

Additions underlined
Deletions [bracketed]

Rules of NYSE National, Inc.

RULE 1 DEFINITIONS

Rule 1.1. Definitions

As used in Exchange rules, unless the context requires otherwise, the terms below will mean the following:

[Securities Trader]

(ac) **Reserved.** [The term "Securities Trader" means any Person engaged in the purchase or sale of securities or other similar instruments for the account of an ETP Holder with which such Person is associated, as an employee or otherwise, and who does not transact any business with the public.]

[Securities Trader Principal]

(ad) **Reserved.** [The term "Securities Trader Principal" means a Person who has become qualified and registered as a Securities Trader and passes the General Securities Principal qualification examination. Each Principal with responsibility over securities trading activities on the Exchange shall become qualified and registered as a Securities Trader Principal.]

RULE 2 TRADING PERMITS

Rule 2.2. Obligations of ETP Holders and the Exchange

(a) In addition to all other obligations imposed by the Exchange in its By-Laws or the Exchange Rules, all ETP Holders, as a condition of effecting approved securities transactions on the Exchange's trading facilities, shall agree to be regulated by the Exchange and shall recognize that the Exchange is obligated to undertake to enforce

compliance with the provisions of the Exchange Rules, its By-Laws, its interpretations and policies and with the provisions of the Exchange Act and regulations thereunder, and that, subject to orders and rules of the Commission, the Exchange is required to discipline ETP Holders and Persons Associated with ETP Holders for violations of the provisions of the Exchange Rules, its By-Laws, its interpretations and policies and the Exchange Act and regulations thereunder, by expulsion, suspension, limitation of activities, functions, and operations, fines, censure, being suspended or barred from being associated with an ETP Holder, or any other fitting sanction.

(b) Each ETP Holder shall require that each Person Associated with an ETP Holder as defined in Rule 1.1 agree:

- (1) to supply the Exchange with such information with respect to such Person's business relationship and dealings with the ETP Holder as may be specified by the Exchange;
- (2) to permit examination of such Person's books and records by the Exchange to verify the accuracy of any information so supplied; and
- (3) to be regulated by the Exchange and to recognize that the Exchange is obligated to enforce compliance with the provisions of the Exchange Rules, the By-Laws, the interpretations and policies of the Exchange and the provisions of the Exchange Act and the regulations thereunder.

(c) (1) An ETP Holder shall register with the Exchange as a Principal any Person who meets the definition of a "Principal" as described in Rule 1.1. A "Principal" includes any individual responsible for supervising the activities of the ETP Holder's Authorized Traders, and any individual designated as a Chief Compliance Officer on Schedule A of the ETP Holder's Form BD. Each of these Principals must be registered as such through the FINRA Central Registration Depository System ("CRD"), and must pass the General Securities Principal (Series 24) Examination. With the exception of Commentary .04, below, a Principal must pass the Series 7 examination and the Securities Industry Essentials examination [or an equivalent foreign examination module] as a prerequisite to taking the Series 24 examination.

- (2) Each ETP Holder, other than a sole proprietorship [or a proprietary trading firm, which is an entity that only trades using the firm's capital and does not trade on behalf of customers and has 25 or fewer Authorized Traders ("Limited Size Proprietary Firm"),] is required to register at least two Principals with the Exchange; provided, however, that a proprietary trading firm with 25 or fewer Authorized Traders shall only be required to register one Principal with the Exchange. A Person registered solely as a Principal-Financial and Operations ("FINOP") as defined in Rule 1.1 does not count toward the two-Principal requirement and shall not be qualified to function in a Principal capacity with responsibility over any area of business activity not described in Rule 1.1. [A Limited Size Proprietary Firm is required to register at least one Principal with the

Exchange.] The Exchange may waive the provisions of this subparagraph in situations that indicate conclusively that only one Person associated with an applicant for membership should be required to register as a Principal.

(3) For purposes of this Rule 2.2, a “proprietary trading firm” shall mean an ETP Holder meeting the following characteristics: it trades its own capital, does not have customers, excluding broker-dealers, and is not a FINRA member. To qualify for this definition, the funds used by a proprietary trading firm must be exclusively firm funds, all trading must be in the firm’s accounts, and traders must be owners of, employees of, or contractors to the firm.

(d) Each ETP Holder shall designate and register with the Exchange, through the CRD System, a FINOP as defined in Rule 1.1, who shall successfully complete the Financial and Operations Principal (Series 27) qualification examination. The registered FINOP shall be responsible for performing the duties described in Exchange Rule 1.1. The FINOP of an ETP Holder may be an employee of the ETP Holder or an independent contractor.

(e) Continuing Education Requirements. This Rule prescribes requirements regarding the continuing education of certain Registered Persons subsequent to their initial qualification and registration with the Exchange. For purposes of this Rule 2.2(e), the term "Registered Person" shall mean any Person registered with the Exchange as a General Securities Representative, Securities Trader, Principal, FINOP, Person Associated with an ETP Holder, Authorized Trader or Market Maker Authorized Trader, any Person who is permissively registered or any Person designated as eligible for a waiver pursuant to Exchange Rules. The requirements shall consist of a Regulatory Element and a Firm Element as set forth below.

(1) Regulatory Element.

(A) Requirements. No ETP Holder 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 requirements of this Rule 2.2(e). Each Registered Person shall complete the Regulatory Element 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 120 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 shall be determined by the Exchange and shall be appropriate to the status of the Person subject to this Rule. The content of the Regulatory Element for a person designated as eligible for a waiver pursuant to Exchange Rule 2.1210, 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.

(B) Failure to Complete. Unless otherwise determined by the Exchange, any Registered Person who has not completed the Regulatory Element within the prescribed timeframes will have their registrations 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 ETP Holder with which such person is associated has a policy prohibiting such trail or residual commissions. A registration that is inactive for a period of two years will be administratively terminated. A Person whose registration is so terminated may reactivate the registration only by reapplying for registration and meeting the qualification requirements of the applicable provisions of these Rules. 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 2.1210, Commentary .08, fails to complete the Regulatory Element within the prescribed time frames, the person shall no longer be eligible for such a waiver.

(C) Disciplinary Actions. Unless otherwise determined by the Exchange, a Registered Person, other than a person designated as eligible for a waiver pursuant to Exchange Rule 2.1210, Commentary .08, will be required to retake the Regulatory Element and satisfy all of its requirements in the event such Person:

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

(ii) is 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 governmental securities regulatory agency, securities industry self-regulatory organization, or as imposed by any such regulatory or self-regulatory organization in connection with a disciplinary proceeding; or

(iii) is ordered as a sanction in a disciplinary action to retake the Regulatory Element by any governmental securities regulatory agency or by any self-regulatory organization.

The retaking of the Regulatory Element shall commence with participation within 120 days of the Registered Person becoming subject to the statutory disqualification, in the case of (i) above, or the disciplinary action becoming final, in the case of (ii) and (iii) above.

The date of the disciplinary action shall be treated as such Person's new base date with the Exchange.

- (D) Reassociation in a Registered Capacity. Any Registered Person who has terminated association with an ETP Holder and who has, within two years of the date of termination, become reassociated in a registered capacity with an ETP Holder shall participate in the Regulatory Element at such intervals that may apply (second anniversary and every three years thereafter) based on the initial registration anniversary date rather than based on the date of reassociation in a registered capacity.
- (E) Each ETP Holder shall designate and identify to the Exchange (by name and e-mail address) an individual or individuals responsible for receiving e-mail notifications provided via CRD regarding when a [r]Registered [p]Person is approaching the end of his or her Regulatory Element time frame and when a [r]Registered [p]Person is deemed inactive due to failure to complete the requirements of the Regulatory Element program. Each ETP Holder shall identify, review, and, if necessary, update the information regarding the Regulatory Element contact person(s) with CRD.

(2) Firm Element

- (A) Persons Subject to the Firm Element. The requirements of this Rule 2.2(e)(2) shall apply to any Person registered with an ETP Holder who has direct contact with customers in the conduct of the ETP Holder's securities sales, trading and investment banking activities and to the immediate supervisors of such Persons (collectively, "Covered Registered Persons"). "Customer" shall mean any natural person and any organization, other than another broker or dealer, executing securities transactions with or through or receiving investment banking services from an ETP Holder.

(B) Standards for the Firm Element

- (i) Each ETP Holder must maintain a continuing and current education program for its [c]Covered Registered Persons to enhance their securities knowledge, skill, and professionalism. At a minimum, each ETP Holder shall at least annually evaluate and prioritize its training needs and develop a written training plan. The plan must take into consideration the ETP Holder'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 an ETP Holder's analysis establishes the need for supervisory training for Persons with supervisory responsibilities, such training must be included in the ETP Holder's training plan.

(ii) Minimum Standards for Training Programs. Programs used to implement an ETP Holder's training plan must be appropriate for the business of the ETP Holder 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 ETP Holder: general investment features and associated risk factors; suitability and sales practice considerations; and applicable regulatory requirements.

(iii) Administration of Continuing Education Program. An ETP Holder must administer its continuing education programs 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.

(C) Participation in the Firm Element. Covered Registered Persons included in an ETP Holder's plan must take all appropriate and reasonable steps to participate in continuing education programs as required by the ETP Holder.

(D) Specific Training Requirements. The Exchange may require an ETP Holder, individually or as part of a larger group, to provide specific training to its Covered Registered Persons in such areas as 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.

Commentary:

.01 The Exchange requires the General Securities Representative Examination (“Series 7”) and the Securities Industry Essentials examination [or an equivalent foreign examination module approved by the Exchange] in qualifying Persons seeking registration as general securities representatives.

.02 The Exchange will accept the New York Stock Exchange (“NYSE”) [Chief Compliance [Officer] Official Examination (“NYSE Series 14”) as an alternative qualification to the Series 24 to register as a Principal an individual identified as the Chief Compliance Officer on ETP Holder’s Form BD.

.03 Each Person Associated with an ETP Holder meeting the definition of a Securities Trader under Rule [1.1] 2.1220(b)(3) must pass the Securities Trader Qualification examination (“Series 57”) and the Securities Industry Essentials examination and register as such in CRD. A Person registered as a Securities Trader shall not function in any other registration category unless he/she is also qualified in such other registration category.

.04 Person Associated with an ETP Holder who meets the definition of a Securities Trader Principal as defined in Rule [1.1] 2.1220(a)(5) and who has supervisory

responsibility for Securities Trading activity as described in [NASD Rule 1032(f)(1), which is incorporated by reference herein,] Rule 2.1220(b)(3) must become qualified and registered as a Securities Trader Principal. To qualify as a Securities Trader Principal, such Person must first qualify and register as a Securities Trader as provided in Commentary .03, above. A Person who is qualified and registered as a Securities Trader Principal may only have supervisory responsibilities for the trading activity described in [NASD Rule 1032(f)(1)] Rule 2.1220(b)(3), unless such Person is separately qualified and registered in another appropriate principal registration category. A Person who is registered as a General Securities Principal shall not be qualified to supervise the trading activities described in [NASD Rule 1032(f)(1)] Rule 2.1220(b)(3), unless such Person has also become qualified and registered as a Securities Trader under [NASD Rule 1032(f)] Rule 2.1220(b)(3) by passing the Securities Trader qualification examination and registered as a Securities Trader Principal.

.05 The Exchange requires the Uniform Application for Securities Industry Registration or Transfer (“Form U4”) and the Uniform Termination Notice for Securities Industry Registration (“Form U5”) submitted through CRD as part of its procedure for registration of ETP Holder personnel. The Form U4 shall be amended by the ETP Holder no later than 30 days after an event that would require an amendment to Form U4.

.06 Reserved. [The Exchange may, in exceptional cases and where good cause is shown, waive a proficiency examination and accept other standards as evidence of an applicant’s qualifications for registration. Advanced age or physical infirmity 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.]

.07 The Exchange may pass through the reasonable costs associated with such examinations and qualifications to ETP Holders.

.08 Fingerprint Information. Upon filing an electronic Form U4 on behalf of a person applying for registration, an ETP Holder shall promptly submit fingerprint information for that person. The Exchange may make a registration effective pending receipt of the fingerprint information. If an ETP Holder 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 ETP Holder 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 2.1210 Registration Requirements

Each person engaged in the investment banking or securities business of an ETP Holder 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 2.1220, unless exempt from registration pursuant to Rule 2.1230. 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. An ETP Holder may make application for or maintain the registration as a representative or principal of any associated person of an ETP Holder and any individual engaged in the securities business of a foreign securities affiliate or subsidiary of the ETP Holder. 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, ETP Holders 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, an ETP Holder 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 2.1210, such person shall pass the Securities Industry Essentials ("SIE") and an appropriate representative qualification examination as specified in Rule 2.1220(b). Before the registration of a person as a principal can become effective under Rule 2.1210, such person shall pass an appropriate principal qualification examination as specified in Rule 2.1220(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 2.1220(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 2.1220 and satisfy all other applicable prerequisite registration requirements. Pursuant to the Rule 10.9600 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 an ETP Holder for individuals associated with the ETP Holder 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 2.1220, Commentary .02, an ETP Holder may designate any person currently registered, or who becomes registered, with the ETP Holder 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 2.1220(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 2.1220, Commentary .02, an ETP Holder may designate any person currently registered, or who becomes registered, with the ETP Holder 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 2.1220. 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 2.1220.

.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 11.3.1. 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 11.3.1. 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 2.1220. 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 2.1210, Commentary .01, shall satisfy the Regulatory Element of continuing education as specified in Rule 2.2(e)(1). If a person registered with an ETP Holder has a continuing education deficiency with respect to that registration as provided under Rule 2.2(e)(1), such person shall not be permitted to be registered in another registration category under Rule 2.1220 with that ETP Holder or to be registered in any registration category under Rule 2.1220 with another ETP Holder, 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 2.1220(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 2.1220(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 2.1220(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 2.1220(a) or Rule 2.1220(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 an ETP Holder. Upon request by an ETP Holder, 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 an ETP Holder 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 ETP Holder 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 an ETP Holder since the individual's last Form U5 filing;

(e) The individual has complied with the Regulatory Element of continuing education as specified in Rule 2.2(e)(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 an ETP Holder" is a legal entity that controls, is controlled by or is under common control with an ETP Holder 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 an ETP Holder 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 ETP Holder upon his or her return to active employment with the ETP Holder. Such person shall remain eligible to receive transaction-related compensation, including continuing commissions. The employing ETP Holder also may allow such person to enter into an arrangement with another Registered Person of the ETP Holder 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 Rule 2.2(e) 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 ETP Holder 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 ETP Holder 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 an ETP Holder and only while the person remains on active military duty. Further, the ETP Holder 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 ETP Holder.

(b) Inactive Status of Sole Proprietorships

An ETP Holder 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 ETP Holder remains on active military duty.

An ETP Holder 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 an ETP Holder 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 an ETP Holder 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 an ETP Holder, the Exchange shall defer the lapse of registration provisions in Rule 2.1210, 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 an ETP Holder, 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 an ETP Holder 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 an ETP Holder 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 2.1210, 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 an ETP Holder, the Exchange shall defer the lapse of registration requirements set forth in Rule 2.1210, 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 an ETP Holder, 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 an ETP Holder 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 an ETP Holder 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.

Rule 2.1220. Registration Categories

(a) Definition of Principal and Principal Registration Categories

1. Principal

A “principal” is any Person Associated with an ETP Holder actively engaged in the management of the ETP Holder's securities business, including supervision, solicitation, conduct of the ETP Holder's business, or the training of Authorized Traders and Persons Associated with an ETP Holder 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 ETP Holder’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 ETP Holder’s securities business and management-level responsibilities for supervising any aspect of such business, such as serving as a voting member of the ETP Holder’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 2.1210, 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 an ETP Holder are limited to corporate securities activities of the ETP Holder.

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 2.1210, 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 2.1210, 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 an ETP Holder that is engaged in limited investment banking or securities business may be registered in a principal category under Rule 2.1220(a) that corresponds to the limited scope of the ETP Holder's business.

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

(A) Requirement

Each ETP Holder 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 ETP Holder subject to the requirements of SEA Rule 15c3-1, other than an ETP Holder 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 ETP Holder's books and records from which such reports are derived;

(v) supervision and performance of the ETP Holder'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 ETP Holder's back office operations; and

(vii) any other matter involving the financial and operational management of the ETP Holder.

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

Each ETP Holder 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 ETP Holder's business, including overseeing the receipt and delivery of securities and funds, safeguarding customer and ETP Holder 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 ETP Holder that self-clears, or that clears for other ETP Holders, 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 ETP Holder 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 ETP Holder 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 an ETP Holder are limited to the securities sales activities of the ETP Holder, 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 ETP Holder 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 an ETP Holder, including assistant officers other than principals, who is engaged in the ETP Holder’s investment banking or securities business, such as supervision, solicitation, conduct of business in securities or the training of persons associated with an ETP Holder 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 2.1210, 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 an ETP Holder 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 an ETP Holder.

In addition, each person associated with an ETP Holder 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 2.1210, 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 2.2(e)(2) 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.

Rule 2.1230. Associated Persons Exempt from Registration

Persons associated with an ETP Holder 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 an ETP Holder who accepts customer orders under any circumstances shall be registered in an appropriate registration category pursuant to Rule 2.1220. 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.