(c)(2)(viii)(C) <u>DEFINITIONS; NET CAPITAL: OPEN CONTRACTUAL COMMITMENTS</u>
<u>(continued)</u>

/06   <u>Underwriting Backstop Agreement</u>

A member of an underwriting syndicate in a firm commitment underwriting (the "backstop recipient") is not required to take an open contractual commitment charge arising from its underwriting commitment if the backstop recipient enters into a written agreement with another syndicate member (the "backstop provider") that:

1.   is executed and effective at or before the time the backstop recipient becomes obligated to the underwriting commitment;

2.   requires the backstop provider to deduct in its net capital computation any applicable open contractual commitment charge that the backstop recipient would otherwise be required to take into account in its net capital computation; and

3.   unequivocally requires the backstop provider to purchase any unsold securities allocated to the backstop recipient under the underwriting agreement.

The backstop provider and backstop recipient must comply with all other applicable laws, rules, and regulations of the Commission and any self-regulatory organization of which they are members.

(SEC Staff to FINRA) (FINRA Regulatory Notice 19-11)

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