



Regulatory Circular RG11-077

Date: June 28, 2011

To: Trading Permit Holders and TPH Organizations

From: Registration Services Department

Re: New WebCRD® Registration Categories and Related Qualification Exams, Exemptions and the Waiver Process

New Registration Categories and Qualification Exams:

Effective June 20, 2011, three new registration categories became available to CBOE and CBSX Trading Permit Holders on WebCRD® (“CRD”). These registration categories, including PT – Proprietary Trader (S56), CT – Proprietary Trader Compliance Officer (S56, S14) and TP – Proprietary Trader Principal (S56, S24), have been made available to Trading Permit Holders in conjunction with recent changes to CBOE Rule 3.6A and other Exchange rules regarding registration and qualification.¹

As a result of the rule changes approved in November 2010, all individual Trading Permit Holders and individual associated persons who did not actively maintain a registration in CRD and who engaged in the securities business of a CBOE or CBSX Trading Permit Holder or TPH organization, as applicable, (as defined in Rule 3.6A) were required to register in CRD in the AP – Approved Person category. Effective June 20, 2011, individual Trading Permit Holders and/or individual associated persons engaged in the securities business of a Trading Permit Holder and that do not conduct a public customer business on behalf of the Trading Permit Holder must register and qualify in the appropriate category(ies) of registration described below. Individual Trading Permit Holders and individual associated persons that register in one or more of the categories identified below are no longer required to maintain a registration as an AP – Approved Person in CRD. The new registration/qualification requirements for individual Trading Permit Holders and individual associated persons include the following:

Proprietary Trader Registration (Series 56)

An individual Trading Permit Holder and/or individual associated person that is engaged in the securities business of a Trading Permit Holder must now register as a PT – Proprietary Trader and must pass the related qualification examination, the Series 56.

The Proprietary Traders Qualification Examination content outline has been filed with the SEC. The content outline is available in the Spotlight section on the cboe.org homepage.

Proprietary Trader Compliance Officer Registration (Series 56, Series 14)

Each CBOE and CBSX Trading Permit Holder and TPH organization that is a registered broker-dealer is required to designate a Chief Compliance Officer (“CCO”) on its Form BD. In accordance with Rule 3.6A(c), a CCO of a Trading Permit Holder or TPH organization that does not conduct public customer business is required to register as a CT – Proprietary Trader Compliance Officer

¹ See Securities Exchange Act Release No. 63314 (November 12, 2010) 75 FR 70957 (November 19, 2010) (SR-CBOE-2010-084).

and must pass the Series 14 qualification examination. These individuals must also pass the Series 56 as a prerequisite to taking the Series 14.

Proprietary Trader Principal Registration (Series 56, Series 24)

Each CBOE and CBSX Trading Permit Holder and TPH organization is required to register each individual acting in any of the following capacities as a TP – Proprietary Trader Principal: (i) officer; (ii) partner; (iii) director; (iv) supervisor of proprietary trading, market-making or brokerage activities; and/or (v) supervisor of those engaged in proprietary trading, market-making or brokerage activities with respect to those activities.² Individuals required to register as a Proprietary Trader Principal must pass the Series 24 qualification examination. These individuals must also pass the Series 56 as a prerequisite to taking the Series 24.

The Approval Order issued in connection with SR-CBOE-2010-084³ established August 12, 2011 as the deadline by which an individual must register and pass any appropriate qualification examination(s). The Exchange is continuing to work with staff from the Division of Trading and Markets at the SEC and will announce any changes to this deadline via Regulatory Circular.

Request for Waiver of Qualification Exam:

Interpretation .06 to CBOE Rule 3.6A states that “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 qualification for registration.”

An individual may request a waiver from a qualification examination. Waiver requests will be reviewed on an individual basis. A waiver request must be submitted using CBOE’s on-line Exam Waiver Request form, which is available at: <https://www.cboe.org/examwaiver>. Factors that will be considered as part of a waiver request will include an individual’s current securities registrations and experience in the securities industry.

The Exchange will continue to update Trading Permit Holders and TPH organizations through Regulatory Circulars if there are any additional changes relating to the information provided in this Circular.

If you have additional questions, please feel free to contact the following individuals:

Stan Leimer, Registration Services Department	(312) 786-7299
Larry Bresnahan, Department of Member Firm Regulation	(312) 786-7713
Kerry Adler, Legal Division	(312) 786-8093

² In accordance with Interpretation .07 to Rule 3.6A, unless a waiver or exemption applies, each Trading Permit Holder or TPH organization must register at least two individuals acting in one or more of the following capacities: (i) officer; (ii) partner; (iii) director; (iv) supervisor of proprietary trading, market-making or brokerage activities; and/or (v) supervisor of those engaged in proprietary trading, market-making or brokerage activities with respect to those activities.

³ See Securities Exchange Act Release No. 63314 (November 12, 2010) 75 FR 70957 (November 19, 2010) (SR-CBOE-2010-084).