTSE Rule 9524(b)(2), which shall not be reviewed by the LTSE Appeals Committee, and may not be called for review by the LTSE Board pursuant to LTSE Rule 9.525.

(b) Decision

- (1) Decision of the LTSE Appeals Committee

After considering the record and recommendation of the Hearing Panel, the public interest, and the protection of investors, the LTSE Appeals Committee may grant or deny the request for relief, and, if relief is granted, impose conditions on the disqualified member, sponsoring member, and/ or disqualified person, as the case may be. At any time prior to the issuance of its recommendation, the LTSE Appeals Committee may order the Parties to supplement the record with any additional information that the LTSE Appeals Committee deems necessary. Alternatively, the LTSE Appeals Committee may remand the eligibility proceeding. The LTSE Appeals Committee shall prepare a proposed written decision pursuant to subparagraph (b)(2).

Rule 9.525. Discretionary Review by the LTSE Board

(2) Contents of Decision

The decision shall include:

- (A) a description of the origin of the eligibility proceeding and the nature of the disqualification;
- (B) a description of the prospective business or employment requested to be engaged in; and
- (C) a statement in support of the disposition of the request for relief, which, if granted, includes any of the applicable elements under Exchange Act Rule 19h-1(e) and a description of any conditions that are imposed on the disqualified Member, sponsoring Member, or disqualified person, as the case may be.

(3) Issuance of Decision After Expiration of Call for Review Period

The LTSE Appeals Committee shall provide its proposed written decision to the Board. The Board may call the eligibility proceeding for review pursuant to LTSE Rule 9.525. If the Board does not call the eligibility proceeding for review, the proposed written decision of the LTSE Appeals Committee shall become final, and the LTSE Appeals Committee shall serve its written decision on the disqualified Member, sponsoring Member, and/or disqualified person, as the case may be, and LTSE Regulation pursuant to LTSE Rules 9.132 and 9.134. The decision shall constitute final action of LTSE, unless the LTSE Appeals Committee remands the eligibility proceeding. A decision to deny re-entry or continued association shall be effective immediately. A decision to approve shall be effective after the SEC issues an acknowledgment letter or, in cases involving SEC ordered sanctions, an order.

Rule 9.525. Discretionary Review by the LTSE Board

(a) Call for Review by Director

A Director may call an eligibility proceeding for review by the Board if the call for review is made within the period prescribed in paragraph (b).

(b) 15 Day Period; Waiver

A Director shall make his or her call for review not later than the next meeting of the Board that is at least 15 days after the date on which the Board receives the proposed written decision of the LTSE Appeals Committee. By a unanimous vote of the Board, the Board may shorten the period to less than 15 days. By an affirmative vote of the majority of the

Rule 9.526. Expedited Review

Board then in office, the Board may, during the 15-day period, vote to extend the period to more than 15 days.

(c) Review at Next Meeting

If a Director calls an eligibility proceeding for review within the period prescribed in paragraph (b), the Board shall review the eligibility proceeding not later than the next meeting of the Board. The Board may order the filing of briefs in connection with its review proceedings pursuant to this LTSE Rule 9.525.

(d) Decision of LTSE Board, Including Remand

After review, the Board may affirm, modify, or reverse the proposed written decision of the LTSE Appeals Committee. Alternatively, the Board may remand the eligibility proceeding with instructions. The Board shall prepare a written decision that includes all of the elements described in LTSE Rule 9.524(b)(2).

(e) Issuance of Decision

The Board shall issue and serve its written decision on the disqualified Member, sponsoring Member, and/ or disqualified person, as the case may be, and the Department of Member Regulation pursuant to LTSE Rules 9.132 and 9.134. The decision shall constitute the final action of LTSE, unless the Board remands the proceeding. A decision to deny re-entry or continued association shall be effective immediately. A decision to approve shall be effective after the SEC issues an acknowledgment letter or, in cases involving SEC-ordered sanctions, an order.

Rule 9.526. Expedited Review

(a) Direction by Executive Committee

Notwithstanding LTSE Rules 9.524 and 9.525, the Board, upon request of the LTSE Appeals Committee, may conduct an expedited review of a recommended written decision of the LTSE Appeals Committee if the LTSE Board Executive Committee determines that expedited review is necessary for the protection of investors.

(b) Call for Review Period

If a recommended decision is subject to expedited review, a Director may call the eligibility proceeding for review within seven days after receipt of the recommended written decision.

(c) No Call for Review

If no Director calls the proceeding for review within the time prescribed, the decision shall become final, and the LTSE Appeals Committee shall serve the decision on the

Rule 9.552. Failure to Provide Information or Keep Information Current

disqualified Member, sponsoring Member, and/or disqualified person, as the case may be, and LTSE Regulation pursuant to LTSE Rules 9.132 and 9.134. The decision shall constitute final action of LTSE. The decision shall be effective upon approval by the SEC.

(d) Call for Review

If a Director calls the eligibility proceeding for review within the prescribed time, a review panel shall meet and conduct a review not later than 14 days after the call for review. The review panel shall be composed of the LTSE Board Executive Committee, except that the Director who calls the proceeding for review shall serve on the review panel in lieu of a Member of the Executive Committee who has the same classification (Industry or Public) as such Director. The review panel may affirm, modify, or reverse the recommended written decision of the LTSE Appeals Committee or remand the eligibility proceeding with instructions. The review panel shall prepare, issue, and serve its decision pursuant to LTSE Rule 9.525(d) and (e).

Rule 9.527. Application to SEC for Review

The right to have any action taken pursuant to this LTSE Rule Series reviewed by the SEC is governed by Section 19 of the Exchange Act. The filing of an application for review shall not stay the effectiveness of final action by LTSE, unless the SEC otherwise orders.

Rule Series 9.550. Expedited Proceedings

Rule 9.551. Reserved

Rule 9.552. Failure to Provide Information or Keep Information Current

(a) Notice of Suspension of Member, Person Associated with a Member or Person Subject to LTSE's Jurisdiction if Corrective Action is Not Taken

If a Member, person associated with a Member or person subject to LTSE's jurisdiction fails to provide any information, report, material, data, or testimony requested or required to be filed pursuant to the LTSE Bylaws or LTSE Rules, or fails to keep its membership application or supporting documents current, LTSE staff may provide written notice to such Member or person specifying the nature of the failure and stating that the failure to take corrective action within 21 days after service of the notice will result in suspension of membership or of association of the person with any Member.

(b) Service of Notice of Suspension

Except as provided below, LTSE staff shall serve the Member or person with such notice in accordance with LTSE Rule 9.134. A copy of a notice under this LTSE Rule that is

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served on a person associated with a Member also shall be served on such Member. When counsel for the Member or person, or other person authorized to represent others under LTSE Rule 9.141 agrees to accept service of such notice, then LTSE staff may serve notice on counsel or other person authorized to represent others under LTSE Rule 9.141 as specified in LTSE Rule 9.134.

(c) Contents of Notice

A notice issued under this LTSE Rule shall state the specific grounds and include the factual basis for the LTSE action. The notice shall state when the LTSE action will take effect and explain what the respondent must do to avoid such action. The notice shall state that the respondent may file a written request for a hearing with the Office of Hearing Officers pursuant to LTSE Rule 9.559. The notice also shall inform the respondent of the applicable deadline for filing a request for a hearing and shall state that a request for a hearing must set forth with specificity any and all defenses to the LTSE action. In addition, the notice shall explain that, pursuant to LTSE Rules 8.310(a) and 9.559(n), a Hearing Officer or, if applicable, Hearing Panel, may approve, modify or withdraw any and all sanctions or limitations imposed by the notice, and may impose any other fitting sanction.

(d) Effective Date of Suspension

The suspension referenced in a notice issued and served under this LTSE Rule shall become effective 21 days after service of the notice, unless stayed by a request for a hearing pursuant to LTSE Rule 9.559.

(e) Request for Hearing

A Member or person served with a notice under this LTSE Rule may file with the Office of Hearing Officers a written request for a hearing pursuant to LTSE Rule 9.559. A request for a hearing shall be made before the effective date of the notice, as indicated in paragraph (d) of this LTSE Rule. A request for a hearing must set forth with specificity any and all defenses to the LTSE action.

(f) Request for Termination of the Suspension

A Member or person subject to a suspension pursuant to this LTSE Rule may file a written request for termination of the suspension on the ground of full compliance with the notice or decision. Such request shall be filed with LTSE Regulation. The Chief Regulatory Officer, or delegate, may grant relief for good cause shown.

(g) Settlement Procedure

Uncontested offers of settlement shall be permitted under this LTSE Rule and shall conform to the requirements of LTSE Rule 9.270, except that, if an uncontested offer of settlement, made under LTSE Rule 9.270(e) after a hearing on the merits has begun, is

Rule 9.553. Failure to Pay LTSE Dues, Fee and Other Charges

accepted by the Hearing Officer, the Hearing Officer shall issue the order of acceptance, which shall constitute final LTSE action. Contested offers of settlement shall not be considered in proceedings initiated under this LTSE Rule.

(h) Defaults

A Member or person who is suspended under this LTSE Rule 9.552 and fails to request termination of the suspension within three (3) months of issuance of the original notice of suspension will automatically be expelled or barred.

Rule 9.553. Failure to Pay LTSE Dues, Fee and Other Charges

(a) Notice of Suspension, Cancellation or Bar

If a Member, person associated with a Member or person subject to LTSE's jurisdiction fails to pay any fees, dues, assessment or other charge required to be paid under the LTSE Bylaws or rules, or to submit a required report or information related to such payment, LTSE Regulation may issue a written notice to such Member or person stating that the failure to comply within 21 days of service of the notice will result in a suspension or cancellation of membership or a suspension or bar from associating with any Member.

(b) Service of Notice of Suspension, Cancellation or Bar

Except as provided below, LTSE Regulation shall serve the Member or person with such notice in accordance with LTSE Rule 9.134. A copy of a notice under this LTSE Rule that is served on a person associated with a Member also shall be served on such Member. When counsel for the Member or person, or other person authorized to represent others under LTSE Rule 9.141 agrees to accept service of such notice, then LTSE Regulation may serve notice on counsel or other person authorized to represent others under LTSE Rule 9.141 as specified in LTSE Rule 9.134.

(c) Contents of Notice

A notice issued under this LTSE Rule shall state the specific grounds and include the factual basis for the LTSE action. The notice shall state when the LTSE action will take effect and explain what the respondent must do to avoid such action. The notice shall state that the respondent may file a written request for a hearing with the Office of Hearing Officers pursuant to LTSE Rule 9.559. The notice also shall inform the respondent of the applicable deadline for filing a request for a hearing and shall state that a request for a hearing must set forth with specificity any and all defenses to the LTSE action. In addition, the notice shall explain that, pursuant to LTSE Rules 8.310(a) and 9.559(n), a Hearing Officer or, if applicable, Hearing Panel, may approve, modify or withdraw any and all sanctions or limitations imposed by the notice, and may impose any other fitting sanction.

Rule 9.554. Failure to Comply with an Arbitration Award or Related Settlement or an Order of Restitution or Settlement Providing for Restitution

(d) Effective Date of Suspension, Cancellation or Bar

The suspension, cancellation or bar referenced in a notice issued and served under this LTSE Rule shall become effective 21 days after service of the notice, unless stayed by a request for a hearing pursuant to LTSE Rule 9.559.

(e) Request for Hearing

A Member or person served with a notice under this LTSE Rule may file with the Office of Hearing Officers a written request for a hearing pursuant to LTSE Rule 9.559. A request for a hearing shall be made before the effective date of the notice, as indicated in paragraph (d) of this LTSE Rule. A request for a hearing must set forth with specificity any and all defenses to the LTSE action.

(f) Failure to Request Hearing

If a Member or person does not timely request a hearing, the suspension, cancellation or bar specified in the notice shall become effective 21 days after service of the notice and the notice shall constitute final LTSE action.

(g) Request for Termination of the Suspension

A Member or person subject to a suspension under this LTSE Rule may file a written request for termination of the suspension on the ground of full compliance with the notice or decision. Such request shall be filed with LTSE Regulation. The Chief Regulatory Officer, or delegate, may grant relief for good cause shown.

Rule 9.554. Failure to Comply with an Arbitration Award or Related Settlement or an Order of Restitution or Settlement Providing for Restitution

(a) Notice of Suspension or Cancellation

If a Member, person associated with a Member or person subject to LTSE's jurisdiction fails to comply with an arbitration award or a settlement agreement related to an arbitration or mediation under Article X, Section 10.2 of the LTSE Bylaws or an LTSE order of restitution or LTSE settlement agreement providing for restitution, LTSE staff may provide written notice to such Member or person stating that the failure to comply within 21 days of service of the notice will result in a suspension or cancellation of membership or a suspension from associating with any Member. When a Member or associated person fails to comply with an arbitration award or a settlement agreement related to an arbitration or mediation under Article X, Section 10.2 of the LTSE Bylaws involving a customer, a claim of inability to pay is no defense.

Rule 9.554. Failure to Comply with an Arbitration Award or Related Settlement or an Order of Restitution or Settlement Providing for Restitution

(b) Service of Notice of Suspension or Cancellation

Except as provided below, LTSE Regulation shall serve the Member or person with such notice in accordance with LTSE Rule 9.134. A copy of a notice under this LTSE Rule that is served on a person associated with a Member also shall be served on such Member. When counsel for the Member or person, or other person authorized to represent others under LTSE Rule 9.141 agrees to accept service of such notice, then LTSE Regulation may serve notice on counsel or other person authorized to represent others under LTSE Rule 9.141 as specified in LTSE Rule 9.134.

(c) Contents of Notice

A notice issued under this LTSE Rule shall state the specific grounds and include the factual basis for the LTSE action. The notice shall state when the LTSE action will take effect and explain what the respondent must do to avoid such action. The notice shall state that the respondent may file a written request for a hearing with the Office of Hearing Officers pursuant to LTSE Rule 9.559. The notice also shall inform the respondent of the applicable deadline for filing a request for a hearing and shall state that a request for a hearing must set forth with specificity any and all defenses to the LTSE action. In addition, the notice shall explain that, pursuant to LTSE Rules 8.310(a) and 9.559(n), a Hearing Officer or, if applicable, Hearing Panel, may approve, modify or withdraw any and all sanctions or limitations imposed by the notice, and may impose any other fitting sanction.

(d) Effective Date of Suspension or Cancellation

The suspension or cancellation referenced in a notice issued and served under this LTSE Rule shall become effective 21 days after service of the notice, unless stayed by a request for a hearing pursuant to LTSE Rule 9.559.

(e) Request for Hearing

A Member or person served with a notice under this LTSE Rule may file with the Office of Hearing Officers a written request for a hearing pursuant to LTSE Rule 9.559. A request for a hearing shall be made before the effective date of the notice, as indicated in paragraph (d) of this LTSE Rule. A request for a hearing must set forth with specificity any and all defenses to the LTSE action.

(f) Failure to Request Hearing

If a Member or person does not timely request a hearing, the suspension or cancellation specified in the notice shall become effective 21 days after the service of the notice and the notice shall constitute final LTSE action.

Rule 9.555. Failure to Meet the Eligibility or Qualification Standards or Prerequisites for Access to Services

(g) Request for Termination of the Suspension

A Member or person subject to a suspension under this LTSE Rule may file a written request for termination of the suspension on the ground of full compliance with the notice or decision. Such request shall be filed with LTSE Regulation. The Chief Regulatory Officer, or delegate, may grant relief for good cause shown.

Rule 9.555. Failure to Meet the Eligibility or Qualification Standards or Prerequisites for Access to Services

(a) Notice to Member or Person of Suspension, Cancellation, Bar, or Limitation or Prohibition on Access to Services

(1) If a Member or an associated person does not meet the eligibility or qualification standards set forth in the LTSE Bylaws or LTSE Rules, LTSE Regulation may provide written notice to such Member or person stating that the failure to become eligible or qualified will result in a suspension or cancellation of membership or a suspension or bar from associating with any Member.

(2) If a Member, associated person, or other person does not meet the prerequisites for access to services offered by LTSE or a Member thereof or cannot be permitted to continue to have access to services offered by LTSE or a Member thereof with safety to investors, creditors, Members, or LTSE, LTSE Regulation may provide written notice to such Member or person limiting or prohibiting access to services offered by LTSE or a Member thereof.

(b) Service of Notice

Except as provided below, LTSE Regulation shall serve the Member or person with such notice in accordance with LTSE Rule 9.134. A copy of a notice under this LTSE Rule that is served on a person associated with a Member also shall be served on such Member. When counsel for the Member or person, or other person authorized to represent others under LTSE Rule 9.141 agrees to accept service of such notice, then LTSE Regulation may serve notice on counsel or other person authorized to represent others under LTSE Rule 9.141 as specified in LTSE Rule 9.134.

(c) Contents of Notice

A notice issued under this LTSE Rule shall state the specific grounds and include the factual basis for the LTSE action. The notice shall state when the LTSE action will take effect and explain what the respondent must do to avoid such action. The notice shall state that the respondent may file a written request for a hearing with the Office of Hearing Officers pursuant to LTSE Rule 9.559. The notice also shall inform the respondent of the applicable deadline for filing a request for a hearing and shall state that a request for a

**Rule 9.555. Failure to Meet the Eligibility or Qualification]
Standards or Prerequisites for Access to Services**

hearing must set forth with specificity any and all defenses to the LTSE action. In addition, the notice shall explain that, pursuant to LTSE Rules 8.310(a) and 9.559(n), a Hearing Officer or, if applicable, Hearing Panel, may approve, modify or withdraw any and all sanctions or limitations imposed by the notice, and may impose any other fitting sanction.

(d) Effective Date of Limitation, Prohibition, Suspension, Cancellation or Bar

The limitation, prohibition, suspension, cancellation or bar referenced in a notice issued under this LTSE Rule shall become effective 14 days after service of the notice, except that the effective date for a notice of a limitation or prohibition on access to services offered by LTSE or a Member thereof with respect to services to which the Member or person does not have access shall be upon service of the notice. A request for a hearing, pursuant to LTSE Rule 9.559, shall stay the effectiveness of the notice, except that the effectiveness of a notice of a limitation or prohibition on access to services offered by LTSE or a Member thereof with respect to services to which the Member or person does not have access shall not be stayed by a request for a hearing.

(e) Request for Hearing

A Member or person served with a notice under this LTSE Rule may file with the Office of Hearing Officers a written request for a hearing pursuant to LTSE Rule 9.559. A request for a hearing shall be made within 14 days after service of the notice. A request for a hearing must set forth with specificity any and all defenses to the LTSE action.

(f) Failure to Request Hearing

If a Member or person does not timely request a hearing, the limitation, prohibition, suspension, cancellation or bar specified in the notice shall become effective 14 days after service of the notice, except that the effective date for a notice of a limitation or prohibition on access to services offered by LTSE or a Member thereof with respect to services to which the Member or person does not have access shall be upon service of the notice. The notice shall constitute final LTSE action if the Member or person does not request a hearing within 14 days after service of the notice.

(g) Request for Termination of the Limitation, Prohibition or Suspension

A Member or person subject to a limitation, prohibition or suspension under this LTSE Rule may file a written request for termination of the limitation, prohibition or suspension on the ground of full compliance with the notice or decision. Such request shall be filed with LTSE Regulation. The Chief Regulatory Officer, or delegate, may grant relief for good cause shown.

Rule 9.556. Failure to Comply with Temporary and Permanent Cease and Desist Orders

Rule 9.556. Failure to Comply with Temporary and Permanent Cease and Desist Orders

(a) Notice of Suspension, Cancellation or Bar

If a Member, person associated with a Member or person subject to LTSE's jurisdiction fails to comply with a temporary or permanent cease and desist order issued under LTSE Rule Series 9.200, 9.300, or 9.800, LTSE staff, after receiving written authorization from LTSE's Chief Regulatory Officer or such other senior officer as the Chief Regulatory Officer may designate, may issue a notice to such Member or person stating that the failure to comply with the temporary or permanent cease and desist order within seven days of service of the notice will result in a suspension or cancellation of Membership or a suspension or bar from associating with any Member.

(b) Service of Notice

LTSE Regulation shall serve the Member or person subject to a notice issued under this LTSE Rule (or upon counsel representing the Member or person, or other person authorized to represent others under LTSE Rule 9.141, when counsel or other person authorized to represent others under LTSE Rule 9.141 agrees to accept service for the Member or person) by facsimile, overnight courier or personal delivery. Papers served on a Member, person or counsel for such Member or person, or other person authorized to represent others under LTSE Rule 9.141 by overnight courier or personal delivery shall conform to paragraphs (a)(1) and (3) and, with respect to a Member or person, (b)(1) and (2) of LTSE Rule 9.134. Papers served on a Member by facsimile shall be sent to the facsimile number listed in the Member's contact questionnaire submitted to LTSE pursuant to Article III, Section 3.4 of the LTSE Bylaws, except that, if LTSE Regulation has actual knowledge that an entity's contact questionnaire facsimile number is out of date, duplicate copies shall be sent to the entity by overnight courier or personal delivery in conformity with paragraphs (a)(1) and (3) and (b)(2) of LTSE Rule 9.134. Papers served on a person by facsimile shall be sent to the person's last known facsimile number and shall also be served by either overnight courier or personal delivery in conformity with paragraphs (a)(1) and (3) and (b)(1) of LTSE Rule 9.134. Papers served on counsel for a Member or person, or other person authorized to represent others under LTSE Rule 9.141 by facsimile shall be sent to the facsimile number that counsel or other person authorized to represent others under LTSE Rule 9.141 provides and shall also be served by either overnight courier or personal delivery in conformity with paragraphs (a)(1) and (3) of LTSE Rule 9.134. A copy of a notice under this LTSE Rule that is served on a person associated with a Member also shall be served on such Member. Service is complete upon sending the notice by facsimile, mailing the notice by overnight courier or delivering it in person, except that, where duplicate service is required, service is complete upon sending the duplicate service.

**Rule 9.556. Failure to Comply with Temporary and
Permanent Cease and Desist Orders**

(c) Contents of Notice

The notice shall explicitly identify the provision of the permanent or temporary cease and desist order that is alleged to have been violated and shall contain a statement of facts specifying the alleged violation. The notice shall state when the LTSE action will take effect and explain what the respondent must do to avoid such action. The notice shall state that the respondent may file a written request for a hearing with the Office of Hearing Officers pursuant to LTSE Rule 9.559. The notice also shall inform the respondent of the applicable deadline for filing a request for a hearing and shall state that a request for a hearing must set forth with specificity any and all defenses to the LTSE action. In addition, the notice shall explain that, pursuant to LTSE Rules 8.310(a) and 9.559(n), a Hearing Officer or, if applicable, Hearing Panel, may approve, modify or withdraw any and all sanctions or limitations imposed by the notice, and may impose any other fitting sanction.

(d) Effective Date of Suspension, Cancellation or Bar

The suspension, cancellation or bar referenced in a notice issued and served under this LTSE Rule shall become effective seven days after service of the notice, unless stayed by a request for a hearing pursuant to LTSE Rule 9.559.

(e) Request for a Hearing

A Member served with a notice under this LTSE Rule may file with the Office of Hearing Officers a written request for a hearing pursuant to LTSE Rule 9.559. A request for a hearing shall be made before the effective date of the notice, as indicated in paragraph (d) of this LTSE Rule. A request for a hearing must set forth with specificity any and all defenses to the LTSE action.

(f) Failure to Request Hearing

If a Member or person does not timely request a hearing, the suspension, cancellation or bar specified in the notice shall become effective seven days after the service of the notice and the notice shall constitute final LTSE action.

(g) Request for Termination of the Suspension

A Member or person subject to a suspension under this LTSE Rule may file a written request for termination of the suspension on the ground of full compliance with the notice or decision. Such request shall be filed with LTSE Regulation. The Chief Regulatory Officer, or delegate, may grant relief for good cause shown.

***Rule 9.557. Procedures for Regulating Activities Under LTSE Rules 4.110 and 4.120
Regarding a Member Experiencing Financial or Operational Difficulties***

**Rule 9.557. Procedures for Regulating Activities Under LTSE Rules 4.110 and 4.120
Regarding a Member Experiencing Financial or Operational Difficulties**

(a) Notice from Members Regarding Financial Responsibility Requirements; Notice of Requirements and/ or Restrictions; LTSE Action

A Member which fails or is unable to perform any of its contracts, or is insolvent or is unable to meet the financial responsibility requirements of the Exchange, shall immediately inform LTSE Regulation in writing of such fact. LTSE Regulation may issue a notice directing a Member to comply with the provisions of LTSE Rules 4.110 or 4.120 or restrict its business activities, either by limiting or ceasing to conduct those activities consistent with LTSE Rules 4.110 or 4.120, if LTSE Regulation has reason to believe that a condition specified in LTSE Rules 4.110 or 4.120 exists. A notice served under this LTSE Rule shall constitute LTSE action.

(b) Service of Notice

LTSE Regulation shall serve the Member subject to a notice issued under this LTSE Rule by facsimile, overnight courier, or personal delivery. Papers served on a Member by overnight courier or personal delivery shall conform to paragraphs (a)(1) and (3) and (b)(2) of LTSE Rule 9.134. Papers served on a Member by facsimile shall be sent to the facsimile number listed in the Member's contact questionnaire submitted to LTSE pursuant to Article III, Section 3.4 of the LTSE Bylaws, except that, if LTSE staff has actual knowledge that an entity's contact questionnaire facsimile number is out of date, duplicate copies shall be sent to the entity by overnight courier or personal delivery in conformity with paragraphs (a)(1) and (3) and (b)(2) of LTSE Rule 9.134. Service is complete upon sending the notice by facsimile, mailing the notice by overnight courier or delivering it in person, except that, where duplicate service is required, service is complete upon sending the duplicate service.

(c) Contents of Notice

A notice issued under this LTSE Rule shall:

- (1) state the specific grounds and include the factual basis for the LTSE action;
- (2) specify the date of the notice and the requirements and/or restrictions being imposed by the notice;
- (3) state that the requirements and/ or restrictions imposed by the notice are immediately effective;
- (4) specify the conditions for complying with and, where applicable, avoiding or terminating the requirements and/ or restrictions imposed by the notice;

Rule 9.557. Procedures for Regulating Activities Under LTSE Rules 4.110 and 4.120 Regarding a Member Experiencing Financial or Operational Difficulties

- (5) inform the Member that, pursuant to paragraph (f) of this LTSE Rule 9.557, the failure to comply with the requirements and/ or restrictions imposed by an effective notice under this LTSE Rule shall be deemed, without further notice from LTSE staff, to result in automatic and immediate suspension unless LTSE staff issues a letter of withdrawal of all requirements and/ or restrictions imposed by the notice pursuant to paragraph (g)(2) of this LTSE Rule 9.557;
 - (6) explain that the Member may make a request for a letter of withdrawal of the notice pursuant to paragraph (e) of this LTSE Rule;
 - (7) state that, in addition to making a request for a letter of withdrawal of the notice, the Member may file a written request for a hearing with the Office of Hearing Officers pursuant to LTSE Rule 9.559;
 - (8) inform the Member of the applicable deadline for filing a request for a hearing and state that a request for a hearing must set forth with specificity any and all defenses to the LTSE action; and
 - (9) explain that, pursuant to LTSE Rule 9.559(n), a Hearing Panel may approve or withdraw the requirements and/ or restrictions imposed by the notice, and that if the Hearing Panel approves the requirements and/ or restrictions imposed by the notice and finds that the Member has not complied with all of them, the Hearing Panel shall impose an immediate suspension on the Member.
- (d) Effectiveness of the Requirements and/ or Restrictions

The requirements and/or restrictions imposed by a notice issued and served under this LTSE Rule are immediately effective, except that a timely request for a hearing shall stay the effective date for ten business days after service of the notice or until the Office of Hearing Officers issues a written order under LTSE Rule 9.559(o)(4)(A) (whichever period is less), unless LTSE's Chief Regulatory Officer (or such other senior officer as the Chief Regulatory Officer may designate) determines that such a stay cannot be permitted with safety to investors, creditors or other Members. Such a determination by LTSE's Chief Regulatory Officer (or such other senior officer as the Chief Regulatory Officer may designate) cannot be appealed. An extension of the stay period is not permitted. Where a timely request for a hearing stays the action for ten business days after service of the notice or until the Office of Hearing Officers issues a written order under LTSE Rule 9.559(o)(4)(A) (whichever period is less), the notice shall not be deemed to have taken effect during that entire period. Any requirements and/or restrictions imposed by an effective notice shall remain in effect unless LTSE staff shall remove or reduce the requirements and/or restrictions pursuant to a letter of withdrawal of the notice issued as set forth in paragraph (g)(2) of this LTSE Rule 9.557.

***Rule 9.557. Procedures for Regulating Activities Under LTSE Rules 4.110 and 4.120
Regarding a Member Experiencing Financial or Operational Difficulties***

(e) Request for a Letter of Withdrawal of the Notice; Request for a Hearing

A Member served with a notice under this LTSE Rule may request from LTSE Regulation a letter of withdrawal of the notice pursuant to paragraph (g)(2) of this LTSE Rule 9.557 and/ or file with the Office of Hearing Officers a written request for a hearing pursuant to LTSE Rule 9.559.

(1) A request for a letter of withdrawal of the notice may be made at any time after service of a notice under this LTSE Rule. The Member making the request must demonstrate to the satisfaction of LTSE Regulation that the requirements and/or restrictions imposed by the notice should be removed or reduced. If such a request is denied by LTSE Regulation, the Member shall not be precluded from making a subsequent request or requests.

(2) A request for a hearing shall be made within two business days after service of a notice under this LTSE Rule. A request for a hearing must set forth with specificity any and all defenses to the LTSE action. A request for a hearing may seek to contest:

(A) the validity of the requirements and/or restrictions imposed by the notice (as the same may have been reduced by a letter of withdrawal pursuant to paragraph (g)(2) of this LTSE Rule, where applicable); and/ or

(B) LTSE's Regulation's determination not to issue a letter of withdrawal of all requirements and/or restrictions imposed by the notice, if such was requested by the Member.

(f) Enforcement of Notice

A Member that has failed to comply with the requirements and/or restrictions imposed by an effective notice under this LTSE Rule shall be deemed, without further notice from LTSE Regulation, automatically and immediately suspended. Such suspension shall remain in effect unless LTSE Regulation shall issue a letter, pursuant to paragraph (g)(2) of this LTSE Rule 9.557, stating that the suspension is lifted.

(g) Additional Requirements and/or Restrictions or the Removal or Reduction of Requirements and/or Restrictions; Letter of Withdrawal of the Notice

(1) Additional Requirements and/ or Restrictions

If a Member continues to experience financial or operational difficulty specified in LTSE Rules 4.110 or 4.120, notwithstanding an effective notice, LTSE Regulation may impose additional requirements and/or restrictions by serving an additional notice under paragraph (b) of this LTSE Rule 9.557. The additional notice shall

**Rule 9.558. Summary Proceedings for Actions Authorized
by Section 6(d)(3) of the Exchange Act**

inform the Member that it may apply for relief from the additional requirements and/or restrictions by filing a written request for a letter of withdrawal of the notice and/or a written request for a hearing before the Office of Hearing Officers under LTSE Rule 9.559. The procedures delineated in this LTSE Rule shall be applicable to such additional notice.

- (2) Removal or Reduction of Requirements and/ or Restrictions and/ or Lifting of Suspension; Letter of Withdrawal

(A) Removal or Reduction of Requirements and/ or Restrictions

If, upon the Member's demonstration to the satisfaction of LTSE Regulation, LTSE Regulation determines that any requirements and/or restrictions imposed by a notice under this LTSE Rule should be removed or reduced, LTSE Regulation shall serve the Member, pursuant to paragraph (b) of this LTSE Rule, a written letter of withdrawal that shall, in the sole discretion of LTSE Regulation, withdraw the notice in whole or in part. A notice that is withdrawn in part shall remain in force, unless LTSE Regulation shall remove the remaining requirements and/ or restrictions.

(B) Lifting of Suspension

If, upon the Member's demonstration to the satisfaction of LTSE Regulation, LTSE Regulation determines that a suspension imposed by a notice under this LTSE Rule should be lifted, LTSE Regulation shall serve the Member, pursuant to paragraph (b) of this LTSE Rule 9.557, a letter that shall, in the sole discretion of LTSE Regulation, lift the suspension. Where all or some of the requirements and/or restrictions imposed by a notice issued under this LTSE Rule remain in force, the letter shall state that the Member's failure to continue to comply with those requirements and/or restrictions that remain effective shall result in the Member being immediately suspended.

**Rule 9.558. Summary Proceedings for Actions Authorized by Section 6(d)(3) of the
Exchange Act**

(a) Notice of Initiation of Summary Proceedings

LTSE's Chief Regulatory Officer or such other senior officer as the Chief Regulatory Officer may designate may provide written authorization to LTSE staff to issue on a case-by-case basis a written notice that summarily:

- (1) suspends a Member, person associated with a Member or person subject to LTSE's jurisdiction who has been and is expelled or suspended from any self-

**Rule 9.558. Summary Proceedings for Actions Authorized
by Section 6(d)(3) of the Exchange Act**

regulatory organization or barred or suspended from being associated with a Member of any self-regulatory organization;

- (2) suspends a Member who is in such financial or operating difficulty that LTSE staff determines and so notifies the SEC that the Member cannot be permitted to continue to do business as a Member with safety to investors, creditors, other Members, or LTSE; or
- (3) limits or prohibits any person with respect to access to services offered by LTSE if paragraphs (a)(1) or (2) of this LTSE Rule 9.558 or the provisions of Section 6(d)(3) of the Exchange Act applies to such person or, in the case of a person who is not a Member, if LTSE's Chief Regulatory Officer or such other senior officer as the Chief Regulatory Officer may designate determines that such person does not meet the qualification requirements or other prerequisites for such access and such person cannot be permitted to continue to have such access with safety to investors, creditors, Members, or LTSE, and so notifies the SEC.

(b) Service of Notice

The Member or person subject to a notice issued under this LTSE Rule shall be served by facsimile, overnight courier or personal delivery. Papers served on a Member or person by overnight courier or personal delivery shall conform to paragraphs (a)(1) and (3) and (b)(1) and (2) of LTSE Rule 9.134. Papers served on a Member by facsimile shall be sent to the facsimile number listed in the Member's contact questionnaire submitted to LTSE pursuant to Article III, Section 3.4 of the LTSE Bylaws, except that, if LTSE staff has actual knowledge that an entity's contact questionnaire facsimile number is out of date, duplicate copies shall be sent to the entity by overnight courier or personal delivery in conformity with paragraphs (a)(1) and (3) and (b)(2) of LTSE Rule 9.134. Papers served on a person by facsimile shall be sent to the person's last known facsimile number and shall also be served by either overnight courier or personal delivery in conformity with paragraphs (a)(1) and (3) and (b)(1) of LTSE Rule 9.134. A copy of a notice under this LTSE Rule that is served on a person associated with a Member also shall be served on such Member. Service is complete upon sending the notice by facsimile, mailing the notice by overnight courier or delivering it in person, except that, where duplicate service is required, service is complete upon sending the duplicate service.

(c) Contents of Notice

A notice issued under this LTSE Rule shall state the specific grounds and include the factual basis for the LTSE action. The notice shall state when the LTSE action will take effect and explain what the respondent must do to avoid such action. The notice shall state that the respondent may file a written request for a hearing with the Office of Hearing

**Rule 9.558. Summary Proceedings for Actions Authorized
by Section 6(d)(3) of the Exchange Act**

Officers pursuant to LTSE Rule 9.559. The notice also shall inform the respondent of the applicable deadline for filing a request for a hearing and shall state that a request for a hearing must set forth with specificity any and all defenses to the LTSE action. In addition, the notice shall explain that, pursuant to LTSE Rules 8.310(a) and 9.559 (n), a Hearing Officer or, if applicable, Hearing Panel, may approve, modify or withdraw any and all sanctions or limitations imposed by the notice, and may impose any other fitting sanction.

(d) Effective Date of Limitation, Prohibition or Suspension

The limitation, prohibition or suspension referenced in a notice issued and served under this LTSE Rule is immediately effective. The limitation, prohibition or suspension specified in the notice shall remain in effect unless, after a timely written request for a hearing and a written request for a stay, the Chief Hearing Officer or Hearing Officer assigned to the matter finds good cause exists to stay the limitation, prohibition or suspension.

(e) Request for a Hearing and Stay

A Member or person subject to a notice issued under this LTSE Rule may file with the Office of Hearing Officers a written request for a hearing pursuant to LTSE Rule 9.559. A request for a hearing shall be made within seven days after service of the notice issued under this LTSE Rule. A request for a hearing must set forth with specificity any and all defenses to the LTSE action. A Member or person subject to a notice issued under this LTSE Rule may, concurrent with or after filing a request for a hearing, file with the Office of Hearing Officers a written request for a stay of the limitation, prohibition or suspension specified in the notice. A request for a stay must set forth with specificity any and all relevant facts and arguments supporting the request for a stay.

(f) Failure to Request Hearing

If a Member or person subject to a notice issued under this LTSE Rule does not timely request a hearing within the time period specified in paragraph (e) of this LTSE Rule 9.558, the notice shall constitute final LTSE action.

(g) Request for Termination of the Limitation, Prohibition or Suspension

A Member or person subject to a limitation, prohibition or suspension under this LTSE Rule may file a written request for termination of the limitation, prohibition or suspension on the ground of full compliance with the notice or decision. Such request shall be filed with the LTSE Chief Regulatory Officer who may grant relief for good cause shown.

Rule 9.559. Hearing Procedures for Expedited Proceedings Under the Rule 9550 Series

(a) Applicability

The hearing procedures under this LTSE Rule shall apply to a Member, person associated with a Member, person subject to LTSE's jurisdiction or other person who is served with a notice issued under LTSE Rule 9.550 and who timely requests a hearing. For purposes of this LTSE Rule, such Members or persons shall be referred to as respondents.

(b) Computation of Time

LTSE Rule 9.138 shall govern the computation of time in proceedings brought under LTSE Rule 9.550, except that intermediate Saturdays, Sundays and Federal holidays shall be included in the computation in proceedings brought under LTSE Rules 9.556 through 9.558, unless otherwise specified.

(c) Stays

- (1) Unless the Chief Hearing Officer or the Hearing Officer assigned to the matter orders otherwise for good cause shown, a timely request for a hearing shall stay the effectiveness of a notice issued under LTSE Rules 9.551 through 9.556, except that the effectiveness of a notice of a limitation or prohibition on access to services offered by LTSE or a Member thereof under LTSE Rule 9.555 with respect to services to which the Member or person does not have access shall not be stayed by a request for a hearing.
- (2) A timely request for a hearing shall stay the effectiveness of a notice issued under LTSE Rule 9.557 for ten business days after service of the notice or until the Office of Hearing Officers issues a written order under LTSE Rule 9.559(o)(4)(A) (whichever period is less), unless LTSE's Chief Executive Officer (or such other senior officer as the Chief Executive Officer may designate) determines that a notice under LTSE Rule 9.557 shall not be stayed. Where a notice under LTSE Rule 9.557 is stayed by a request for a hearing, such stay shall remain in effect only for ten business days after service of the notice or until the Office of Hearing Officers issues a written order under LTSE Rule 9.559(o)(4)(A) (whichever period is less) and shall not be extended.
- (3) A timely request for a hearing shall not stay the effectiveness of a notice issued under LTSE Rule 9.558, unless the Chief Hearing Officer or the Hearing Officer assigned to the matter orders otherwise for good cause shown.

***Rule 9.559. Hearing Procedures for Expedited
Proceedings Under the Rule 9550 Series***

(d) Appointment and Authority of Hearing Officer and/or Hearing Panel

- (1) For proceedings initiated under LTSE Rules 9.553 and 9.554, the Chief Hearing Officer shall appoint a Hearing Officer to preside over and act as the sole adjudicator for the matter.

For proceedings initiated under LTSE Rules 9.551, 9.552, 9.555, 9.556, 9.557, and 9.558, the Chief Hearing Officer shall appoint a Hearing Panel composed of a Hearing Officer and two Panelists. The Hearing Officer shall serve as the chair of the Hearing Panel. For proceedings initiated under LTSE Rules 9.551, 9.552, 9.555, 9.556, and 9.558, the Chief Hearing Officer shall select as Panelists persons who meet the qualifications delineated in LTSE Rules 9.231 and 9.232. For proceedings initiated under LTSE Rule 9.557, the Chief Hearing Officer shall select as Panelists current or former members of the FINRA Financial Responsibility Committee.

- (2) LTSE Rules 9.231(e), 9.233, and 9.234 shall govern disqualification, recusal or withdrawal of a Hearing Officer or, if applicable, Hearing Panelist.
- (3) A Hearing Officer appointed pursuant to this provision shall have authority to do all things necessary and appropriate to discharge his or her duties as set forth under LTSE Rules 9.235 and 9.280.
- (4) Hearings under Exchange the Rule 9.550 Series shall be held by telephone conference, unless the Hearing Officer orders otherwise for good cause shown.
- (5) For good cause shown, or with the consent of all of the parties to a proceeding, the Hearing Officer or, if applicable, the Hearing Panel may extend or shorten any time limits prescribed by this LTSE Rule other than those relating to LTSE Rule 9.557.

(e) Consolidation or Severance of Proceedings

LTSE Rule 9.214 shall govern the consolidation or severance of proceedings, except that, where one of the notices that are the subject of consolidation under this LTSE Rule requires that a hearing be held before a Hearing Panel, the hearing of the consolidated matters shall be held before a Hearing Panel. Where two consolidated matters contain different timelines under this LTSE Rule, the Chief Hearing Officer or Hearing Officer assigned to the matter has discretion to determine which timeline is appropriate under the facts and circumstances of the case. Where one of the consolidated matters includes an action brought under a Rule that does not permit a stay of the effectiveness of the notice or where LTSE's Chief Executive Officer (or such other senior officer as the Chief Executive Officer may designate), in the case of LTSE Rule 9.557, or Hearing Officer, in

***Rule 9.559. Hearing Procedures for Expedited
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the case of LTSE Rule 9.558(d), determines that a request for a hearing shall not stay the effectiveness of the notice, the limitation, prohibition, condition, requirement, restriction, or suspension specified in the notice shall not be stayed pending resolution of the case.

Where one of the consolidated matters includes an action brought under LTSE Rule 9.557 that is stayed for up to ten business days, the requirement and/or restriction specified in the notice shall not be further stayed.

(f) Time of Hearing

- (1) A hearing shall be held within five business days after a respondent subject to a notice issued under LTSE Rule 9.557 files a written request for a hearing with the Office of Hearing Officers.
- (2) A hearing shall be held within 14 days after a respondent subject to a notice issued under LTSE Rules 9.556 and 9.558 files a written request for a hearing with the Office of Hearing Officers.
- (3) A hearing shall be held within 30 days after a respondent subject to a notice issued under LTSE Rules 9.551 through 9.555 files a written request for a hearing with the Office of Hearing Officers.
- (4) The timelines established by paragraphs (f)(1) through (f)(3) confer no substantive rights on the parties.

(g) Notice of Hearing

The Hearing Officer shall issue a notice stating the date, time, and place of the hearing as follows:

- (1) At least two business days prior to the hearing in the case of an action brought pursuant to LTSE Rule 9.557;
- (2) At least seven days prior to the hearing in the case of an action brought pursuant to LTSE Rules 9.556 and 9.558; and
- (3) At least 21 days prior to the hearing in the case of an action brought pursuant to LTSE Rules 9.551 through 9.555.

(h) Transmission of Documents

- (1) Not less than two business days before the hearing in an action brought under LTSE Rule 9.557, not less than seven days before the hearing in an action brought under LTSE Rules 9.556 and 9.558, and not less than 14 days before the hearing in an action brought under LTSE Rules 9.551 through 9.555, LTSE staff shall provide to the respondent who requested the hearing, by facsimile or

Rule 9.559. Hearing Procedures for Expedited Proceedings Under the Rule 9550 Series

overnight courier, all documents that were considered in issuing the notice unless a document meets the criteria of LTSE Rules 9.251(b)(1)(A), (B), (C), or (b)(2). A document that meets such criteria shall not constitute part of the record, but shall be retained by LTSE until the date upon which LTSE serves a final decision or, if applicable, upon the conclusion of any review by the SEC or the federal courts.

- (2) Not less than two business days before the hearing in an action brought under LTSE Rule 9.557, not less than three days before the hearing in an action brought under LTSE Rules 9.556 and 9.558, and not less than seven days before the hearing in an action brought under LTSE Rules 9.551 through 9.555, the parties shall exchange proposed exhibit and witness lists. The exhibit and witness lists shall be served by facsimile or by overnight courier.

(i) Evidence

The formal rules of evidence as applied in judicial proceedings shall not apply to a hearing under this LTSE Rule Series. LTSE Rules 9.262 and 9.263 shall govern testimony and the admissibility of evidence.

(j) Additional Information

The Hearing Officer or, if applicable, the Hearing Panel may direct the Parties to submit additional information.

(k) Record of Hearing

LTSE Rule 9.265 shall govern the requirements for the record of the hearing.

(l) Record of Proceeding

LTSE Rule 9.267 shall govern the record of the proceeding.

(m) Failure to Appear at a Pre-Hearing Conference or Hearing or to Comply with a Hearing Officer Order Requiring the Production of Information

Failure of any respondent to appear before the Hearing Officer or, if applicable, the Hearing Panel at any status conference, pre-hearing conference or hearing, or to comply with any order of the Hearing Officer or, if applicable, Hearing Panel requiring production of information to support any defense to the notice that respondent has raised, shall be considered an abandonment of the respondent's defense and waiver of any opportunity for a hearing provided by the LTSE Rule 9.550 Series. In such cases, the notice issued under Exchange the Rule 9.550 Series shall be deemed to be final LTSE action. The Hearing Officer or, if applicable, the Hearing Panel may permit the hearing to go forward as to those parties who appear and otherwise comply with this LTSE Rule.

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(n) Sanctions, Costs and Remands

- (1) In any action brought under the LTSE Rule 9.550 Series, other than an action brought under LTSE Rule 9.557, the Hearing Officer or, if applicable, the Hearing Panel may approve, modify or withdraw any and all sanctions, requirements, restrictions or limitations imposed by the notice and, pursuant to LTSE Rule 8.310(a), may also impose any other fitting sanction.
- (2) In an action brought under LTSE Rule 9.557, the Hearing Panel shall approve or withdraw the requirements and/or restrictions imposed by the notice. If the Hearing Panel approves the requirements and/or restrictions and finds that the respondent has not complied with all of them, the Hearing Panel shall impose an immediate suspension on the respondent that shall remain in effect unless LTSE staff issues a letter of withdrawal of all requirements and/or restrictions pursuant to LTSE Rule 9.557(g)(2).
- (3) The Hearing Officer or, if applicable, the Hearing Panel may impose costs pursuant to LTSE Rule 8.360 regarding all actions brought under the LTSE Rule 9.550 Series.
- (4) In any action brought under the LTSE Rule 9.550 Series, other than an action brought under LTSE Rule 9.557, the Hearing Officer or, if applicable, the Hearing Panel may remand the matter to the department or office that issued the notice for further consideration of specified matters.

(o) Timing of Decision

- (1) Proceedings initiated under LTSE Rules 9.552 and 9.554

Within 60 days of the date of the close of the hearing, the Hearing Officer shall prepare a proposed written decision and provide it to the LTSE Appeals Committee.

- (2) Proceedings initiated under LTSE Rules 9.556 and 9.558

Within 21 days of the date of the close of the hearing, the Hearing Officer shall prepare a proposed written decision that reflects the views of the Hearing Panel, as determined by majority vote, and provide it to the LTSE Appeals Committee.

- (3) Proceedings initiated under LTSE Rules 9.551, 9.552, and 9.555

Within 60 days of the date of the close of the hearing, the Hearing Officer shall prepare a proposed written decision that reflects the views of the Hearing Panel, as determined by majority vote, and provide it to the LTSE Appeals Committee.

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(4) Proceedings initiated under LTSE Rule 9.557

(A) Written Order

Within two business days of the date of the close of the hearing, the Office of Hearing Officers shall issue a written order that reflects the Hearing Panel's summary determinations, as decided by majority vote, and shall serve the Hearing Panel's written order on the Parties. The Hearing Panel's written order under LTSE Rule 9.557 is effective when issued. The Hearing Panel's written order will be followed by a written decision explaining the reasons for the Hearing Panel's summary determinations, as required by paragraphs (o)(4)(B) and (p) of this LTSE Rule 9.559.

(B) Written Decision

Within seven days of the issuance of the Hearing Panel's written order, the Office of Hearing Officers shall issue a written decision that complies with the requirements of paragraph (p) of this LTSE Rule 9.559 and shall serve the Hearing Panel's written decision on the Parties.

(5) If not timely called for review by the LTSE Appeals Committee pursuant to paragraph (q) of this LTSE Rule 9.559, the Hearing Officer's or, if applicable, the Hearing Panel's written decision shall constitute final LTSE action. For decisions issued under LTSE Rules 9.551 through 9.556 and 9.558, the Office of Hearing Officers shall promptly serve the decision of the Hearing Officer or, if applicable, the Hearing Panel on the Parties and provide a copy to each LTSE Member with which the respondent is associated.

(6) The timelines established by paragraphs (o)(1) through (5) confer no substantive rights on the parties.

(p) Contents of Decision

The decision, which for purposes of LTSE Rule 9.557 means the written decision issued under paragraph (o)(4)(B) of this LTSE Rule, shall include:

- (1) a statement describing the investigative or other origin of the notice issued under the LTSE Rule Series 9.550;
- (2) the specific statutory or rule provision alleged to have been violated or providing the authority for the LTSE action;

***Rule 9.559. Hearing Procedures for Expedited
Proceedings Under the Rule 9550 Series***

- (3) a statement setting forth the findings of fact with respect to any act or practice the respondent was alleged to have committed or omitted or any condition specified in the notice;
 - (4) the conclusions of the Hearing Officer or, if applicable, Hearing Panel regarding the alleged violation or condition specified in the notice;
 - (5) a statement of the Hearing Officer or, if applicable, Hearing Panel in support of the disposition of the principal issues raised in the proceeding; and
 - (6) a statement describing any sanction, requirement, restriction or limitation imposed, the reasons therefore, and the date upon which such sanction, requirement, restriction or limitation shall become effective.
- (q) Call for Review by the LTSE Appeals Committee
- (1) For proceedings initiated under the LTSE Rule Series 9.550 (other than LTSE Rule 9.557), the LTSE Appeals Committee may call for review a proposed decision prepared by a Hearing Officer or, if applicable, Hearing Panel within 21 days after receipt of the decision from the Office of Hearing Officers. For proceedings initiated under LTSE Rule 9.557, the LTSE Appeals Committee may call for review a written decision issued under paragraph (o)(4)(B) of this LTSE Rule by a Hearing Panel within 14 days after receipt of the written decision from the Office of Hearing Officers. LTSE Rule 9.313(a) is incorporated herein by reference.
 - (2) If the LTSE Appeals Committee calls the proceeding for review within the prescribed time, it shall meet and conduct a review not later than 40 days after the call for review. The LTSE Appeals Committee may elect to hold a hearing or decide the matter on the basis of the record made before the Hearing Officer or, if applicable, the Hearing Panel. Not later than 60 days after the call for review, the LTSE Appeals Committee shall make its recommendation to the LTSE Board. Not later than 60 days after the receipt of the LTSE Appeals Committee's recommendation, the LTSE Board shall serve a final written decision on the parties via overnight courier or facsimile. The LTSE Appeals Committee may affirm, modify or reverse the decision of the Hearing Officer or, if applicable, the Hearing Panel. The LTSE Board also may impose any other fitting sanction, pursuant to LTSE Rule 8.310(a), and may impose costs, pursuant to LTSE Rule 8.360. In addition, the LTSE Board may remand the matter to the Office of Hearing Officers for further consideration of specified matters.

Rule 9.610. Application

- (3) For good cause shown, or with the consent of all of the parties to a proceeding, the LTSE Appeals Committee or the LTSE Board may extend or shorten any time limits prescribed by this LTSE Rule other than those relating to LTSE Rule 9.557.
- (4) The LTSE Board's written decision shall constitute final LTSE action.
- (5) The LTSE Board shall promptly serve the decision on the Parties and provide a copy of the decision to each LTSE Member with which the respondent is associated.
- (6) The timelines established by paragraphs (q)(1) through (5) confer no substantive rights on the parties.

(r) Application to SEC for Review

The right to have any action pursuant to this LTSE Rule 9.559 reviewed by the SEC is governed by Section 19 of the Exchange Act. The filing of an application for review by the SEC shall not stay the effectiveness of final LTSE action, unless the SEC otherwise orders.

Rule Series 9.600. Procedures For Exemptions

Rule 9.610. Application

- (a) Where to File. A Member seeking exemptive relief as specifically permitted under any LTSE Rule referencing the LTSE Rule Series 9.600 shall file a written application with the appropriate FINRA department or staff and provide a copy of the application to LTSE Regulation.
- (b) Content. An application filed pursuant to this LTSE Rule 9.610 shall contain the Member's name and address, the name of a person associated with the Member who will serve as the primary contact for the application, the Rule from which the Member is seeking an exemption, and a detailed statement of the grounds for granting the exemption. If the Member does not want the application or the decision on the application to be publicly available in whole or in part, the Member also shall include in its application a detailed statement, including supporting facts, showing good cause for treating the application or decision as confidential in whole or in part.
- (c) Applicant. A Member that files an application under this LTSE Rule is referred to as "Applicant" hereinafter in the LTSE Rule Series 9.600.

Rule 9.620. Decision

- (a) After considering an application, the Chief Regulatory Officer shall issue a written decision setting forth its findings and conclusions. The decision shall be served on the Applicant pursuant to LTSE Rules 9.132 and 9.134. After the decision is served on the Applicant, the application and decision shall be publicly available unless LTSE Regulation staff determines that the Applicant has shown good cause for treating the application or decision as confidential in whole or in part.

Rule 9.630. Appeal

- (a) Notice. An Applicant may file a written notice of appeal within 15 calendar days after service of a decision issued under LTSE Rule 9.620. The notice of appeal shall be filed with the Chief Regulatory Officer. The notice of appeal shall contain a brief statement of the findings and conclusions as to which exception is taken. Appeals of decisions issued by LTSE Regulation staff pursuant to LTSE Rule 9.620 shall be decided by the LTSE Appeals Committee. If the Applicant does not want the decision on the appeal to be publicly available in whole or in part, the Applicant also shall include in its notice of appeal a detailed statement, including supporting facts, showing good cause for treating the decision as confidential in whole or in part. The notice of appeal shall be signed by the Applicant.
- (b) Expedited Review. Where the failure to promptly review a decision to deny a request for exemption would unduly or unfairly harm the applicant, the LTSE Appeals Committee, shall provide expedited review.
- (c) Withdrawal of Appeal. An Applicant may withdraw its notice of appeal at any time by filing a written notice of withdrawal of appeal with the LTSE Appeals Committee.
- (d) Oral Argument.
 - (1) Subject to paragraph (2) below, following the filing of a notice of appeal, the LTSE Appeals Committee may order oral argument. The LTSE Appeals Committee may consider any new evidence if the Applicant can show good cause for not including it in its application.
 - (2) With respect to exemptive relief requested under LTSE Rule 2.160(b), the LTSE Appeals Committee may order oral argument and consider any new evidence if the Applicant can show good cause for not including it in its application.
- (e) Decision.
 - (1) Subject to paragraph (2) below, after considering all matters on appeal, the LTSE Appeals Committee shall affirm modify, or reverse the decision issued under

Rule 9.810. Initiation of Proceeding

LTSE Rule 9.620. The LTSE Appeals Committee shall issue a written decision setting forth its findings and conclusions and serve the decision on the Applicant. The decision shall be served pursuant to LTSE Rules 9.132 and 9.134. The decision shall be effective upon service and shall constitute final action of Exchange.

- (2) With respect to exemptive relief requested under LTSE Rule 2.160(b), after considering all matters on appeal, the LTSE Appeals Committee shall affirm, modify, or reverse the decision issued under LTSE Rule 9.620 and shall issue a written decision setting forth its findings and conclusions and serve the decision on the Applicant. The decision shall be served pursuant to LTSE Rules 9.132 and 9.134. The decision shall be effective upon service and shall constitute final action of the Exchange.

Rule Series 9.700. Reserved

Rule Series 9.800. Temporary Cease and Desist Orders

Rule 9.810. Initiation of Proceeding

(a) Department of Enforcement or Department of Market Regulation

With the prior written authorization of LTSE's Chief Regulatory Officer or such other senior officers as the Chief Regulatory Officer may designate, the Department of Enforcement or the Department of Market Regulation may initiate a temporary cease and desist proceeding with respect to alleged violations of Section 10(b) of the Exchange Act and Rule 10b-5 thereunder; Exchange Act Rules 15c-1 through 15c-9; LTSE Rule 3.110 (if the alleged violation is unauthorized trading, or misuse or conversion of customer assets, or based on violations of Section 17(a) of the Securities Act); or LTSE Rule 3.130. The Department of Enforcement or the Department of Market Regulation shall initiate the proceeding by serving a notice on a Member or associated person (hereinafter "Respondent") and filing a copy thereof with the Office of Hearing Officers. The Department of Enforcement or the Department of Market Regulation shall serve the notice by personal service, overnight commercial courier, or facsimile. If service is made by facsimile, the Department of Enforcement or the Department of Market Regulation shall send an additional copy of the notice by overnight commercial courier. The notice shall be effective upon service.

(b) Contents of Notice

The notice shall set forth the rule or statutory provision that the Respondent is alleged to have violated and that the Department of Enforcement or the Department of Market

Rule 9.820. Appointment of Hearing Officer and Hearing Panel

Regulation is seeking to have the Respondent ordered to cease violating. The notice also shall state whether the Department of Enforcement or the Department of Market Regulation is requesting the Respondent to be required to take action or to refrain from taking action. The notice shall be accompanied by:

- (1) a declaration of facts, signed by a person with knowledge of the facts contained therein, that specifies the acts or omissions that constitute the alleged violation; and
- (2) a proposed order that contains the required elements of a temporary cease and desist order (except the date and hour of the order's issuance), which are set forth in LTSE Rule 9.840(b).

(c) Filing of Underlying Complaint

If the Department of Enforcement or the Department of Market Regulation has not issued a complaint under LTSE Rule 9.211 against the Respondent relating to the subject matter of the temporary cease and desist proceeding and alleging violations of the rule or statutory provision specified in the notice described in paragraph (b), the Department of Enforcement or the Department of Market Regulation shall serve and file such a complaint with the notice initiating the temporary cease and desist proceeding.

Rule 9.820. Appointment of Hearing Officer and Hearing Panel

- (a) As soon as practicable after the Department of Enforcement or the Department of Market Regulation files a copy of the notice initiating a temporary cease and desist proceeding with the Office of Hearing Officers, the Chief Hearing Officer shall assign a Hearing Officer to preside over the temporary cease and desist proceeding. The Chief Hearing Officer shall appoint two Panelists to serve on a Hearing Panel with the Hearing Officer.
- (b) If at any time a Hearing Officer or Hearing Panelist determines that he or she has a conflict of interest or bias or circumstances otherwise exist where his or her fairness might reasonably be questioned, or if a Party files a motion to disqualify a Hearing Officer or Hearing Panelist, the recusal and disqualification proceeding shall be conducted in accordance with LTSE Rules 9.233 and 9.234, except that:
 - (1) a motion seeking disqualification of a Hearing Officer or Hearing Panelist must be filed no later than 5 days after the later of the events described in paragraph (b) of LTSE Rules 9.233 and 9.234; and
 - (2) the Chief Hearing Officer shall appoint a replacement Panelist as specified in paragraph (a) of this LTSE Rule.

Rule 9.830. Hearing

(a) When Held

The hearing shall be held not later than 15 days after service of the notice and filing initiating the temporary cease and desist proceeding, unless otherwise extended by the Hearing Officer with the consent of the Parties for good cause shown. If a Hearing Officer or Hearing Panelist is recused or disqualified, the hearing shall be held not later than five days after a replacement Hearing Officer or Hearing Panelist is appointed.

(b) Service of Notice of Hearing

The Office of Hearing Officers shall serve a notice of date, time, and place of the hearing on the Department of Enforcement or the Department of Market Regulation and the Respondent not later than seven days before the hearing, unless otherwise ordered by the Hearing Officer. Service shall be made by personal service, overnight commercial courier, or facsimile. If service is made by facsimile, the Office of Hearing Officers shall send an additional copy of the notice by overnight commercial courier. The notice shall be effective upon service.

(c) Authority of Hearing Officer

The Hearing Officer shall have authority to do all things necessary and appropriate to discharge his or her duties as set forth under LTSE Rule 9.235.

(d) Witnesses

A person who is subject to the jurisdiction of LTSE shall testify under oath or affirmation. The oath or affirmation shall be administered by a court reporter or a notary public.

(e) Additional Information

At any time during its consideration, the Hearing Panel may direct a Party to submit additional information. Any additional information submitted shall be provided to all Parties at least one day before the Hearing Panel renders its decision.

(f) Transcript

The hearing shall be recorded by a court reporter and a written transcript thereof shall be prepared. A transcript of the hearing shall be available to the Parties for purchase from the court reporter at prescribed rates. A witness may purchase a copy of the transcript of his or her own testimony from the court reporter at prescribed rates. Proposed corrections to the transcript may be submitted by affidavit to the Hearing Panel within a reasonable time determined by the Hearing Panel. Upon notice to all the Parties to the proceeding, the Hearing Panel may order corrections to the transcript as requested or sua sponte.

***Rule 9.840. Issuance of Temporary Cease and Desist
Order by Hearing Panel***

(g) Record and Evidence Not Admitted

The record shall consist of the notice initiating the proceeding, the declaration, and the proposed order described in LTSE Rule 9.810(b); the transcript of the hearing; all evidence considered by the Hearing Panel; and any other document or item accepted into the record by the Hearing Officer or the Hearing Panel. The Office of Hearing Officers shall be the custodian of the record. Proffered evidence that is not accepted into the record by the Hearing Panel shall be retained by the custodian of the record until the date when LTSE's decision becomes final or, if applicable, upon the conclusion of any review by the SEC or the federal courts.

(h) Failure to Appear at Hearing

If a Respondent fails to appear at a hearing for which it has notice, the allegations in the notice and accompanying declaration may be deemed admitted, and the Hearing Panel may issue a temporary cease and desist order without further proceedings. If the Department of Enforcement or Department of Market Regulation fails to appear at a hearing for which it has notice, the Hearing Panel may order that the temporary cease and desist proceeding be dismissed.

Rule 9.840. Issuance of Temporary Cease and Desist Order by Hearing Panel

(a) Basis for Issuance

The Hearing Panel shall issue a written decision stating whether a temporary cease and desist order shall be imposed. The Hearing Panel shall issue the decision not later than ten days after receipt of the hearing transcript, unless otherwise extended by the Hearing Officer with the consent of the Parties for good cause shown. A temporary cease and desist order shall be imposed if the Hearing Panel finds:

- (1) by a preponderance of the evidence that the alleged violation specified in the notice has occurred; and
- (2) that the violative conduct or continuation thereof is likely to result in significant dissipation or conversion of assets or other significant harm to investors prior to the completion of the underlying disciplinary proceeding under LTSE Rule Series 9.200 and 9.300.

(b) Content, Scope, and Form of Order

A temporary cease and desist order shall:

- (1) be limited to ordering a Respondent to cease and desist from violating a specific rule or statutory provision, and, where applicable, to ordering a Respondent to

Rule 9.860. Violation of Temporary Cease and Desist Orders

cease and desist from dissipating or converting assets or causing other harm to investors;

- (2) set forth the alleged violation and the significant dissipation or conversion of assets or other significant harm to investors that is likely to result without the issuance of an order;
- (3) describe in reasonable detail the act or acts the Respondent is to take or refrain from taking; and
- (4) include the date and hour of its issuance.

(c) Duration of Order

A temporary cease and desist order shall remain effective and enforceable until the issuance of a decision under LTSE Rule 9.268 or 9.269.

(d) Service

The Office of Hearing Officers shall serve the Hearing Panel's decision and any temporary cease and desist order by personal service, overnight commercial courier, or facsimile. If service is made by facsimile, the Office of Hearing Officers shall send an additional copy of the Hearing Panel's decision and any temporary cease and desist order by overnight commercial courier. The temporary cease and desist order shall be effective upon service.

Rule 9.850. Review by Hearing Panel

At any time after the Office of Hearing Officers serves the Respondent with a temporary cease and desist order, a Party may apply to the Hearing Panel to have the order modified, set aside, limited, or suspended. The application shall set forth with specificity the facts that support the request. The Hearing Panel shall respond to the request in writing within ten days after receipt of the request, unless otherwise extended by the Hearing Officer with the consent of the Parties for good cause shown. The Hearing Panel's response shall be served on the Respondent via personal service, overnight commercial courier, or facsimile. If service is made by facsimile, the Office of Hearing Officers shall send an additional copy of the temporary cease and desist order by overnight commercial courier. The filing of an application under this LTSE Rule shall not stay the effectiveness of the temporary cease and desist order.

Rule 9.860. Violation of Temporary Cease and Desist Orders

A Respondent who violates a temporary cease and desist order imposed under this LTSE Rule Series may have its association or membership suspended or canceled under LTSE Rule 9.556. LTSE's Chief Regulatory Officer must authorize the initiation of any such proceeding in writing.

Rule 9.870. Application to SEC for Review

Temporary cease and desist orders issued pursuant to this LTSE Rule Series constitute final and immediately effective disciplinary sanctions imposed by LTSE. The right to have any action under this LTSE Rule Series reviewed by the SEC is governed by Section 19 of the Exchange Act. The filing of an application for review shall not stay the effectiveness of the temporary cease and desist order, unless the SEC otherwise orders.