

Additions underlined
 Deletions [bracketed]

Rules of New York Stock Exchange LLC

Operation of Member Organizations (Rules 325—465)

Offices and Employees (Rules 341—354)

Rule 345. Employees—Registration, Approval, Records

(a) No Change

••• *Supplementary Material:* -----

Registration of Employees

.10 Employees required to be registered or approved.—See definitions of "branch office manager" and "registered representative" contained in Rules 9 and 10 and Rule 3110 for qualification requirements for supervisors.

A "securities lending representative" is defined as any person who has discretion to commit his member or member organization employer to any contract or agreement (written or oral) involving securities lending or borrowing activities with any other person.

A "Securities Trader" has the meaning set forth in Rule 1220(b)(3)[is defined as any person engaged in the purchase or sale of securities or other similar instruments for the account of a member organization with which such person is associated, as an employee or otherwise, and who does not transact any business with the public]. A Securities Trader must be registered as such on Web CRD and pass the Series 57 examination and the Securities Industry Essentials Examination.

A supervisor of a Securities Trader must satisfy its registration requirements under this Commentary .10 by registering and qualifying as a Securities Trader Principal in Web CRD if (a) such supervisor's supervisory responsibilities are limited solely to supervising Securities Traders; (b) such supervisor is qualified to be so registered by passing the General Securities Principal Qualification Examination - Series 24; and (c) such

supervisor is registered pursuant to Exchange Rules as a Securities Trader. Such a supervisor shall not be qualified to function in a Principal or supervisory capacity with responsibility over any area of business other than that involving proprietary trading.

Rule 345A. Continuing Education For Registered Persons

(a) Regulatory Element.—No member or member organization shall permit any registered person to continue to, and no registered person shall continue to, perform duties as a registered person, unless such person has complied with the continuing education requirements of Section (a) of this Rule.

(1) Each registered person shall complete the Regulatory Element of the continuing education program on the occurrence of their second registration anniversary date and every three years thereafter or as otherwise prescribed by the Exchange. On each occasion, the Regulatory Element must be completed within one hundred twenty days after the person's registration anniversary date. A person's initial registration date, also known as the "base date", shall establish the cycle of anniversary dates for purposes of this Rule. The content of the Regulatory Element of the program shall be determined by the Exchange for each registration category of persons subject to the rule. The content of the Regulatory Element for a person designated as eligible for a waiver pursuant to Rule 1210, Commentary .08, shall be determined based on the person's most recent registration status, and the Regulatory Element shall be completed based on the same cycle had the person remain registered. A person qualified solely as a Securities Trader shall comply with the continuing education requirements appropriate for the Series 57 by completing the S101 Program. All other registered persons shall comply with the continuing education requirements applicable to their particular registration.

(2) Failure to complete.—Unless otherwise determined by the Exchange, any registered persons who have not completed the Regulatory Element of the program within the prescribed time frames will have their registration deemed inactive until such time as the requirements of the program have been satisfied. Any person whose registration has been deemed inactive under this Rule shall cease all activities as a registered person and is prohibited from performing any duties and functioning in any capacity requiring registration. Further, such person may not accept or solicit business or receive any compensation for the purchase or sale of securities. However, such person may receive trail or residual commissions resulting from transactions completed before the inactive status, unless the member organization with which such person is associated has a policy prohibiting such trail or residual commissions. The Exchange may, upon application and a showing of good cause, allow for additional time for a registered person to satisfy the program requirements. If a person designated as eligible for a waiver pursuant to Exchange Rule 1210, Commentary .08, fails to complete the Regulatory Element within the prescribed time frames, the person shall no longer be eligible for such a waiver.

(3) Disciplinary Actions.—Unless otherwise determined by the Exchange, a registered or other than a person designated as eligible for a waiver pursuant to Exchange Rule 1210, Commentary .08, person will be required to re-take the Regulatory Element of the program and satisfy the program's requirements in their entirety in the event such person:

(i) becomes subject to any statutory disqualification as defined in Section 3(a)(39) of the Securities Exchange Act of 1934;

(ii) becomes subject to suspension or to the imposition of a fine of \$5,000 or more for violation of any provision of any securities law or regulation, or any agreement with or rule or standard of conduct of any securities governmental agency, securities self-regulatory organization, or as imposed by any such regulatory or self-regulatory organization in connection with a disciplinary proceeding; or

(iii) is ordered pursuant to a disciplinary proceeding to re-take the Regulatory Element by any securities governmental agency or securities self-regulatory organization.

A re-taking of the Regulatory Element shall commence with participation within one hundred twenty days of the registered person becoming subject to the statutory disqualification, in the case of (i) above, or the completion of the sanction or the disciplinary action becoming final, in the case of (ii) and (iii) above. The date that the disciplinary action becomes final will be deemed the person's new base date for purposes of this Rule.

(b) Firm Element

(1) Persons Subject to the Firm Element.—The requirements of Section (b) of this Rule shall apply to any registered person who has direct contact with customers in the conduct of the member's or member organization's securities sales, trading or investment banking activities, and to the immediate supervisors of such persons, and to registered persons who function as supervisory analysts, and research analysts as defined in Rule 344 (collectively, "covered registered persons").

(2) Standards

(i) Each member and member organization must maintain a continuing and current education program for its covered registered persons to enhance their securities knowledge, skills and professionalism. At a minimum, each member and member organization shall at least annually evaluate and prioritize its training needs and develop a written training plan. The plan must take into consideration the member's or member organization's size, organizational structure, and scope of business activities, as well as regulatory developments and the performance of covered registered persons in the Regulatory Element. If a member's or member organization's analysis determines a need for supervisory training for persons with supervisory responsibilities, such training must be included in the member's or member organizations's training plan.

(ii) Minimum Standards for Training Programs.—Programs used to implement a member's or member organization's training plan must be appropriate for the business of the member or member organization and, at a minimum, must cover training in ethics and professional responsibility and the following matters concerning securities products, services and strategies offered by the member or member organization:

- a. General investment features and associated risk factors;
- b. Suitability and sales practice considerations; and
- c. Applicable regulatory requirements.

(iii) Administration of Continuing Education Program.—Each member and member organization must administer its continuing education program in accordance with its annual evaluation and written plan and must maintain records documenting the content of the programs and completion of the programs by covered registered persons.

(3) Participation in the Firm Element.—Covered registered persons included in a member's or member organization's plan must take all appropriate and reasonable steps to participate in continuing education programs as required by the member or member organization.

(4) Specific Training Requirements.—The Exchange may require a member or member organization, either individually or as part of a larger group, to provide specific training to its covered registered persons in such areas the Exchange deems appropriate. Such a requirement may stipulate the class of covered registered persons for which it is applicable, the time period in which the requirement must be satisfied and, where appropriate, the actual training content.

••• *Supplementary Material:* -----

.10 - .50 No Change

.60 Fingerprint Information. Upon filing an electronic Form U4 on behalf of a person applying for registration, a member organization shall promptly submit fingerprint information for that person. The Exchange may make a registration effective pending receipt of the fingerprint information. If a member organization fails to submit the fingerprint information within 30 days after the Exchange receives the electronic Form U4, the person's registration shall be deemed inactive. In such case, the Exchange shall notify the member organization that the person must immediately cease all activities requiring registration and is prohibited from performing any duties and functioning in any capacity requiring registration. The Exchange shall administratively terminate a registration that is inactive for a period of two years. A person whose registration is administratively terminated may reactivate the registration only by reapplying for registration and meeting the qualification requirements under Exchange rules. Upon application and a showing of good cause, the Exchange may extend the 30-day period.

Rule 1202. Initial And Continued Listing

Registration (Rules 1210-1230)**Rule 1210 Registration Requirements**

Each person engaged in the investment banking or securities business of a member organization shall be registered with the Exchange as a representative or principal in each category of registration appropriate to his or her functions and responsibilities as specified in Rule 1220, unless exempt from registration pursuant to Rule 1230. Such person shall not be qualified to function in any registered capacity other than that for which the person is registered, unless otherwise stated in the rules.

Commentary:

.01 Permissive Registrations. A member organization may make application for or maintain the registration as a representative or principal of any associated person of a member organization and any individual engaged in the investment banking or securities business of a foreign securities affiliate or subsidiary of the member organization. Individuals maintaining such permissive registrations shall be considered registered persons and subject to all Exchange rules, to the extent relevant to their activities. Consistent with the requirements of the Exchange's supervision rules, member organizations shall have adequate supervisory systems and procedures reasonably designed to ensure that individuals with permissive registrations do not act outside the scope of their assigned functions. With respect to an individual who solely maintains a permissive registration(s), the individual's direct supervisor shall not be required to be a registered person. However, for purposes of compliance with the Exchange's supervision rules, a member organization shall assign a registered supervisor who shall be responsible for periodically contacting such individual's direct supervisor to verify that the individual is not acting outside the scope of his or her assigned functions. If such individual is permissively registered as a representative, the registered supervisor shall be registered as a representative or principal. If the individual is permissively registered as a principal, the registered supervisor shall be registered as a principal. Moreover, the registered supervisor of an individual who solely maintains a permissive registration(s) shall not be required to be registered in the same representative or principal registration category as the permissively-registered individual.

.02 Qualification Examinations and Waivers of Examinations. Before the registration of a person as a representative can become effective under Rule 1210, such person shall pass the Securities Industry Essentials ("SIE") and an appropriate representative qualification examination as specified in Rule 1220(b). Before the registration of a

person as a principal can become effective under Rule 1210, such person shall pass an appropriate principal qualification examination as specified in Rule 1220(a). If the job functions of a registered representative change so as to require the person to register in another representative category, the person shall not be required to pass the SIE. Rather, the registered person would need to pass only an appropriate representative qualification examination as specified in Rule 1220(b). All associated persons shall be eligible to take the SIE. In addition, individuals who are not associated persons shall be eligible to take the SIE. However, passing the SIE alone shall not qualify an individual for registration with the Exchange. To be eligible for registration with the Exchange, an individual shall pass an applicable representative or principal qualification examination as specified in Rule 1220 and satisfy all other applicable prerequisite registration requirements. Pursuant to the Rule 9600 Series, the Exchange may, in exceptional cases and where good cause is shown, waive the applicable qualification examination(s) and accept other standards as evidence of an applicant's qualifications for registration. Age or disability will not individually of themselves constitute sufficient grounds to waive a qualification examination. Experience in fields ancillary to the investment banking or securities business may constitute sufficient grounds to waive a qualification examination. The Exchange shall only consider waiver requests submitted by a member organization for individuals associated with the member organization who are seeking registration in a representative or principal registration category. Moreover, the Exchange shall consider waivers of the SIE alone or the SIE and the applicable representative and principal examination(s) for such individuals. The Exchange shall not consider a waiver of the SIE for individuals who are not associated persons or for associated persons who are not registering as representatives or principals.

.03 Requirements for Registered Persons Functioning as Principals for a Limited Period. Subject to the requirements of Rule 1220, Commentary .02, a member organization may designate any person currently registered, or who becomes registered, with the member organization as a representative to function as a principal for a period of 120 calendar days prior to passing an appropriate principal qualification examination as specified under Rule 1220(a), provided that such person has at least 18 months of experience functioning as a registered representative within the five-year period immediately preceding the designation and has fulfilled all applicable prerequisite registration, fee and examination requirements prior to designation as a principal. However, in no event may such person function as a principal beyond the initial 120 calendar day period without having successfully passed an appropriate principal qualification examination. The requirements above apply to designations to any principal category, including those categories that are not subject to a prerequisite representative registration requirement.

Subject to the requirements of Rule 1220, Commentary .02, a member organization may designate any person currently registered, or who becomes registered, with the member organization as a principal to function in another principal category for a period of 120 calendar days prior to passing an appropriate qualification examination as specified under Rule 1220. However, in no event may such person function in such other principal

category beyond the initial 120 calendar day period without having successfully passed an appropriate qualification examination as specified under Rule 1220.

.04 Rules of Conduct for Taking Examinations and Confidentiality of Examinations.

Associated persons taking the SIE shall be subject to the SIE Rules of Conduct.

Associated persons taking any representative or principal examination shall be subject to the Rules of Conduct for representative and principal examinations. A violation of the SIE Rules of Conduct or the Rules of Conduct for representative and principal examinations by an associated person shall be deemed to be a violation of Rule 2010. If the Exchange determines that an associated person has violated the SIE Rules of Conduct or the Rules of Conduct for representative and principal examinations, the associated person may forfeit the results of the examination and may be subject to disciplinary action by the Exchange. Individuals taking the SIE who are not associated persons shall agree to be subject to the SIE Rules of Conduct. If the Exchange determines that such individuals cheated on the SIE or that they misrepresented their qualifications to the public subsequent to passing the SIE, they may forfeit the results of the examination and may be prohibited from retaking the SIE. The Exchange considers all qualification examinations content to be highly confidential. The removal of examination content from an examination center, reproduction, disclosure, receipt from or passing to any person, or use for study purposes of any portion of such qualification examination or any other use that would compromise the effectiveness of the examinations and the use in any manner and at any time of the questions or answers to the examinations shall be prohibited and shall be deemed to be a violation of Rule 2010. An applicant cannot receive assistance while taking the examination and shall certify that no assistance was given to or received by him or her during the examination.

.05 Waiting Periods for Retaking a Failed Examination. Any person who fails to pass a qualification examination prescribed by the Exchange shall be permitted to take that examination again after a period of 30 calendar days has elapsed from the date of such person's last attempt to pass that examination, except that any person who fails to pass an examination three or more times in succession within a two-year period shall be prohibited from again taking that examination until a period of 180 calendar days has elapsed from the date of such person's last attempt to pass that examination. The waiting periods for retaking a failed examination shall apply to the SIE and the representative and principal examinations specified under Rule 1220. Individuals taking the SIE who are not associated persons shall agree to be subject to the same waiting periods for retaking the SIE.

.06 All Registered Persons Must Satisfy the Regulatory Element of Continuing Education. All registered persons, including those individuals who solely maintain permissive registrations pursuant to Rule 1210, Commentary .01, shall satisfy the Regulatory Element of continuing education as specified in Rule 345A(a)(1). If a person registered with a member organization has a continuing education deficiency with respect to that registration as provided under Rule 345A(a)(1), such person shall not be permitted to be registered in another registration category under Rule 1220 with that member

organization or to be registered in any registration category under Rule 1220 with another member organization until the person has satisfied the deficiency.

.07 Lapse of Registration and Expiration of SIE. Any person who was last registered as a representative two or more years immediately preceding the date of receipt by the Exchange of a new application for registration as a representative shall be required to pass a representative qualification examination appropriate to his or her category of registration as specified in Rule 1220(b). Any person who last passed the SIE or who was last registered as a representative, whichever occurred last, four or more years immediately preceding the date of receipt by the Exchange of a new application for registration as a representative shall be required to pass the SIE in addition to a representative qualification examination appropriate to his or her category of registration as specified in Rule 1220(b). Any person who was last registered as a principal two or more years immediately preceding the date of receipt by the Exchange of a new application for registration as a principal shall be required to pass a principal qualification examination appropriate to his or her category of registration as specified in Rule 1220(a). Any person whose registration has been revoked shall be required to pass a principal or representative qualification examination appropriate to his or her category of registration as specified in Rule 1220(a) or Rule 1220(b), respectively, to be eligible for registration with the Exchange. For purposes of Commentary .07 of this Rule, an application shall not be considered to have been received by the Exchange if that application does not result in a registration.

.08 Waiver of Examinations for Individuals Working for a Financial Services Industry Affiliate of a Member Organization. Upon request by a member organization, the Exchange shall waive the applicable qualification examination(s) for an individual designated with the Exchange as working for a financial services industry affiliate of a member organization if the following conditions are met:

(a) Prior to the individual's initial designation, the individual was registered as a representative or principal with the Exchange for a total of five years within the most recent 10 year period, including for the most recent year with the member organization that initially designated the individual;

(b) The waiver request is made within seven years of the individual's initial designation;

(c) The initial designation and any subsequent designation(s) were made concurrently with the filing of the individual's related Form U5;

(d) The individual continuously worked for the financial services industry affiliate(s) of a member organization since the individual's last Form U5 filing;

(e) The individual has complied with the Regulatory Element of continuing education as specified in Rule 345A(a)(1); and

(f) The individual does not have any pending or adverse regulatory matters, or terminations, that are reportable on the Form U4, and has not otherwise been subject to a statutory disqualification as defined in Section 3(a)(39) of the Exchange Act while the individual was designated as eligible for a waiver.

As used in Commentary .08 of this Rule, a “financial services industry affiliate of a member organization” is a legal entity that controls, is controlled by or is under common control with a member organization and is regulated by the SEC, CFTC, state securities authorities, federal or state banking authorities, state insurance authorities, or substantially equivalent foreign regulatory authorities.

.09 Status of Persons Serving in the Armed Forces of the United States. The following provisions address the status of current and former registered persons serving in active duty in the Armed Forces of the United States:

(a) Inactive Status of Currently Registered Persons

A registered person of a member organization who volunteers for or is called into active duty in the Armed Forces of the United States shall be placed, after proper notification to the Exchange, on inactive status and need not be re-registered by such member organization upon his or her return to active employment with the member organization. Such person shall remain eligible to receive transaction-related compensation, including continuing commissions. The employing member organization also may allow such person to enter into an arrangement with another registered person of the member organization to take over and service the person's accounts and to share transaction-related compensation based upon the business generated by such accounts. However, because such persons are inactive, they may not perform any of the functions and responsibilities performed by a registered person.

A registered person who is placed on inactive status pursuant to this paragraph (a) shall not be required to complete either the Regulatory Element or Firm Element set forth in 345A(a) during the pendency of such inactive status.

The relief provided in this paragraph (a) shall be available to a registered person who is placed on inactive status pursuant to this paragraph (a) during the period that such person remains registered with the member organization with which he or she was registered at the beginning of active duty in the Armed Forces of the United States, regardless of whether the person returns to active employment with another member organization upon completion of his or her active duty in the Armed Forces of the United States.

The relief described in this paragraph (a) shall be provided only to a person registered with a member organization and only while the person remains on active military duty. Further, the member organization with which such person is registered shall promptly notify the Exchange in such manner as the Exchange may specify of such person's return to active employment with the member organization.

(b) Inactive Status of Sole Proprietorships

A member organization that is a sole proprietor who temporarily closes his or her business by reason of volunteering for or being called into active duty in the Armed Forces of the United States, shall be placed, after proper notification to the Exchange, on inactive status while the member organization remains on active military duty.

A that is a sole proprietor who is placed on inactive status as set forth in this paragraph (b) shall not be required to pay dues or assessments during the pendency of such inactive status and shall not be required to pay an admission fee upon return to active participation in the investment banking or securities business.

The relief described in this paragraph (b) shall be provided only to a member organization that is a sole proprietor and only while the person remains on active military duty. Further, the sole proprietor shall promptly notify the Exchange in such manner as the Exchange may specify of his or her return to active participation in the investment banking or securities business.

(c) Status of Formerly Registered Persons

If a person who was formerly registered with a volunteers for or is called into active duty in the Armed Forces of the United States at any time within two years after the date the person ceased to be registered with a member organization, the Exchange shall defer the lapse of registration provisions in Rule 1210, Commentary .07 (i.e., toll the two-year expiration period for representative and principal qualification examinations) and the lapse of the SIE (i.e., toll the four-year expiration period for the SIE). The Exchange shall defer the lapse of registration requirements and the SIE commencing on the date the person begins actively serving in the Armed Forces of the United States, provided that the Exchange is properly notified of the person's period of active military service within 90 days following his or her completion of active service or upon his or her re-registration with a member organization, whichever occurs first. The deferral will terminate 90 days following the person's completion of active service in the Armed Forces of the United States. Accordingly, if such person does not re-register with a member organization within 90 days following his or her completion of active service in the Armed Forces of the United States, the amount of time in which the person must become re-registered with a member organization without being subject to a representative or principal qualification examination or the SIE shall consist of the standard two-year period for representative and principal qualification examinations or the standard four-year period for the SIE, whichever is applicable, as provided in Rule 1210, Commentary .07 reduced by the period of time between the person's termination of registration and beginning of active service in the Armed Forces of the United States.

If a person placed on inactive status while serving in the Armed Forces of the United States ceases to be registered with a member organization, the Exchange shall defer the lapse of registration requirements set forth in Rule 1210, Commentary .07 (i.e., toll the two-year expiration period for representative and principal qualification examinations)

and the lapse of the SIE (i.e., toll the four-year expiration period for the SIE) during the pendency of his or her active service in the Armed Forces of the United States. The Exchange shall defer the lapse of registration requirements based on existing information in the CRD system, provided that the Exchange is properly notified of the person's period of active military service within two years following his or her completion of active service or upon his or her re-registration with a member organization, whichever occurs first. The deferral shall terminate 90 days following the person's completion of active service in the Armed Forces of the United States. Accordingly, if such person does not re-register with a member organization within 90 days following his or her completion of active service in the Armed Forces of the United States, the amount of time in which the person must become re-registered with a member organization without being subject to a representative or principal qualification examination or the SIE shall consist of the standard two-year period for representative and principal qualification examinations or the standard four-year period for the SIE, whichever is applicable.

1220. Registration Categories

(a) Definition of Principal and Principal Registration Categories

1. Principal

A “principal” is any Person Associated with a member organization actively engaged in the management of the member organization's securities business, including supervision, solicitation, conduct of the member organization's business, or the training of Authorized Traders and Persons Associated with a member organization for any of these functions. Such Persons include, among others, Sole Proprietors, Officers, Partners, and Directors of Corporations.

The term “actively engaged in the management of the member organization's securities business” includes the management of, and the implementation of corporate policies related to, such business. The term also includes managerial decision-making authority with respect to the member organization's securities business and management-level responsibilities for supervising any aspect of such business, such as serving as a voting member of the member organization's executive, management or operations committee.

2. General Securities Principal

(A) Requirement

Each principal as defined in paragraph (a)(1) of this Rule shall be required to register with the Exchange as a General Securities Principal, subject to the following exceptions:

- (i) if a principal's activities include the functions of a Compliance Officer, a Financial and Operations Principal (or an Introducing Broker-Dealer Financial and Operations Principal, as applicable), a Principal Financial Officer, a Principal Operations Officer, or a Securities Trader Principal as specified in paragraphs (a)(3) through (a)(5) of this Rule, then such person shall appropriately register in one or more of those categories; and
- (ii) if a principal's activities are limited solely to the functions of a General Securities Sales Supervisor as specified in paragraph (a)(6) of this Rule, then such person may appropriately register in that category in lieu of registering as a General Securities Principal.

(B) Qualifications

Subject to the lapse of registration provisions in Rule 1210, Commentary .07, each person registered with the Exchange as a Corporate Securities Representative and a General Securities Principal on October 1, 2018 and each person who was registered with the Exchange as a Corporate Securities Representative and a General Securities Principal within two years prior to October 1, 2018 shall be qualified to register as a General Securities Principal without passing any additional qualification examinations, provided that his or her supervisory responsibilities in the investment banking or securities business of a member organization are limited to corporate securities activities of the member organization.

All other individuals registering as General Securities Principals after October 1, 2018 shall, prior to or concurrent with such registration, become registered pursuant to paragraph (b)(2) of this Rule as a General Securities Representative and either (i) pass the General Securities Principal qualification examination or (ii) register as a General Securities Sales Supervisor and pass the General Securities Sales Supervisor qualification examination.

3. Compliance Officer

(A) Requirement

Subject to the exception in paragraph (a)(3)(C) of this Rule, each person designated as a Chief Compliance Officer on Schedule A of Form BD shall be required to register with the Exchange as a Compliance Officer.

(B) Qualifications

Subject to the lapse of registration provisions in Rule 1210, Commentary .07, each person registered with the Exchange as a General Securities

Representative and a General Securities Principal on October 1, 2018 and each person who was registered with the Exchange as a General Securities Representative and a General Securities Principal within two years prior to October 1, 2018 shall be qualified to register as a Compliance Officer without passing any additional qualification examinations. In addition, subject to the lapse of registration provisions in Rule 1210, Commentary .07, each person registered as a Compliance Official in the CRD system on October 1, 2018 and each person who was registered as a Compliance Official in the CRD system within two years prior to October 1, 2018 shall be qualified to register as a Compliance Officer without passing any additional qualification examinations.

All other individuals registering as Compliance Officers after October 1, 2018, shall, prior to or concurrent with such registration: (i) become registered pursuant to paragraph (b)(2) of this Rule as a General Securities Representative and pass the General Securities Principal qualification examination; or (ii) pass the Compliance Official qualification examination.

(C) Exception

An individual designated as a Chief Compliance Officer on Schedule A of Form BD of a member organization that is engaged in limited investment banking or securities business may be registered in a principal category under Rule 1220(a) that corresponds to the limited scope of the member organization's business.

4. Financial and Operations Principal and Introducing Broker-Dealer Financial and Operations Principal

(A) Requirement

Each member organization that is operating pursuant to the provisions of SEA Rules 15c3-1(a)(1)(ii), (a)(2)(i) or (a)(8), shall designate a Financial and Operations Principal. Each member organization subject to the requirements of SEA Rule 15c3-1, other than a member organization operating pursuant to SEA Rules 15c3-1(a)(1)(ii), (a)(2)(i) or (a)(8), shall designate either a Financial and Operations Principal or an Introducing Broker-Dealer Financial and Operations Principal.

A Financial and Operations Principal and an Introducing Broker-Dealer Financial and Operations Principal shall be responsible for performing the following duties:

(i) final approval and responsibility for the accuracy of financial reports submitted to any duly established securities industry regulatory body;

(ii) final preparation of such reports;

(iii) supervision of individuals who assist in the preparation of such reports;

(iv) supervision of and responsibility for individuals who are involved in the actual maintenance of the member organization's books and records from which such reports are derived;

(v) supervision and performance of the member organization's responsibilities under all financial responsibility rules promulgated pursuant to the provisions of the Exchange Act;

(vi) overall supervision of and responsibility for the individuals who are involved in the administration and maintenance of the member organization's back office operations; and

(vii) any other matter involving the financial and operational management of the member organization.

(B) Designation of Principal Financial Officer and Principal Operations Officer

Each member organization shall designate a:

(i) Principal Financial Officer with primary responsibility for financial filings and those books and records related to such filings; and

(ii) Principal Operations Officer with primary responsibility for the day-to-day operations of the member organization's business, including overseeing the receipt and delivery of securities and funds, safeguarding customer and member organization assets, calculation and collection of margin from customers and processing dividend receivables and payables and reorganization redemptions and those books and records related to such activities.

Each member organization that self-clears, or that clears for other member organizations, shall be required to designate separate persons to function as Principal Financial Officer and Principal Operations Officer. Such persons may also carry out the other responsibilities of a Financial and Operations Principal and an Introducing Broker-Dealer Financial and Operations Principal as specified in paragraph (a)(4)(A) of this Rule. If such member organization is limited in size and resources, it may, request a waiver of the requirement to designate separate persons to function as Principal Financial Officer and Principal Operations Officer.

Each member organization that is an introducing member may designate the same person to function as Financial and Operations Principal (or Introducing

Broker-Dealer Financial and Operations Principal), Principal Financial Officer and Principal Operations Officer.

Each person designated as a Principal Financial Officer or Principal Operations Officer shall be required to register as a Financial and Operations Principal or an Introducing Broker-Dealer Financial and Operations Principal pursuant to paragraph (a)(4)(A) of this Rule.

(C) Qualifications

Each person seeking to register as a Financial and Operations Principal shall, prior to or concurrent with such registration, pass the Financial and Operations Principal qualification examination. Each person seeking to register as an Introducing Broker-Dealer Financial and Operations Principal shall, prior to or concurrent with such registration, pass the Financial and Operations Principal qualification examination or the Introducing Broker-Dealer Financial and Operations Principal qualification examination.

5. Securities Trader Principal

(A) Requirement

Each principal as defined in paragraph (a)(1) of this Rule who is responsible for supervising the securities trading activities specified in paragraph (b)(3) of this Rule shall be required to register with the Exchange as a Securities Trader Principal.

(B) Qualifications

Each person seeking to register as a Securities Trader Principal shall, prior to or concurrent with such registration, become registered pursuant to paragraph (b)(3) of this Rule as a Securities Trader and pass the General Securities Principal qualification examination.

6. General Securities Sales Supervisor

(A) Requirement

Each principal as defined in paragraph (a)(1) of this Rule may register with the Exchange as a General Securities Sales Supervisor if his or her supervisory responsibilities in the investment banking or securities business of a member organization are limited to the securities sales activities of the member organization, including the approval of customer accounts, training of sales and sales supervisory personnel and the maintenance of records of original entry or ledger accounts of the member organization required to be maintained in branch offices by Exchange Act record-keeping rules.

A person registered solely as a General Securities Sales Supervisor shall not be qualified to perform any of the following activities:

(i) supervision of the origination and structuring of underwritings;

(ii) supervision of market making commitments;

(iii) supervision of the custody of broker-dealer or customer funds or securities for purposes of SEA Rule 15c3-3; or

(iv) supervision of overall compliance with financial responsibility rules for broker-dealers promulgated pursuant to the provisions of the Exchange Act.

(B) Qualifications

Each person seeking to register as a General Securities Sales Supervisor shall, prior to or concurrent with such registration become registered pursuant to paragraph (b)(2) of this Rule as a General Securities Representative and pass the General Securities Sales Supervisor qualification examinations.

(b) Definition of Representative and Representative Registration Categories

1. Representative

A “representative” is any person associated with a member organization including assistant officers other than principals, who is engaged in the member organization's investment banking or securities business, such as supervision, solicitation, conduct of business in securities or the training of persons associated with a member organization for any of these functions.

2. General Securities Representative

(A) Requirement

Each representative as defined in paragraph (b)(1) of this Rule shall be required to register with the Exchange as a General Securities Representative, subject to the following exception: (i) if a representative's activities include the functions of a Securities Trader, as specified in paragraph (b)(3) of this Rule, then such person shall appropriately register in that category.

(B) Qualifications

Subject to the lapse of registration provisions in Rule 1210, Commentary .07, each person registered with the Exchange as a General Securities Representative on October 1, 2018 and each person who was registered with the

Exchange as a General Securities Representative within two years prior to October 1, 2018 shall be qualified to register as a General Securities Representative without passing any additional qualification examinations. All other individuals registering as General Securities Representatives after October 1, 2018 shall, prior to or concurrent with such registration, pass the SIE and the General Securities Representative qualification examination.

3. Securities Trader

(A) Requirement

Each representative as defined in paragraph (b)(1) of this Rule shall be required to register with the Exchange as a Securities Trader if, with respect to transactions in equity, preferred or convertible debt securities, or options such person is engaged in proprietary trading, the execution of transactions on an agency basis, or the direct supervision of such activities other than a person associated with a member organization whose trading activities are conducted primarily on behalf of an investment company that is registered with the SEC pursuant to the Investment Company Act and that controls, is controlled by, or is under common control with a member organization.

In addition, each person associated with a member organization who is: (i) primarily responsible for the design, development or significant modification of an algorithmic trading strategy relating to equity, preferred or convertible debt securities; or (ii) responsible for the day-to-day supervision or direction of such activities shall be required to register with the Exchange as a Securities Trader.

For purposes of paragraph (b)(3) of this Rule, an “algorithmic trading strategy” is an automated system that generates or routes orders (or order-related messages) but shall not include an automated system that solely routes orders received in their entirety to a market center.

(B) Qualifications

Subject to the lapse of registration provisions in Rule 1210, Commentary .07, each person registered with the Exchange as a Securities Trader on October 1, 2018 and each person who was registered with the Exchange as a Securities Trader within two years prior to October 1, 2018 shall be qualified to register as a Securities Trader without passing any additional qualification examinations. All other individuals registering as Securities Traders after October 1, 2018 shall, prior to or concurrent with such registration, pass the SIE and the Securities Trader qualification examination.

Commentary

.01 Foreign Registrations. Persons who are in good standing as a representative with the Financial Conduct Authority in the United Kingdom or with a Canadian stock exchange or securities regulator shall be exempt from the requirement to pass the SIE. Subject to the lapse of registration provisions in Rule 2.1210, Commentary .07, each person who is registered with the Exchange as a United Kingdom Securities Representative or a Canada Securities Representative on October 1, 2018 and each person who was registered with the Exchange in such categories within two years prior to October 1, 2018 shall be eligible to maintain such registrations with the Exchange. However, if persons registered in such categories subsequently terminate such registration(s) with the Exchange and the registration remains terminated for two or more years, they shall not be eligible to re-register in such categories.

.02 Additional Qualification Requirements for Persons Engaged in Security Futures Activities. Each person who is registered with the Exchange as a General Securities Representative, United Kingdom Securities Representative, Canada Securities Representative, or General Securities Sales Supervisor shall be eligible to engage in security futures activities as a representative or principal, as applicable, provided that such individual completes a Firm Element program as set forth in Rule 345A(b) that addresses security futures products before such person engages in security futures activities.

.03 Scope of General Securities Sales Supervisor Registration Category. The General Securities Sales Supervisor category is an alternate category of registration designed to lessen the qualification burdens on principals of general securities firms who supervise sales. Without this category of limited registration, such principals would be required to separately qualify pursuant to the rules of FINRA, the MSRB, the NYSE and the options exchanges. While persons may continue to separately qualify with all relevant self-regulatory organizations, the General Securities Sales Supervisor examinations permit qualification as a supervisor of sales of all securities through one registration category. Persons registered as General Securities Sales Supervisors may also qualify in any other category of principal registration. Persons who are already qualified in one or more categories of principal registration may supervise sales activities of all securities by also qualifying as General Securities Sales Supervisors.

Any person required to be registered as a principal who supervises sales activities in corporate, municipal and option securities, investment company products, variable contracts, and security futures (subject to the requirements of Commentary .02 of this Rule) may be registered solely as a General Securities Sales Supervisor. In addition to branch office managers, other persons such as regional and national sales managers may also be registered solely as General Securities Sales Supervisors as long as they supervise only sales activities.

1230. Associated Persons Exempt from Registration

Persons associated with a member organization whose functions are solely and exclusively clerical or ministerial are not required to be registered with the Exchange.

Commentary

.01 Registration Requirements for Associated Persons Who Accept Customer Orders. The function of accepting customer orders is not considered a clerical or ministerial function. Each person associated with a member organization who accepts customer orders under any circumstances shall be registered in an appropriate registration category pursuant to Rule 1220. An associated person shall not be considered to be accepting a customer order where occasionally, when an appropriately registered person is unavailable, such person transcribes order details submitted by a customer and the registered person contacts the customer to confirm the order details before entering the order.
