

## EXHIBIT 5

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## MIAX PEARL, LLC

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## CHAPTER I. DEFINITIONS

## Rule 100. Definitions

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**Associated Person or Person Associated with a Member**

The term “**associated person**” or “**person associated with a Member**” means any partner, officer, director, or branch manager of a Member (or any person occupying a similar status or performing similar functions), any person directly or indirectly controlling, controlled by, or under common control with a Member, or any employee of a Member, except that any person associated with a Member whose functions are solely clerical or ministerial shall not be included in the meaning of such term for purposes of these Rules.

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**[Options Principal**

The term “**Options Principal**” means a person engaged in the management and supervision of the Member’s business pertaining to option contracts that has responsibility for the overall oversight of the Member’s options related activities on the Exchange.]

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**Person**

The term “**person**” shall refer to a natural person, corporation, partnership (general or limited), limited liability company, association, joint stock company, trust, trustee of a trust fund, or any organized group of persons whether incorporated or not and a government or agency or political subdivision thereof.

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**Proprietary Trading**

The term “**proprietary trading**” for purposes of Rule 3100 means trading done by a Member having the following characteristics: (i) the Member is not required by Section 15(b)(8) of the Act to become a FINRA member but is a Member of another registered securities exchange not registered solely under Section 6(g) of the Act; (ii) all funds used or proposed to be used by the

Member are the trading Member's own capital, traded through the Member's own accounts; (iii) the Member does not, and will not, have customers; and (iv) all persons registered on behalf of the Member acting or to be acting in the capacity of a trader must be owners of, employees of, or contractors to the Member.

### **Proprietary Trading Firm**

The term “**proprietary trading firm**” for purposes of Rule 3100 means a Member organization or applicant with the following characteristics: (i) the applicant is not required by Section 15(b)(8) of the Act to become a FINRA Member but is a Member of another registered securities exchange not registered solely under Section 6(g) of the Act; (ii) all funds used or proposed to be used by the applicant for trading are the applicant's own capital, traded through the applicant's own accounts; (iii) the applicant does not, and will not have customers; and (iv) all principals and representatives of the applicant acting or to be acting in the capacity of a trader must be owners of, employees of, or contractors to the applicant.

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### **Quote or Quotation**

The term “**quote**” or “**quotation**” means a bid or offer entered by a Market Maker as a firm order that updates the Market Maker’s previous bid or offer, if any. When the term order is used in these Rules and a bid or offer is entered by the Market Maker in the option series to which such Market Maker is registered, such order shall, as applicable, constitute a quote or quotation for purposes of these Rules.

### **Registered Options Principal**

The term “**Registered Options Principal**” has the meaning set forth in Rule 3101(b)(7).

### **Responsible Person**

The term “**Responsible Person**” shall mean an individual designated by an organization that is the holder of a Trading Permit to represent the organization with respect to that Trading Permit in all matters relating to the Exchange. The Responsible Person must be a United States-based officer, director or management-level employee of the Trading Permit holder, who is responsible for the direct supervision and control of associated persons of that Trading Permit holder.

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## **Rule 203. Reserved [Qualification and Registration of Members and Associated Persons**

### **(a) Registration of Members and Associated Persons Engaged in the Securities Business.**

Members that are individuals and associated persons of Members engaged or to be engaged in the securities business of a Member shall be registered with the Exchange in the category of registration appropriate to the function to be performed in a form and manner prescribed by the Exchange. Before the registration can become effective, the individual Member or individual associated person shall submit the appropriate application for registration, pass the Securities Industry Essentials Examination (“SIE”), pass a qualification examination appropriate to the category of registration in a form and manner prescribed by the Exchange and submit any required

registration and examination fees. A Member shall not maintain a registration with the Exchange for any person: (1) who is no longer active in the Member's securities business; (2) who is no longer functioning in the registered capacity; or (3) where the sole purpose is to avoid an examination requirement. A Member shall not make application for the registration of any person where there is no intent to employ that person in the Member's securities business. A Member may, however, maintain or make application for the registration of an individual who performs legal, compliance, internal audit, back-office operations, or similar responsibilities for the Member, or a person who performs administrative support functions for registered personnel, or a person engaged in the securities business of a foreign securities affiliate or subsidiary of the Member.

**(b) Persons Exempt from Registration.** The following individual Members and individual associated persons of Members are exempt from the registration requirements set forth in paragraph (a):

(1) individual associated persons whose functions are solely and exclusively clerical or ministerial;

(2) individual Members and individual associated persons who are not actively engaged in the securities business;

(3) individual associated persons whose functions are related solely and exclusively to the Member's need for nominal corporate officers or for capital participation; or

(4) Individual associated persons whose functions are related solely and exclusively to:

(i) transactions in commodities;

(ii) transactions in security futures; and/or

(iii) effecting transactions on the floor of another national securities exchange and who are registered as floor members with such exchange.

**(c) Securities Trader Principal.**

(1) Members that are individuals and associated persons of Members included within the definition of Options Principal in Rule 100 and who will have supervisory responsibility over the securities trading activities described in Rule 203(d) shall become qualified and registered as a Securities Trader Principal. To qualify for registration as a Securities Trader Principal, such person shall become qualified and registered as a Securities Trader under Rule 1302(e) and pass the SIE and the General Securities Principal qualification examination (Series 24). A person who is qualified and registered as a Securities Trader Principal under this subparagraph (1) may only have supervisory responsibility over the activities specified in Rule 203(d), unless such person is separately qualified and registered in another appropriate principal registration category, such as the General Securities Principal registration category.

(2) A person who is registered as a General Securities Principal shall not be qualified to supervise the trading activities described in Rule 203(d), unless such person has also become qualified and registered as a Securities Trader under Rule 1302(e) and become registered as a Securities Trader Principal.

**(d) Securities Trader.**

(1) Members that are individuals and associated persons of Members must register with the Exchange as a Securities Trader if, with respect to transactions in equity, preferred or convertible debt securities, or foreign currency options on the Exchange, such person is engaged in proprietary trading, the execution of transactions on an agency basis, or the direct supervision of such activities, other than any person associated with a Member whose trading activities are conducted principally on behalf of an investment company that is registered with the Commission pursuant to the Investment Company Act of 1940 and that controls, is controlled by or is under common control, with the Member.

(2) Before registration as a Securities Trader as defined in subparagraph (1) hereof may become effective, an applicant must become qualified as a Securities Trader under Rule 1302(e).

(3) A person registered as a Securities Trader shall not be qualified to function in any other registration category, unless he or she is also qualified and registered in such other registration category.

**(e) Financial/Operations Principal.** Each Member subject to Exchange Act Rule 15c3-1 shall designate a Financial/Operations Principal. The duties of a Financial/Operations Principal shall include taking appropriate actions to assure that the Member complies with applicable financial and operational requirements under the Rules and the Exchange Act, including but not limited to those requirements relating to the submission of financial reports and the maintenance of books and records. Each Financial/Operations Principal is required to have successfully completed the Financial and Operations Principal Examination (Series 27). Each Financial/Operations Principal designated by a Member shall be registered in that capacity with the Exchange in a form and manner prescribed by the Exchange. A Financial/Operations Principal of a Member may be a full-time employee, a part-time employee or independent contractor of the Member.

**(f) Chief Compliance Officer.** Each Member and Member organization that is a registered broker-dealer shall designate a Chief Compliance Officer on Schedule A of Form BD. An individual designated as a Chief Compliance Officer is required to register with the Exchange and pass the appropriate heightened qualification examination(s) as prescribed by the Exchange. A person who has been designated as a Chief Compliance Officer on Schedule A of Form BD for at least two years immediately prior to January 1, 2002, and who has not been subject within the last ten years to

- (1) any statutory disqualification as defined in Section 3(a)(39) of the Exchange Act;
- (2) a suspension;

(3) the imposition of a fine of \$5,000 or more for a violation of any provision of any securities law or regulation or any agreement with, rule or standard of conduct of any securities governmental agency, or securities self-regulatory organization; or

(4) the imposition of a fine of \$5,000 or more by any such regulatory or self-regulatory organization in connection with a disciplinary proceeding;

shall be required to register in this heightened category of registration as prescribed by the Exchange, but shall be exempt from the requirement to pass the heightened qualification examination as prescribed by the Exchange.

**(g) Registration Required Under Chapter XIII.** Individual associated persons of a Member Organization that conducts a public customer business must also comply with the registration requirements set forth in Chapter XIII. These additional registration categories include: (1) Registered Options Principal; and (2) Registered Representative.

**(h) Requirement for Examination on Lapse of Registration.** Any person whose registration has been revoked by the Exchange as a disciplinary sanction or whose most recent registration has been terminated for two or more years immediately preceding the date of receipt by the Exchange of a new application shall be required to pass a qualification examination appropriate to the category of registration as prescribed by the Exchange.

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.

### **Interpretations and Policies:**

.01 Each individual required to be registered under this Rule shall electronically file a Uniform Application for Securities Industry Registration ("Form U-4") through the Central Registration Depository system operated by FINRA ("Web CRD").

.02 Each individual required to be registered under this Rule shall, electronically submit to Web CRD any required amendments to Form U-4.

.03 Any Member or Member organization that discharges or terminates the employment or retention of an individual required to be registered under this Rule shall comply with the termination filing requirements set forth in Rules 1303(a) and 1303(b).

.04 Each individual required to be registered under this Rule is required to satisfy the continuing education requirements set forth in Rule 1304 as applicable and any other continuing education requirements as prescribed by the Exchange.

.05 The Exchange may, in exceptional cases and where good cause is shown, waive the applicable qualification 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 securities business may constitute sufficient grounds to waive a qualification examination.

.06 For purposes of paragraph (a)(1) above, the Exchange shall consider an individual Member or an individual associated person to be engaged in the securities business of a Member or Member organization if:

(a) the individual Member or individual associated person engages in one or more of the following activities in the capacity of a Member or on behalf of the associated Member or Member organization:

- (1) proprietary trading;
- (2) market-making;
- (3) effecting transactions on behalf of a broker-dealer;
- (4) supervision or monitoring of proprietary trading, market making, or brokerage activities;
- (5) supervision or training of those engaged in proprietary trading, market making or brokerage activities with respect to those activities; or

(b) the individual Member or individual associated Member engages in the management of one or more of the activities enumerated in subparagraphs (1) through (5) above as an officer, partner or a director.

.07 Each Member and Member organization must register with the Exchange in a heightened capacity each individual acting in any of the following capacities:

- (a) officer;
- (b) partner;
- (c) director;
- (d) supervisor of proprietary trading, market making or brokerage activities; and/or
- (e) supervisor of those engaged in proprietary trading, market making or brokerage activities with respect to those activities.

Each Member or Member organization must register with the Exchange at least two individuals acting in one or more of the capacities described in (a) through (e) above. The Exchange may waive this requirement if a Member or Member organization demonstrates conclusively that only one individual acting in one or more of the heightened capacities described in (a) through (e) above

should be required to register. A Member or Member organization that conducts proprietary trading only and has 25 or fewer registered persons may be required to have one officer or partner who is registered in this capacity.

.08 For purposes of these Interpretation and Policies to Rule 203, a Member or Member organization shall be considered to conduct only proprietary trading if the Member or Member organization has the following characteristics:

(a) The Member or Member organization is not required by Section 15(b)(8) of the Exchange Act to become a FINRA member but is a member of another registered securities exchange not registered solely under Section 6(g) of the Exchange Act;

(b) All funds used or proposed to be used by the Member or Member organization are the Member's or Member organization's own capital, traded through the Member's or Member organization's own accounts;

(c) The Member or Member organization does not, and will not, have customers; and

(d) All persons registered on behalf of the Member or Member organization acting in the capacity of a trader must be owners of, employees of, or contractors of the Member or Member organization.

.09 **Summary of Qualification Requirements.** The following summarizes the qualification requirements for each of the required registration categories described in these Rules:

Category of Registration	Qualification Beginning October 1, 2018
General Securities Principal (GP)	Registration and qualification as a General Securities Representative and pass the General Securities Principal qualification examination (Series 24)
Compliance Official (CO)	Pass the Compliance Official Exam (Series 14)
Financial/Operations Principal (FN)	Pass the Financial and Operations Principal qualification examination (Series 27)
Securities Trader Principal (TP)	Registration and qualification as a Securities Trader and pass the General Securities Principal qualification examination (Series 24)
Registered Options Principal (OP)	Registration and qualification as a General Securities Representative and pass the Registered Options Principal qualification examination (Series 4)
General Securities Sales Supervisor (SU)	Registration and qualification as a General Securities Representative and pass the General Securities Sales Supervisor qualification examinations (Series 9 and Series 10)
General Securities Representative (GS)	Pass the SIE and the General Securities Representative qualification examination (Series 7)

Category of Registration	Qualification Beginning October 1, 2018
Securities Trader (TD)	Pass the SIE and the Securities Trader qualification examination (Series 57)
Securities Trader Compliance Officer (CT)	Registration and qualification as a Securities Trader and pass the Compliance Official qualification exam (Series 14)]

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### **Rule 601. Obligations of Market Maker Authorized Traders**

(a) No Change.

(b) **Registration of Market Maker Authorized Traders.** The Exchange may, upon receiving an application in writing from a Market Maker on a form prescribed by the Exchange, register a person as an MMAT.

(1) MMATs may be officers, partners, employees or other associated persons of Members that are registered with the Exchange as Market Makers.

(2) To be eligible for registration as an MMAT, a person must successfully complete proficiency examinations and continuing education requirements applicable to individual Members and individual associated persons of Members, as set forth in Interpretation and Policy [.04] .07 to Rule [203]3100, and any other training and/or certification programs as may be required by the Exchange.

(3) The Exchange may require a Market Maker to provide any and all additional information the Exchange deems necessary to establish whether registration should be granted.

(4) The Exchange may grant a person conditional registration as an MMAT subject to any conditions it considers appropriate in the interests of maintaining a fair and orderly market.

(5) A Market Maker must ensure that an MMAT is properly qualified to perform market making activities, including but not limited to ensuring the MMAT has met the requirements set forth in paragraph (b)(2) of this Rule.

(c) No change.

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### **Rule 1000. Disciplinary Jurisdiction**

(a) – (b) No change.



(c) Any Member or person associated with a Member shall continue to be subject to the disciplinary jurisdiction of the Exchange following such Member's termination or the person's termination of association with a Member with respect to matters that occurred prior to such termination; provided that written notice of the commencement of an inquiry into such matters is given by the Exchange to such former Member or former associated person within one (1) year of receipt by the Exchange, or such other exchange or association recognized for purposes of Rule [1302] 3100, Interpretation and Policy .12, of the latest written notice of the termination of such person's status as a Member or person associated with a Member. The foregoing notice requirement does not apply to a person who at any time after a termination again subjects himself to the disciplinary jurisdiction of the Exchange by becoming a Member or a person associated with a Member.

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#### **Rule 1014. Imposition of Fines for Minor Rule Violations**

(a) - (c) No change.

(d) (1) - (12) No change.

(13) **Failure to Timely File Amendments to Form U4, Form U5, and Form BD (Rule[s] [1301, 1302, and 1303] 3104).** Any Member and/or Member Organization that is required to file Form U4, Form U5, or Form BD pursuant to the Rules, or the Securities and Exchange Act of 1934, and the rules promulgated thereunder, is required to amend the applicable Form U4, Form U5, or Form BD to keep such forms current at all times. Members and/or Member Organizations shall amend Form U4, Form U5, or Form BD no later than thirty (30) days after the filer knew of or should have known of the need for the amendment.

<b>Number of Cumulative Violations Within Any Twelve Month Rolling Period</b>	<b>Sanction</b>
1 <sup>st</sup> Offense	\$500
2 <sup>nd</sup> Offense	\$1,000
3 <sup>rd</sup> Offense	\$2,000
Subsequent Offense	Formal Disciplinary Action

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#### **CHAPTERS XIX. to XXX Reserved.**

#### **CHAPTER XXXI. REGISTRATION, QUALIFICATION AND CONTINUING EDUCATION**

#### **Rule 3100. Registration Requirements**

Each person engaged in the securities business of a Member 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 3101, unless exempt from registration pursuant to Rule

3102. 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.

### **Interpretations and Policies:**

.01 **Minimum Number of Registered Principals.** Each Member, except a Member with only one associated person, shall have at least two officers or partners who are registered as General Securities Principals pursuant to Rule 3101(b)(1), provided that a Member that is limited in the scope of its activities may instead have two officers or partners who are registered in a principal category under Rule 3101(b) that corresponds to the scope of the Member's activities; and provided further that a proprietary trading firm with 25 or fewer registered representatives shall only be required to have one officer or partner who is registered as a principal. The requirement that a Member have a minimum of two principals shall apply to persons seeking admission as Members and existing Members.

The Exchange may waive the requirement that a Member have a minimum of two principals in situations that indicate conclusively that only one person associated with an applicant for membership or existing Member should be required to register as a principal.

.02 **Permissive Registrations.** A Member may make application for or maintain the registration as a representative or principal, pursuant to Rule 3101, of any associated person of the Member and any individual engaged in the securities business of a foreign securities affiliate or subsidiary of the Member. 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, Members 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 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.

.03 **Qualification Examinations and Waivers of Examinations.** Before the registration of a person as a representative can become effective under Rule 3100, such person shall pass the Securities Industry Essentials ("SIE") and an appropriate representative qualification examination as specified in Rule 3101(c). Before the registration of a person as a principal can become effective under Rule 3100, such person shall pass an appropriate principal qualification examination as specified in Rule 3101(b).

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 3101(c). 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 3101 and satisfy all other applicable prerequisite registration requirements.

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 securities business may constitute sufficient grounds to waive a qualification examination. The Exchange shall only consider waiver requests submitted by a Member for individuals associated with the Member 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 with the Exchange as representatives or principals.

**.04 Requirements for Registered Persons Functioning as Principals for a Limited Period.**

Subject to the requirements of Rule 3101, Interpretation and Policy .03, a Member may designate any person currently registered, or who becomes registered, with the Member 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 3101(b), 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 as specified under Rule 3101(b). 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 3101, Interpretation and Policy .03, a Member may designate any person currently registered, or who becomes registered, with the Member 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 3101. 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 3101.

**.05 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 Exchange rules requiring observance of high standards of commercial honor or just and equitable principles of trade. 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. The Exchange considers all of the 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 Exchange rules requiring observance of high standards of commercial honor or just and equitable principles of trade. 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.

.06 **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 3101.

.07 **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 3100, Interpretation and Policy .02, shall satisfy the Regulatory Element of continuing education as specified in Rule 3103(a). If a person registered with a Member has a continuing education deficiency with respect to that registration as provided under Rule 3103(a), such person shall not be permitted to be registered in another registration category with the Exchange under Rule 3101 with that Member or to be registered in any registration category with the Exchange under Rule 3101 with another Member, until the person has satisfied the deficiency.

.08 **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 3101(c). 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 3101(c).

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 3101(b). Any person whose registration has been revoked pursuant to Rule 1011 shall be required to pass a principal or representative qualification examination appropriate to his or her category of registration as specified in Rule 3101(b) or Rule 3101(c), respectively, to be eligible for registration with the Exchange. For purposes of Interpretation and Policy .08 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.

**.09 Waiver of Examinations for Individuals Working for a Financial Services Industry Affiliate of a Member.** Upon request by a Member, 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 if the following conditions are met: (i) prior to the individual's initial designation, the individual was registered as a representative or principal for a total of five years within the most recent 10-year period, including for the most recent year with the Member that initially designated the individual; (ii) the waiver request is made within seven years of the individual's initial designation; (iii) the initial designation and any subsequent designation(s) were made concurrently with the filing of the individual's related Form U5; (iv) the individual continuously worked for the financial services industry affiliate(s) of a Member since the individual's last Form U5 filing; (v) the individual has complied with the Regulatory Element of continuing education as specified in Rule 3103(a); and (vi) 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 Interpretation and Policy .09 of this Rule, a "financial services industry affiliate of a Member" is a legal entity that controls, is controlled by or is under common control with a Member and is regulated by the SEC, Commodity Futures Trading Commission, state securities authorities, federal or state banking authorities, state insurance authorities, or substantially equivalent foreign regulatory authorities.

**.10 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 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 upon his or her return to active employment with the Member. Such person shall remain eligible to receive transaction-related compensation, including continuing commissions. The employing Member also may allow such person to enter into an arrangement with another registered person of the Member 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 included within the scope of fees, if any, charged by the Exchange with respect to registered persons. In addition, 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 3103 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 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 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 and only while the person remains on active military duty. Further, the Member 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.

**(b) Inactive Status of Sole Proprietorships.** A Member 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 remains on active military duty. A sole proprietor Member 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 securities business. The relief described in this paragraph (b) shall be provided only to a sole proprietor Member 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 securities business.

**(c) Status of Formerly Registered Persons.** If a person who was formerly registered with a Member 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, the Exchange shall defer the lapse of registration requirements set forth in Rule 3100, Interpretation and Policy .08 (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, 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 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 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 3100, Interpretation and Policy .08, 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, the Exchange shall defer the lapse of registration requirements set forth in Rule 3100, Interpretation and Policy .08 (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, 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 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 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 3100, Interpretation and Policy .08.

.11 **Impermissible Registrations.** Members shall not register or maintain the registration of any person unless consistent with the requirements of Rule 3100.

#### .12 **Application for Registration and Jurisdiction**

(a) **Application for Registration.** (1) Application by any person for registration with the Exchange, properly signed by the applicant, shall be made to the Exchange on Form U4 via the CRD system, and shall contain: (i) an agreement to comply with the federal securities laws, the rules and regulations thereunder, the Exchange Rules, and all rulings, orders, directions, and decisions issued and sanctions imposed under the Exchange Rules; and (ii) such other reasonable information with respect to the applicant as the Exchange may require. (2) The Exchange shall not approve an application for registration of any person who is not eligible to be an associated person of an Exchange Member under Exchange Rules. (3) Every application for registration filed with the Exchange shall be kept current at all times by supplementary amendments to Form U4 via the CRD system. Such amendments to the application shall be filed with the Exchange not later than 30 days after the applicant learns of the facts or circumstances giving rise to the amendment. If such amendment involves a statutory disqualification, such amendment shall be filed not later than ten days after such disqualification occurs.

(b) **Notification by Member to the Exchange and Associated Person of Termination; Amendment to Notification.** (1) Following the termination of the association with an Exchange Member of a person who is registered with it, such Exchange Member shall, not later than 30 days after such termination, give notice of the termination of such association to the Exchange via the CRD system using Form U5, and concurrently shall provide to the person whose association has been terminated a copy of said notice as filed with the Exchange. An Exchange Member that does not submit such notification and provide a copy to the person whose association has been terminated, within the time period prescribed, shall be assessed any late filing fee that is specified by Exchange Rules. Termination of registration of such person associated with an Exchange

Member shall not take effect so long as any complaint or action under the Exchange Rules is pending against an Exchange Member and to which complaint or action such person associated with an Exchange Member is also a respondent, or so long as any complaint or action is pending against such person individually under the Exchange Rules. The Exchange, however, may in its discretion declare the termination effective at any time. (2) The Exchange Member shall notify the Exchange, via the CRD system, by means of an amendment to the notice filed pursuant to paragraph (1) in the event that the Exchange Member learns of facts or circumstances causing any information set forth in said notice to become inaccurate or incomplete. Such amendment shall be filed with the Exchange via the CRD system, and a copy provided to the person whose association with the Exchange Member has been terminated not later than 30 days after the Exchange Member learns of the facts or circumstances giving rise to the amendment.

(c) No Exchange Member shall permit any person associated with the Exchange Member to engage in the securities business unless the Exchange Member determines that such person satisfies the qualification requirements established by the Exchange Board and is not subject to statutory disqualification.

### **Rule 3101. Registration Categories**

#### **(a) Definitions.**

##### **Actively Engaged in the Management of the Member's Securities Business**

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

##### **Financial and Operations Principal**

The term “Financial and Operations Principal” shall mean a person associated with a Member whose duties include (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's books and records from which such reports are derived; (v) supervision and/or performance of the Member's responsibilities under all financial responsibility rules promulgated pursuant to the provisions of the Act; (vi) overall supervision of and responsibility for the individuals who are involved in the administration and maintenance of the Member's back office operations; and (vii) any other matter involving the financial and operational management of the Member.

##### **Principal**

The term “principal” means any person associated with a Member, including, but not limited to, sole proprietor, officer, partner, manager of office of supervisory jurisdiction, director or other person occupying a similar status or performing similar functions, who is actively engaged in the



management of the Member's securities business, such as supervision, solicitation, conduct of business in securities or the training of persons associated with a Member for any of these functions. Such persons shall include, among other persons, a Member's chief executive officer and chief financial officer (or equivalent officers). The term "principal" also includes any other person associated with a Member who is performing functions or carrying out responsibilities that are required to be performed or carried out by a principal under Exchange rules.

### **Representative**

The term "representative" means any person associated with a Member, including assistant officers other than principals, who is engaged in the Member's securities business, such as supervision, solicitation, conduct of business in securities or the training of persons associated with a Member for any of these functions.

### **(b) Principal Registration Categories.**

#### **(1) General Securities Principal.**

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

(A) if a principal's activities are limited to the functions of a Compliance Official, a Financial and Operations Principal, a Securities Trader Principal, a Securities Trader Compliance Officer, or a Registered Options Principal as specified in paragraph (b) of this Rule, then such person shall appropriately register in one or more of those categories;

(B) Reserved.

(C) if a principal's activities are limited solely to the functions of a General Securities Sales Supervisor as specified in paragraph (b)(9) of this Rule, then such person may appropriately register in that category in lieu of registering as a General Securities Principal, provided, however, that if such person is engaged in options sales activities, such person shall be required to register with the Exchange as a Registered Options Principal as specified in paragraph (b)(7) of this Rule or as a General Securities Sales Supervisor as specified in paragraph (b)(9) of this Rule; and

(D) Reserved.

(ii) Qualifications. All individuals registering as General Securities Principals after October 1, 2018 shall, prior to or concurrent with such registration, become registered pursuant to paragraph (b)(1) of this Rule as a General Securities Representative and pass the General Securities Principal qualification exam.

#### **(2) Compliance Official.**

(i) **Requirements.** Subject to the exception in paragraph (b)(2)(iii) 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 General Securities Principal, provided that such person may instead register as a Compliance Official if his or her duties do not include supervision of trading.

(ii) **Qualifications.** All individuals registering as Compliance Official shall, prior to or concurrent with such registration, pass the Compliance Official qualification examination.

(iii) **Exception. Principals.** An individual designated as a Chief Compliance Officer on Schedule A of Form BD of a Member that is engaged in limited securities business may be registered in a principal category under Rule 3101(b) that corresponds to the limited scope of the Member's business.

(iv) **Exception. Securities Trader Compliance Officer.** An individual designated as a Chief Compliance Officer on Schedule A of Form BD may register and qualify as a Securities Trader Compliance Officer 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 whose trading activities are conducted principally 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. All individuals registering as Securities Trader Compliance Officers shall become registered pursuant to paragraph (c)(3) of this Rule as a Securities Trader and pass the Compliance Official qualification exam.

### (3) **Financial and Operations Principal.**

(i) **Requirements.** Every Member of the Exchange that is operating pursuant to the provisions of SEC Rule 15c3-1(a)(1)(ii), (a)(2)(i) or (a)(8), shall designate at least one Financial and Operations Principal who shall be responsible for performing the duties described in paragraph (a) of this Rule. Each person associated with a Member who performs such duties shall be required to register as a Financial and Operations Principal with the Exchange. The requirements of paragraph (b)(3)(i) of this Rule shall not apply to a Member that is exempt from the requirement to designate a Financial and Operations Principal.

(ii) **Qualifications.** All individuals registering as a Financial and Operations Principal shall pass the Financial and Operations Principal qualification examination before such registration may become effective.

(iii) A person registered solely as a Financial and Operations Principal shall not be qualified to function in a principal capacity with responsibility over any area of business activity not described in paragraph (a) of this Rule for a Financial and Operations Principal.

### (4) **Investment Banking Principal.** Reserved.

### (5) **Research Principal.** Reserved.

**(6) Securities Trader Principal.**

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

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

**(7) Registered Options Principal.**

**(i) Requirements.** Each Member that is engaged in transactions in options with the public shall have at least one Registered Options Principal. In addition, each principal as defined in paragraph (a) of this Rule who is responsible for supervising a Member's options sales practices with the public shall be required to register with the Exchange as a Registered Options Principal, subject to the following exception. If a principal's options activities are limited solely to those activities that may be supervised by a General Securities Sales Supervisor, then such person may register as a General Securities Sales Supervisor pursuant to paragraph (b)(9) of this Rule in lieu of registering as a Registered Options Principal.

**(ii) Qualifications.** Subject to the lapse of registration provisions in Rule 3100, Interpretation and Policy .08, each person registered as a Registered Options Principal on October 1, 2018 and each person who was registered as a Registered Options Principal within two years prior to October 1, 2018 shall be qualified to register as a Registered Options Principal without passing any additional qualification examinations. All other individuals registering as Registered Options Principals after October 1, 2018 shall, prior to or concurrent with such registration, become registered pursuant to paragraph (c)(1) of this Rule as a General Securities Representative and pass the Registered Options Principal qualification examination.

**(8) Government Securities Principal. Reserved.****(9) General Securities Sales Supervisor.**

**(i) Principals Engaged in Limited Activities.** Each principal as defined in paragraph (a) of this Rule may register with the Exchange as a General Securities Sales Supervisor if his or her supervisory responsibilities in the securities business of a Member are limited to the securities sales activities of the Member, 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 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 market making commitments; (ii) supervision of the custody of broker-dealer or customer funds or securities for purposes of Exchange Act Rule 15c3-3; or (iii) supervision of overall compliance with financial responsibility rules for broker-dealers promulgated pursuant to the provisions of the Exchange Act.

(ii) **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 (c)(1) of this Rule as a General Securities Representative and pass the General Securities Sales Supervisor qualification examinations.

(10) **Investment Company and Variable Contracts Products Principal.** Reserved.

(11) **Direct Participation Programs Principal.** Reserved.

(12) **Private Securities Offerings Principal.** Reserved.

(13) **Supervisory Analyst.** Reserved.

**(c) Representative Registration Categories**

**(1) General Securities Representative.**

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

(ii) **Qualifications.** Subject to the lapse of registration provisions in Rule 3100, Interpretation and Policy .08, each person registered as a General Securities Representative on October 1, 2018 and each person who was registered 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.

**(2) Operations Professional.** Reserved.

**(3) Securities Trader.**

(i) **Requirements.** Each representative as defined in paragraph (a) 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 whose trading activities are conducted principally on behalf of an investment company that is registered with the Commission pursuant to the Investment Company Act of 1940 and that controls, is controlled by, or is under common control with a Member. In addition, each person associated with a Member 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 options; 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 (c)(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.

(ii) **Qualifications.** Subject to the lapse of registration provisions in Rule 3100, Interpretation and Policy .08, each person registered as a Securities Trader on October 1, 2018 and each person who was registered 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.

(4) **Investment Banking Representative.** Reserved.

(5) **Research Analyst.** Reserved.

(6) **Investment Company and Variable Products Representative.** Reserved.

(7) **Direct Participation Programs Representative.** Reserved.

(8) **Private Securities Offerings Representative.** Reserved.

### **Interpretations and Policies:**

.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.

.02 **Additional Qualification Requirements for Persons Engaged in Security Futures Activities.** Each person who is registered with the Exchange as a General Securities Representative, Registered Options Principal 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 3103 that addresses security futures products before such person engages in security futures activities.

.03 **Members With One Registered Options Principal.** A Member that has one Registered Options Principal shall promptly notify the Exchange in the event such person is terminated, resigns, becomes incapacitated or is otherwise unable to perform the duties of a Registered Options Principal. Following receipt of such notification, the Exchange shall require the Member to agree, in writing, to refrain from engaging in any options-related activities that would necessitate the prior or subsequent approval of a Registered Options Principal until such time as a new Registered Options Principal has been qualified. Members failing to qualify a new Registered Options Principal within two weeks following the loss of their sole Registered Options Principal, or by the earliest available date for administration of the Registered Options Principal examination, whichever is longer, shall be required to cease doing an options business; provided, however, they

may effect closing transactions in options to reduce or eliminate existing open options positions in their own account as well as the accounts of their customers.

**.04 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 multiple 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, direct participation program securities and security futures 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.

**.05 Scope of Operations Professional Requirement.** Reserved.

**.06 Eliminated Registration Categories.** Subject to the lapse of registration provisions in Rule 3100, Interpretation and Policy .08, each person who is registered with the Exchange in any capacity recognized by the Exchange immediately prior to 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.

**.07 Summary of Qualification Requirements.** The following sets forth the qualification requirements for each of the required registration categories described in Rule 3101:

<b><u>Category of Registration</u></b>	<b><u>Qualification Beginning October 1, 2018</u></b>
<u>General Securities Principal (GP) *</u>	<u>Registration and qualification as a General Securities Representative and pass the General Securities Principal qualification examination (Series 24)</u>
<u>Compliance Official (CO) *</u>	<u>Pass the Compliance Official Exam (Series 14)</u>
<u>Financial/Operations Principal (FN) *</u>	<u>Pass the Financial and Operations Principal qualification examination (Series 27)</u>
<u>Securities Trader Principal (TP) *</u>	<u>Registration and qualification as a Securities Trader and pass the General Securities Principal qualification examination (Series 24)</u>

<u>Category of Registration</u>	<u>Qualification Beginning October 1, 2018</u>
<u>Registered Options Principal (OP)</u> *	<u>Registration and qualification as a General Securities Representative and pass the Registered Options Principal qualification examination (Series 4)</u>
<u>General Securities Sales Supervisor (SU)</u>	<u>Registration and qualification as a General Securities Representative and pass the General Securities Sales Supervisor qualification examinations (Series 9 and Series 10)</u>
<u>General Securities Representative (GS)</u>	<u>Pass the SIE and the General Securities Representative qualification examination (Series 7)</u>
<u>Securities Trader (TD)</u>	<u>Pass the SIE and the Securities Trader qualification examination (Series 57)</u>
<u>Securities Trader Compliance Officer (CT)</u>	<u>Registration and qualification as a Securities Trader and pass the Compliance Official qualification exam (Series 14)</u>

\* A Member may designate a person registered with the Member as a representative to function as a principal for a period of 120 calendar days prior to passing an appropriate principal qualification examination subject to the conditions of Rule 3100, Interpretation and Policy .04.

### **3102. Associated Persons Exempt from Registration**

The following persons associated with a Member are not required to be registered with the Exchange:

(a) Persons associated with a Member whose functions are solely and exclusively clerical or ministerial;

(b) Persons associated with a Member whose functions are related solely and exclusively to:

(1) effecting transactions on the floor of another national securities exchange and who are appropriately registered with such exchange;

(2) transactions in municipal securities;

(3) transactions in commodities;

(4) transactions in security futures, provided that any such person is registered with FINRA or a registered futures association;

(5) transactions in variable contracts and insurance premium funding programs and other contracts issued by an insurance company;

(6) transactions in direct participation programs;

(7) Reserved;

(8) transactions in government securities; or

(9) effecting sales as part of a primary offering of securities not involving a public offering pursuant to Section 3(b), 4(2), or 4(6) of the Securities Act of 1933 and the rules and regulations thereunder; or

(c) Persons associated with a Member that are not citizens, nationals, or residents of the United States or any of its territories or possessions and that will conduct all of their securities activities in areas outside the jurisdiction of the United States and will not engage in any securities activities with or for any citizen, national or resident of the United States.

### **Interpretations and Policies:**

**.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 who accepts customer orders under any circumstances shall be registered in an appropriate registration category pursuant to Rule 3101. An associated person shall not be considered to be accepting a customer order where occasionally, when an appropriately registered person is unavailable, the associated person transcribes the order details submitted by a customer and the registered person contacts the customer to confirm the order details before entering the order.

### **Rule 3103. Continuing Education Requirements.**

This Rule prescribes requirements regarding the continuing education of specified persons subsequent to their initial registration with the Exchange. The requirements shall consist of a Regulatory Element and a Firm Element as set forth below.

#### **(a) Regulatory Element.**

**(1) Requirements.** All covered persons shall comply with the requirement to complete the Regulatory Element. Each covered 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 appropriate to either the registered representative or principal status of the person subject to the Rule. The content of the Regulatory Element for a person designated as eligible for a waiver pursuant to Rule 3100, Interpretation and Policy .09, 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 remained registered.



(2) **Failure to Complete.** Unless otherwise determined by the Exchange, any covered persons who have not completed the Regulatory Element within the prescribed time frames 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 Member 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 Rules 3100 and 3101. The Exchange may, upon application and a showing of good cause, allow for additional time for a covered person to satisfy the program requirements. If a person designated as eligible for a waiver pursuant to Rule 3100, Interpretation and Policy .09, 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 covered person other than a person designated as eligible for a waiver pursuant to Rule 3100, Interpretation and Policy .09, 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 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 as a sanction in a disciplinary action to retake the Regulatory Element by any securities governmental agency or self-regulatory organization.

The retaking of the Regulatory Element shall commence with participation within 120 days of the covered 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.

(4) **Reassociation in a Registered Capacity.** Any covered person who has terminated association with a Member and who has, within two years of the date of termination, become reassociated in a registered capacity with a Member 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.

**(5) Definition of Covered Person.** For purposes of this Rule, the term "covered person" means any person registered with the Exchange pursuant to Rule 3100, including any person who is permissively registered pursuant to Rule 3100, Interpretation and Policy .02, and any person who is designated as eligible for a waiver pursuant to Rule 3100, Interpretation and Policy .09.

**(6) Delivery of the Regulatory Element.** The continuing education Regulatory Element will be administered through Web-based delivery or such other technological manner and format as specified by the Exchange.

**(7) Regulatory Element Contact Person.** Each Member shall designate and identify (by name and e-mail address) an individual or individuals responsible for receiving e-mail notifications provided via the Central Registration Depository regarding when a covered person is approaching the end of his or her Regulatory Element time frame and when a covered person is deemed inactive due to failure to complete the requirements of the Regulatory Element program. Each Member shall identify, review, and, if necessary, update the information regarding its Regulatory Element contact person(s) in the manner prescribed by Exchange Rules.

**(b) Firm Element.**

**(1) Persons Subject to the Firm Element.** The requirements of this subparagraph shall apply to any person registered with a Member who has direct contact with customers in the conduct of the Member's securities sales and trading 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 a Member.

**(2) Standards for the Firm Element.**

**(i) Each Member must maintain a continuing and current education program for its covered registered persons to enhance their securities knowledge, skill, and professionalism. At a minimum, each Member 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 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 analysis establishes the need for supervisory training for persons with supervisory responsibilities, such training must be included in the Member's training plan.**

**(ii) Minimum Standards for Training Programs.** Programs used to implement a Member's training plan must be appropriate for the business of the Member 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: (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. A Member 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.

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

(4) Specific Training Requirements. The Exchange may require a Member, 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.

#### **Rule 3104. Electronic Filing Requirements for Uniform Forms**

(a) Filing Requirement. All forms required to be filed under the Exchange's registration rules including the Rule 3100 Series shall be filed through an electronic process or such other process as the Exchange may prescribe to the Central Registration Depository.

#### **(b) Supervisory Requirements.**

(1) In order to comply with the supervisory procedures requirements in the Exchange's rules, each Member shall identify a Registered Principal(s) or corporate officer(s) who has a position of authority over registration functions, to be responsible for supervising the electronic filing of appropriate forms pursuant to this Rule.

(2) The Registered Principal(s) or corporate officer(s) who has or have the responsibility to review and approve the forms filed pursuant to this Rule shall be required to acknowledge, electronically, that he or she is filing this information on behalf of the Member and the Member's associated persons.

#### **(c) Form U4 Filing Requirements.**

(1) Except as provided in paragraphs (c)(2) and (c)(3) below, every initial and transfer electronic Form U4 filing and any amendments to the disclosure information on Form U4 shall be based on a manually signed Form U4 provided to the Member or applicant for membership by the person on whose behalf the Form U4 is being filed. As part of the Member's recordkeeping requirements, it shall retain the person's manually signed Form U4 or amendments to the disclosure information on Form U4 in accordance with Exchange Act Rule 17a-4(e)(1) and make them available promptly upon regulatory request. An applicant for membership also shall retain in accordance with Exchange Act Rule 17a-4(e)(1) every manually signed Form U4 it receives during the application process and make them available promptly upon regulatory request.

(2) A Member may file electronically amendments to the disclosure information on Form U4 without obtaining the subject associated person's manual signature on the form, provided that the Member shall use reasonable efforts to:

(i) provide the associated person with a copy of the amended disclosure information prior to filing; and

(ii) obtain the associated person's written acknowledgment (which may be electronic) prior to filing that the information has been received and reviewed. As part of the Member's recordkeeping requirements, the Member shall retain this acknowledgment in accordance with Exchange Act Rule 17a-4(e)(1) and make it available promptly upon regulatory request.

(3) In the event a Member is not able to obtain an associated person's manual signature or written acknowledgement of amended disclosure information on Form U4 prior to filing of such information pursuant to paragraph (c)(1) or (2), the Member is obligated to file the disclosure information as to which it has knowledge in accordance with Exchange Rule 3101. The Member shall use reasonable efforts to provide the associated person with a copy of the amended disclosure information that was filed.

(4) A Member may file electronically amendments to administrative data on Form U4 without obtaining the subject associated person's signature on the form. The Member shall use reasonable efforts to provide the associated person with a copy of the amended administrative information that was filed.

(d) **Fingerprint Information.** Upon filing an electronic Form U4 on behalf of a person applying for registration, a Member shall promptly submit fingerprint information for that person. The Exchange may make a registration effective pending receipt of the fingerprint information. If a Member fails to submit the fingerprint information within 30 days after filing of an electronic Form U4, the person's registration shall be deemed inactive. In such case, 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 of the applicable provisions of Exchange Rule 3101. Upon application and a showing of good cause, the Exchange may extend the 30-day period.

(e) **Form U5 Filing Requirements.** Initial filings and amendments of Form U5 shall be submitted electronically. As part of the Member's recordkeeping requirements, it shall retain such records for a period of not less than three years, the first two years in an easily accessible place, in accordance with Exchange Act Rule 17a-4, and make such records available promptly upon regulatory request.

### **Interpretations and Policies:**

**.01 Delegation of Filing Functions.** The designated registered principal(s) or corporate officer(s) required by paragraph (b)(1) to supervise the Member's electronic filings may delegate to an

associated person (who need not be registered) the electronic filing of the Member's appropriate forms via Web CRD. The registered principal(s) or corporate officer(s) responsible for supervising the Member's electronic filings may also delegate to the associated person making the electronic filings the requirement in paragraph (b)(2) to acknowledge, electronically, that he is making the filing on behalf of the Member and the Member's associated persons. However, the registered principal(s) or corporate officer(s) may not delegate any of the supervision, review, and approval responsibilities mandated in paragraphs (b)(1) and (2) and shall take reasonable and appropriate action to ensure that all delegated electronic filing functions are properly executed and supervised.

**.02 Third Party Agreements.** A Member may enter into an agreement with a third party pursuant to which the third party agrees to file the required forms electronically on behalf of the Member and the Member's associated persons. Notwithstanding the existence of such an agreement, the Member remains responsible for complying with the requirements of this Rule.

**.03 Filing of Amendments Involving Disclosure Information.** In the event a Member is not able to obtain an associated person's manual signature or written acknowledgement of amended disclosure information on that person's Form U4 prior to filing of such amendment reflecting the information pursuant to paragraph (c)(3) (examples of reasons why a Member may not be able to obtain the manual signature or written acknowledgement may include, but are not limited to, the associated person refuses to acknowledge such information, is on active military service or otherwise is unavailable during the period provided for filing of such amendments under Exchange Rule 3101), the Member shall enter "Representative Refused to Sign/Acknowledge" or "Representative Not Available" or a substantially similar entry in the electronic Form U4 field for the associated person's signature.

**.04 Filing of Amendments Involving Administrative Information.** For purposes of paragraph (c)(4) of the Rule, administrative data includes such items as the addition of state or self-regulatory organization registrations, exam scheduling, and updates to residential, business and personal history.