



**BZX Regulatory Circular 13-003**  
**BYX Regulatory Circular 13-003**

Date: September 3, 2013

To: Members of BATS Exchange, Inc. and BATS Y-Exchange, Inc.

From: Membership Services

**Re: Notice of Effectiveness of Changes to Exchange Proprietary Trader Registration Requirements and Reminder of Exchange Registration Requirements for Authorized Traders, Principals, and Financial/Operations Principals ("FINOP")**

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BATS Exchange, Inc. ("BZX", or, generally, the "Exchange") and BATS Y-Exchange, Inc. ("BYX", or, generally, the "Exchange") would like to notify Exchange Members of certain immediately effective changes to Exchange registration rules and to remind Members of their obligations to register associated persons with the Exchange in WebCRD.

***Authorized Trader Registration Requirements:***

As described in Rule 2.5, the Exchange requires a Member's Authorized Traders to successfully complete either:

- (1) the General Securities Representative Examination ("Series 7"),
- (2) an equivalent foreign examination module approved by the Exchange, or,
- (3) consistent with recent rule changes, the Proprietary Traders Qualification Examination ("Series 56").<sup>1</sup>

The Exchange requires a Member to register its Authorized Traders with the Exchange using the Uniform Application for Securities Industry Registration or Transfer ("Form U4") in the Central Registration Depository ("CRD").<sup>2</sup>

The Exchange defines an Authorized Trader as "a person who may submit orders (or who supervises a routing engine that may automatically submit orders) to the Exchange's trading facilities."<sup>3</sup> The Member shall update the list of Authorized Traders as necessary and must provide the list to the Exchange upon request.<sup>4</sup> As noted above, a Member must also register its Authorized Traders in WebCRD.

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<sup>1</sup> The Exchange will only accept the Series 56 for those ATs seeking limited registration as Proprietary Traders as described in Rule 2.5, Interpretation and Policy .01(f).

<sup>2</sup> Rule 2.5, Interpretation and Policy .01(c).

<sup>3</sup> Rule 1.5(d).

<sup>4</sup> Rule 11.4(a).

***Principal Registration Requirements:***

As described in Rule 2.5, Interpretation and Policy .01(d), the Exchanges require a Member's Registered Principals to successfully complete the General Securities Principal Examination ("Series 24"). The Exchanges require a Member to register **at least** two Principals with the Exchanges (subject to limited exceptions). The Exchanges define a Principal as "any individual responsible for supervising the activities of a Member's Authorized Traders and each person designated as a Chief Compliance Officer on Schedule A of Form BD."<sup>5</sup> The Exchanges further require a Member to register their Principals with the Exchanges using the Form U4 in WebCRD.

In accordance with recently amended Rule 2.5, Interpretation and Policy .01(d), the Exchange will accept the New York Stock Exchange (NYSE) Series 14 Compliance Official Examination in lieu of the Series 24 General Securities Principal Examination to satisfy this requirement for purposes of chief compliance officer registration.

Specific to BATS Options Members, in accordance with BZX Rule 17.2(g), every Member shall have **at least** one Options Principal. BZX defines Options Principals as "persons engaged in the management and supervision of the Options Member's business pertaining to options contracts." Each Options Principal shall pass the Registered Options Principal Examination ("Series 4") or an equivalent examination.

***FINOP Registration Requirements:***

As described in Rule 2.5, Interpretation and Policy .01(e), the Exchanges require a Member to designate a FINOP. Each FINOP is required to successfully complete the Financial and Operations Principal Examination ("Series 27"). The Exchange further requires a Member to register their FINOP with the Exchanges using the "Form U4." The Exchange may waive these FINOP registration requirements upon request if a Member has satisfied the financial and operational requirements of its designated examining authority. For example, the Exchange may waive the requirement to complete the Series 27 if a Member has successfully completed the Introducing Broker-Dealer/Financial Operations Principal Examination ("Series 28") and such examination is acceptable to the Member's designated examining authority.

***For BZX / BYX Registration Processing:***

BATS would like to inform the Exchanges' Members that effective today, September 3, 2013, the Form U4 contains checkboxes labeled as "BATS-ZX" and "BATS-YX" for purposes of registering as (new positions underlined): General Securities Representative (Series 7), Proprietary Trader (Series 56), General Securities Principal (Series 24), Compliance Officer (Series 14), Proprietary Trader Principal (Series 24), or a Financial and Operations Principal (Series 27). Additionally, the Form U4 contains only the checkbox labeled as "BATS-ZX" for the Registered Options Principal (Series 4).

All applicable individuals associated with Exchange Members should appropriately register with the Exchange(s) using the Form U4 process. All Form U4 updates reflecting registrations, including the newly available registrations in CRD, must be updated by Members no later than **September 30, 2013.**

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<sup>5</sup> Rule 2.5, Interpretation and Policy .01(d).

For Members' convenience, the chart below sets forth the qualification requirements for each registration category with the Exchanges:

CATEGORY OF REGISTRATION	QUALIFICATION EXAMINATION	ALTERNATIVE ACCEPTABLE QUALIFICATIONS
General Securities Representative	Series 7	Equivalent foreign examination module (Series 17 or Series 37/38)
Proprietary Trader <sup>1</sup>	Series 56	N/A
General Securities Principal	Series 24	Compliance Official Examination (Series 14) <sup>2</sup>
Proprietary Trader Principal	Series 24	Compliance Official Examination (Series 14) <sup>2</sup>
Financial/Operations Principal	Series 27	Other examination acceptable to designated examining authority <sup>3</sup>
Options Principal <sup>4</sup>	Series 4	General Securities Principal Examination (Series 24)

Chart Note 1     Proprietary traders that have completed the Series 7 should register as General Securities Representatives.

Chart Note 2     The Exchange will only permit the Series 14 for those designated as Chief Compliance Officers on Schedule A of Form BD.

Chart Note 3     An examination acceptable to the Member's designated examining authority is only acceptable to the Exchange if the Exchange waives the requirements of paragraph (e).

Chart Note 4     Please refer to Rule 17.2(g) for a more detailed description of the requirements for registration as an Options Principal.

*Please contact Membership Services at 913.815.7002 with any inquiries regarding this Regulatory Circular.*