

PURE SPECIALTY EXCHANGE

Members' Advisory Committee Governance Rules

The Members' Advisory Committee ("MAC") plays an important role in the overall governance of PURE Specialty Exchange ("PSE"). The PURE Specialty Exchange Membership Agreement ("Membership Agreement") is the charter for the MAC. The Membership Agreement recognizes the Powers of the Members' Advisory Committee (the "Powers") and these rules.

PURE Specialty Risk Management LLC ("PSRM"), pursuant to the Attorney-in-Fact Agreement between PSE and PSRM (the "AIF Agreement") is responsible for the overall business and affairs of PSE. The AIF Agreement also makes PSRM responsible for the day to day management and operations of PSE. The MAC's role and PSRM's role are intentionally different and distinct. PSRM alone is responsible for managing the business and affairs of PSE. The MAC, on the other hand, is responsible for exercising the rights of all members as the contractual counterparty to PSRM. These governance rules set forth the rules under which the MAC is to operate (the "Governance Rules").

1. **The Composition of the MAC.** The MAC shall be made up of qualifying persons who can effectively carry out the stated responsibilities. The MAC shall consist of no less than three (3) and no more than twelve (12) PSE, ideally reflecting the diverse backgrounds, skillsets and geographic spread of the PSE membership. Not less than one member of the MAC shall be appointed by PSRM (the "AIF Representative(s)"). At least two-thirds of the MAC shall be independent from and have no financial interest in PSRM.
2. **Leadership.** The MAC shall include a Chairperson. Leadership shall be elected by the members of the MAC from among the members of the MAC. The MAC shall develop a leadership rotation plan that encourages the Chairperson to have served in another capacity on the MAC to help train for the position of Chairperson.
3. **Terms.** With the exception of the AIF Representative(s), MAC members shall serve one-year terms, without limit. Each MAC member may choose to stand for renewal each year. It is recommended that MAC members agree to serve no less than two terms. It is also recommended a MAC leader shall not hold the same leadership position for more than three (3) consecutive years.
4. **Compensation.** With the exception of the AIF Representative(s), each MAC member shall be paid \$15,000 per annum for their service. Each MAC member shall also be paid a meeting fee of \$1,250 per meeting; and reimbursed for reasonable related expenses, including travel, consistent with the MAC Expense policy. The Chairperson shall be paid an additional fee of \$5,000 per annum.
5. **Nomination and Selection.** With the exception of the AIF Representative(s), who shall be appointed by PSRM, the Chairperson shall be accountable for recommending nominees for all other elected MAC members, including their annual renewal. Each elected MAC member (newly elected and renewed), with the exception of the AIF Representative(s), who shall be appointed by PSRM, shall be subject to annual election by the members. The guidelines for new elected MAC member recruitment include:
 - (a) The MAC shall identify needs for new MAC members due to a resignation, geographic expansion or another reason.
 - (b) Any MAC member, including the AIF Representative, can nominate qualifying candidates.
 - (c) The Chairperson and the most senior AIF Representative (the "Senior AIF Representative") shall meet personally with any candidate recommended for MAC membership. MAC members may ask the Chairperson to grant introductory meetings or phone calls with prospective MAC

members.

(d) When due diligence has been completed (background check, evaluation of potential conflicts, interviews, and any other review deemed reasonable), the MAC shall vote on the nomination of MAC members for election.

(e) The MAC shall attempt to approve or disapprove nomination for MAC membership within a period of no more than 90 days before the annual election by members.

6. **Vacancies, Resignation and Removal.** Any elected MAC member may resign at any time upon delivery of his/her resignation in writing to the Chairperson of the MAC. Such resignation shall be effective at the date set forth in the notice of resignation, and if there is none, then upon receipt. With the exception of the AIF Representative(s), who shall be removed only by PSRM at any time with or without cause, MAC members may be removed at any time for cause by a 2/3 super-majority vote of the total number of MAC members. With the exception of the AIF Representative(s), who shall be appointed by PSRM for the unexpired term of the vacancy, vacancies among the elected MAC members shall be filled by the Chairperson in consultation with the Senior AIF Representative for the unexpired term of the vacancy.
7. **Regular and Special Meetings.** The MAC shall plan to meet regularly, and at a minimum quarterly, with at least two (2) in person meetings held each year. In person meetings shall be held at locations designated by the MAC in consultation with the Senior AIF Representative. Meetings by telecommunications where all MAC members can hear and be heard shall be considered meetings. The MAC may also act by written consent signed by all MAC members in lieu of a meeting on any matter requiring a meeting and such written consent shall be filed with the minutes of the MAC. MAC members may be asked to participate in calls or to review materials from time to time between formal meetings or at special meeting. The Senior AIF Representative shall provide at least 10 days' notice of the meetings to each MAC member by telephone or in writing. Special meetings of the MAC may be called by the Senior AIF Representative on one days' notice to each MAC member, either by telephone, facsimile, by e-mail or otherwise in writing. Special meetings upon the written request of a majority of the members of the MAC shall be called by the Senior AIF Representative or the Secretary of PSRM in like manner and notice. MAC members attending a meeting in person or by teleconference shall be deemed to have waived any defect in notice of that meeting. The Senior AIF Representative, in his or her sole discretion, may designate employees of PSRM to attend the meetings of the MAC.
8. **Action by the MAC and Quorum.** Except as otherwise specifically provided in these Governance Rules, all actions taken by the MAC shall be by a majority vote of the MAC at a meeting of the MAC. A majority of the total number of MAC members shall constitute a quorum for the conduct of a meeting and the transaction of all business. The vote of a majority of (or, where required, a super-majority of) the MAC members present at a meeting at which a quorum is present shall be an act of the MAC.
9. **Attendance.** Any MAC member who misses three consecutive regular meetings of the MAC without excuse approved by the MAC shall be deemed to have vacated his or her MAC membership and the vacancy shall be filled as set forth in these governance rules.
10. **Amendments.** The MAC may, after consultation with the Senior AIF Representative, make, amend or repeal these Members' Advisory Committee Governance Rules at any regular or special meeting of the MAC.