

## **CBOE Regulatory Circular RG15-180**

### **C2 Regulatory Circular RG15-053**

**Date:** December 11, 2015

**To:** Trading Permit Holders

**From:** Regulatory Services Division

**RE:** Qualification, Registration, and Continuing Education Requirements for Registered Persons

Chicago Board Options Exchange, Incorporated (CBOE) and C2 Options Exchange, Incorporated (C2) (the Exchanges) recently filed rule changes with the Securities and Exchange Commission (SEC or Commission) to establish a new registration category and qualification examination requirement for Securities Traders and Securities Trader Principals.<sup>1</sup> This Regulatory Circular provides Trading Permit Holders (TPHs) with information regarding the Securities Trader (TD) registration category and qualification examination (Series 57), Securities Trader Principal (TP) registration category, and implementation of the new registration categories. In addition, this Regulatory Circular is intended to provide TPHs with information regarding related changes to the Regulatory Element Continuing Education (CE) Program for Securities Traders.<sup>2</sup>

#### **Series 57 Qualification Examination**

The Exchanges recently filed rule changes to Interpretation and Policy .08 to CBOE Rule 3.6A (Qualification and Registration of Trading Permit Holder and Associated Persons) and Interpretation and Policy .07 to C2 Rule 3.4 (Qualification and Registration). Pursuant to these amendments, the Series 56 qualification examination will be replaced with the Series 57 qualification examination for those registration categories for which the Series 56 is currently an acceptable qualification standard. Specifically, with respect to the Proprietary Trader registration categories identified in Interpretation and Policy .08 to CBOE Rule 3.6A and Interpretation and Policy .07 to C2 Rule 3.4, the Exchange will replace the Proprietary Trader (PT) registration category with the Securities Trader (TD) registration category and eliminate the Series 56 as the qualification examination and will instead require a Series 57 Securities Trader qualification examination registration requirement in its place. The Proprietary Trader Principal and the Proprietary Trader Compliance Officer registration categories will be renamed Securities Trader Principal (TP) and Securities Trader Compliance Officer (CT) respectively.

Individual TPHs and associated persons registered as Proprietary Traders (Series 56) in WebCRD as of January 4, 2016 (the effective date of the above-mentioned rule changes) will be grandfathered in as Securities Traders without having to take any additional qualification examinations. After the effective

<sup>1</sup> See Exchange Act Release No. 76247 (October 23, 2015), 80 FR 66605 (October 29, 2015) (Notice of Filing and Immediate Effectiveness of a Proposed Rule Change Relating To Qualification and Registration of Trading Permit Holders and Associated Persons) (SR-CBOE-2015-094); Exchange Act Release No. 76408 (November 10, 2015), 80 FR 71873 (November 17, 2015) (Notice of Filing and Immediate Effectiveness of a Proposed Rule Change Relating to Qualification and Registration of Permit Holders) (SR-C2-2015-027).

<sup>2</sup> See Exchange Act Release No. 76107 (October 8, 2015), 80 FR 62139 (October 15, 2015) (Notice of Filing and Immediate Effectiveness of a Proposed Rule Change Relating to Delivery of the Regulatory Element of the Exchange's Continuing Education Program) (SR-CBOE-2015-084); Exchange Act Release No. 76466 (November 18, 2015), 80 FR 73254 (November 24, 2015) (Notice of Filing and Immediate Effectiveness of a Proposed Rule Change Relating to Delivery of the Regulatory Element of C2's Continuing Education Program) (SR-C2-2015-031); Exchange Act Release No. 76352 (November 4, 2015), 80 FR 69760 (November 10, 2015) (Notice of Filing and Immediate Effectiveness of a Proposed Rule Change To Amend the Fees Schedule) (SR-CBOE-2015-093).

date, individual TPHs and associated persons will need to pass the new Series 57 Securities Trader Examination and register as Securities Traders in WebCRD in order to be qualified as Securities Traders (TD). In addition, individual TPHs and associated persons who are registered as General Securities Representatives (Series 7) and as General Securities Principals (Series 24) in WebCRD prior to the effective date of the rule changes will be eligible to register as a Securities Trader Principal without having to take any additional examinations, provided that the individual TPH's or associated person's registration has not been revoked by the Exchange as a disciplinary sanction and no more than two years have passed between the date that the individual TPH or associated person last registered as a General Securities Representative and the date that they register as a Securities Trader Principal. After the effective dates of the changes, a Securities Trader Principal will need to pass the Securities Trader (Series 57) qualification examination and the General Securities Principal qualification examination (Series 24) or alternative acceptable qualification examination(s) as defined in Interpretation and Policy .08 to CBOE Rule 3.6A and Interpretation and Policy .07 to C2 Rule 3.4. As noted above, **the effective date of these changes will be January 4, 2016.**

### Continuing Education Requirement Changes

Starting January 4, 2016 the S501 Continuing Education Program for Proprietary Traders will be decommissioned and all individuals registered as Securities Traders, including those that are currently registered as Proprietary Traders will be required to complete the S101 Regulatory Element Continuing Education program. Also effective January 4, 2016, the S101 Regulatory Element Continuing Education Program will be available via CE Online and will incorporate S501 Continuing Education Program for Proprietary Traders. Please note that the S101 CE program will include a fourth, personalized module that will allow an individual to select one of five job functions specific to their responsibility as a registered person (Institutional Sales, Trading, Operations, Retail Sales or Investment Banking/Research). For additional information regarding changes to the Regulatory Element of the Continuing Education Program, please refer to joint [CBOE Regulatory Circular RG15-153/C2 Regulatory Circular RG15-041](#).

### .Additional Information:

Questions on this Regulatory Circular may be directed to the Regulatory Interpretation and Guidance Line (312) 786-8141 or [RegInterps@cboe.com](mailto:RegInterps@cboe.com).

Additional information regarding the Series 57 qualification examination and administrative tasks associated with the implementation of these changes may also be found at [www.finra.org/industry/Series 57](http://www.finra.org/industry/Series57) and in FINRA's Regulatory Notice 15-45 that may be found at: <http://www.finra.org/industry/notices/15-45>.

Additional information regarding the Proprietary Trader Continuing Education Program (S501) may be found at: <http://www.finra.org/industry/ce-online-proprietary-traders>.