

Required fields are shown with yellow backgrounds and asterisks.

Page 1 of * SECURITIES AND EXCHANGE COMMISSION File No.* SR - - *
 WASHINGTON, D.C. 20549 Form 19b-4 Amendment No. (req. for Amendments *)

Filing by C2 Options Exchange, Incorporated
 Pursuant to Rule 19b-4 under the Securities Exchange Act of 1934

Initial *	Amendment *	Withdrawal	Section 19(b)(2) *	Section 19(b)(3)(A) *	Section 19(b)(3)(B) *
<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
			Rule		
Pilot	Extension of Time Period for Commission Action *	Date Expires *	<input type="checkbox"/> 19b-4(f)(1)	<input type="checkbox"/> 19b-4(f)(4)	
<input type="checkbox"/>	<input type="checkbox"/>	<input type="text"/>	<input type="checkbox"/> 19b-4(f)(2)	<input type="checkbox"/> 19b-4(f)(5)	
			<input type="checkbox"/> 19b-4(f)(3)	<input checked="" type="checkbox"/> 19b-4(f)(6)	

Notice of proposed change pursuant to the Payment, Clearing, and Settlement Act of 2010	Security-Based Swap Submission pursuant to the Securities Exchange Act of 1934
Section 806(e)(1) *	Section 806(e)(2) *
<input type="checkbox"/>	<input type="checkbox"/>
	Section 3C(b)(2) *
	<input type="checkbox"/>

Exhibit 2 Sent As Paper Document	Exhibit 3 Sent As Paper Document
<input type="checkbox"/>	<input type="checkbox"/>

Description

Provide a brief description of the action (limit 250 characters, required when Initial is checked *).

Proposal to amend C2's registration and qualification requirements

Contact Information

Provide the name, telephone number, and e-mail address of the person on the staff of the self-regulatory organization prepared to respond to questions and comments on the action.

First Name * Last Name *

Title *

E-mail *

Telephone * Fax

Signature

Pursuant to the requirements of the Securities Exchange Act of 1934,

has duly caused this filing to be signed on its behalf by the undersigned thereunto duly authorized.

(Title *)

Date

By

(Name *)

Persona Not Validated - 1396541032712,

NOTE: Clicking the button at right will digitally sign and lock this form. A digital signature is as legally binding as a physical signature, and once signed, this form cannot be changed.

SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

For complete Form 19b-4 instructions please refer to the EFFF website.

Form 19b-4 Information *

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The self-regulatory organization must provide all required information, presented in a clear and comprehensible manner, to enable the public to provide meaningful comment on the proposal and for the Commission to determine whether the proposal is consistent with the Act and applicable rules and regulations under the Act.

Exhibit 1 - Notice of Proposed Rule Change *

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The Notice section of this Form 19b-4 must comply with the guidelines for publication in the Federal Register as well as any requirements for electronic filing as published by the Commission (if applicable). The Office of the Federal Register (OFR) offers guidance on Federal Register publication requirements in the Federal Register Document Drafting Handbook, October 1998 Revision. For example, all references to the federal securities laws must include the corresponding cite to the United States Code in a footnote. All references to SEC rules must include the corresponding cite to the Code of Federal Regulations in a footnote. All references to Securities Exchange Act Releases must include the release number, release date, Federal Register cite, Federal Register date, and corresponding file number (e.g., SR-[SRO]-xx-xx). A material failure to comply with these guidelines will result in the proposed rule change being deemed not properly filed. See also Rule 0-3 under the Act (17 CFR 240.0-3)

Exhibit 1A- Notice of Proposed Rule Change, Security-Based Swap Submission, or Advance Notice by Clearing Agencies *

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The Notice section of this Form 19b-4 must comply with the guidelines for publication in the Federal Register as well as any requirements for electronic filing as published by the Commission (if applicable). The Office of the Federal Register (OFR) offers guidance on Federal Register publication requirements in the Federal Register Document Drafting Handbook, October 1998 Revision. For example, all references to the federal securities laws must include the corresponding cite to the United States Code in a footnote. All references to SEC rules must include the corresponding cite to the Code of Federal Regulations in a footnote. All references to Securities Exchange Act Releases must include the release number, release date, Federal Register cite, Federal Register date, and corresponding file number (e.g., SR-[SRO]-xx-xx). A material failure to comply with these guidelines will result in the proposed rule change, security-based swap submission, or advance notice being deemed not properly filed. See also Rule 0-3 under the Act (17 CFR 240.0-3)

Exhibit 2 - Notices, Written Comments, Transcripts, Other Communications

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Exhibit Sent As Paper Document

Copies of notices, written comments, transcripts, other communications. If such documents cannot be filed electronically in accordance with Instruction F, they shall be filed in accordance with Instruction G.

Exhibit 3 - Form, Report, or Questionnaire

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Exhibit Sent As Paper Document

Copies of any form, report, or questionnaire that the self-regulatory organization proposes to use to help implement or operate the proposed rule change, or that is referred to by the proposed rule change.

Exhibit 4 - Marked Copies

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The full text shall be marked, in any convenient manner, to indicate additions to and deletions from the immediately preceding filing. The purpose of Exhibit 4 is to permit the staff to identify immediately the changes made from the text of the rule with which it has been working.

Exhibit 5 - Proposed Rule Text

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The self-regulatory organization may choose to attach as Exhibit 5 proposed changes to rule text in place of providing it in Item I and which may otherwise be more easily readable if provided separately from Form 19b-4. Exhibit 5 shall be considered part of the proposed rule change.

Partial Amendment

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If the self-regulatory organization is amending only part of the text of a lengthy proposed rule change, it may, with the Commission's permission, file only those portions of the text of the proposed rule change in which changes are being made if the filing (i.e. partial amendment) is clearly understandable on its face. Such partial amendment shall be clearly identified and marked to show deletions and additions.

Item 1. Text of the Proposed Rule Change

(a) C2 Options Exchange, Incorporated (the “Exchange” or “C2”) proposes to amend C2’s rule regarding qualification and registration of Permit Holders and associated persons. The text of the proposed rule change is provided below and in Exhibit 5.

[(additions are underlined; deletions are [bracketed])]

* * * * *

C2 Options Exchange, Incorporated

Rules

* * * * *

Rule 3.4. Qualification and Registration

(a) *Registration of Permit Holders and Associated Persons Engaged in the Securities Business.*

(1) Permit Holders that are individuals (“PHI”) and associated persons of Permit Holders engaged or to be engaged in the securities business of a Permit Holder 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 PHI or individual associated person shall 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 Permit Holder shall not maintain a registration with the Exchange for any person (1) who is no longer active in the Permit Holder's securities business or (2) who is no longer functioning in the registered capacity; or (3) where the sole purpose is to avoid an examination requirement. A Permit Holder shall not make application for the registration of any person where there is no intent to employ that person in the Permit Holder's securities business. A Permit Holder 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 Permit Holder, 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 Permit Holder.

(2) *Persons Exempt from Registration.* The following PHIs and individual associated persons of Permit Holders are exempt from the registration requirements set forth in paragraph (1):

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

(B) PHIs and individual associated persons who are not actively engaged in the securities business; [or]

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

(D) individual associated persons that are restricted from accessing the Exchange and that do not engage in the securities business of the Permit Holder relating to activity that occurs on the Exchange; or

(E) 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.

(b) *Financial/Operations Principal.* Each Permit Holder 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 Permit Holder 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 Exam). Each Financial/Operations Principal designated by a Permit Holder shall be registered in that capacity with the Exchange in a form and manner prescribed by the Exchange. A Financial/Operations Principal of a Permit Holder may be a full-time employee, a part-time employee or independent contractor of the Permit Holder. Permit Holders for which the Exchange is the Designated Examining Authority ("DEA") must provide prompt written notice to the Exchange for each person designated as a Financial/Operations Principal reporting whether such person is a full-time employee, part-time employee, independent contractor or has any outside business affiliations.

(c) Chief Compliance Officer. Each Permit Holder 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 any statutory disqualification as defined in Section 3(a)(39) of the Act; a suspension; or 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, securities self-regulatory organization, or as

imposed by any such regulatory or self-regulatory organization in connection with a disciplinary proceeding shall be required to register in the category of registration appropriate to the function to be performed as prescribed by the Exchange, but shall be exempt from the requirement to pass the heightened qualification examination as prescribed by the Exchange.

[(c)d] *[Associated Person Statuses Under Chapter IX.* Associated person statuses under Chapter IX (along with the primary Exchange Rule concerning the status) include, among others: (i) Registered Options Principal (Rule 9.2); (ii) Registered Representative (Rule 9.3); (iii) Chief Compliance Officer (Rule 9.8).] *Registration Required Under Chapter IX.* Individual associated persons of a TPH organization that conducts a public customer business must also comply with the registration requirements set forth in Chapter IX. These additional registration categories include: (i) Registered Options Principal; and (ii) Registered Representative.

(e) *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 of 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.

. . . Interpretations and Policies:

.01 Each [person in an associated person status enumerated in paragraphs (a) through (c) of this Rule] individual required to register under this rule shall, electronically submit to the FINRA's Web Central Registration Depository ("CRD") System [(i)] a Uniform Application for Securities Industry Registration ("Form U4") and any required amendments to Form U-4.

.02 Any Permit Holder that discharges or terminates the employment or retention of an [associated person enumerated in paragraph (a) through (c) of] individual required to register under this Rule shall comply with the termination filing requirements set forth in Rule 9.3(b) and Rule 9.3(c).

.03 Each [person in an associated person status enumerated in paragraph (a) through (c) of] individual required to register under this Rule is required to satisfy the continuing education requirements set forth in Rule 9.3A and any other applicable continuing education requirements as prescribed by the Exchange.

.04 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.

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

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

(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 Permit Holder or individual associated person 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.

.06 Each Permit Holder must register with the Exchange in a heightened capacity each individual acting in any 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. Each Permit Holder must register with the Exchange at least two individuals acting in one or more of the capacities described in (i)-(v) above. The Exchange may waive this requirement if a Permit Holder demonstrates conclusively that only one individual acting in one or more of the capacities described in (i) through (v) above should be required to register. In addition, a Permit Holder that conducts proprietary trading only and has 25 or fewer registered persons shall instead be required to have a minimum of one officer or partner who is registered in this capacity.

For purposes of this Interpretation and Policy .06 to Rule 3.4, a Permit Holder shall be considered to conduct only proprietary trading if the Permit Holder has the following characteristics:

(a) The Permit Holder 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 Permit Holder are the Permit Holder's own capital, traded through the Permit Holder's own accounts;

(c) The Permit Holder does not, and will not, have customers; and

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

.07 (a) An individual Permit Holder or individual associated person who:

(1) is engaged in proprietary trading, market-making and/or effecting transactions on behalf of a broker-dealer is required to register and qualify as a Proprietary Trader (PT) in WebCRD;

(2) (i) supervises or monitors proprietary trading, market-making and/or brokerage activities for broker-dealers; (ii) supervises or trains those engaged in proprietary trading, market-making and/or effecting transactions on behalf of a broker-dealer, with respect to those activities; and/or (iii) is an officer, partner or director of a Permit Holder is required to register and qualify as a Proprietary Trader Principal (TP) in WebCRD and satisfy the prerequisite registration and qualification requirements; and

(3) is a Chief Compliance Officer (or performs similar functions) for a Permit Holder that engages in proprietary trading, market-making or effecting transactions on behalf of a broker-dealer is required to register and qualify as a Proprietary Trader Compliance Officer (CT) in WebCRD and satisfy the prerequisite registration and qualification requirements.

(b) The following sets forth the qualification requirements for each of the required registration categories described in paragraph (a) to Interpretation and Policy .07:

<u>CATEGORY OF REGISTRATION</u>	<u>QUALIFICATION EXAMINATION(S)</u>	<u>ALTERNATIVE ACCEPTABLE QUALIFICATIONS</u>
<u>Proprietary Trader (PT)</u>	<u>Series 56</u>	<u>General Securities Representative Registration (Series 7)</u>
<u>Proprietary Trader Principal (TP)</u>	<u>Series 24</u>	<u>General Securities Sales Supervisor Registration and General Securities Principal - Sales Supervisor Module Registration (Series 9/10 and Series 23)*</u>
<u>Proprietary Trader Compliance Officer (CT)</u>	<u>Series 14</u>	<u>General Securities Principal Registration (GP) or Proprietary Trader Principal (TP) (Series 24)</u>

*Because the Series 23 is not available in WebCRD, each applicant must provide documentation of a valid Series 23 license upon request for the Series 24 registration in WebCRD.

.08 An individual Permit Holder or individual associated person who is required to register pursuant to Rule 3.4 must satisfy all registration and qualification requirements in WebCRD prior to acting in such registered capacity on behalf of a Permit Holder.

* * * * *

(b) Not applicable

(c) Not applicable.

Item 2. Procedures of the Self-Regulatory Organization

(a) The Exchange's Chief Regulatory Officer pursuant to delegated authority approved the proposed rule change on November 4, 2013.

(b) Please refer questions and comments on the proposed rule change to Joanne Moffic-Silver, (312) 786-7462, or Corinne Klott, (312) 786-7793, C2 Options Exchange, Incorporated, 400 South LaSalle, Chicago, Illinois 60605.

Item 3. Self-Regulatory Organization's Statement of the Purpose of, and Statutory Basis for, the Proposed Rule Change

(a) Purpose

C2 Rule 3.4 (Qualification and Registration) sets forth the requirements for registration and qualification of individual Permit Holders and individual associated persons of Permit Holders. This rule filing proposes to amend C2 Rule 3.4 in several respects and make C2's registration and qualification requirements consistent with Chicago Board Options Exchange, Incorporated's ("CBOE") Rule 3.6A.¹

First, C2 Rule 3.4(a)(1) provides that individual Permit Holders and individual associated persons engaged or to be engaged in the securities business of a Permit Holder shall be registered with the Exchange in the category of registration appropriate to the function to be performed as prescribed by the Exchange. Additionally, C2 Rule 3.4(a)(1)

¹ See CBOE Rule 3.6A.

provides that before the registration can become effective, the Permit Holder or individual associated person must pass a qualification examination appropriate to the category of registration in a form and manner prescribed by the Exchange. The Exchange proposes to clarify within the rule text that, in addition, the Permit Holder or individual associated person must also submit any required registration and examination fees. The Exchange believes that explicitly clarifying that Permit Holders must submit required registration and examination fees prior to any registration becoming effective reduces confusion as to what obligations Permit Holders have to satisfy prior to becoming properly registered.

C2 Rule 3.4(a)(1) also provides that a Permit Holder shall not maintain a registration with the Exchange for any person who no longer is active in the Permit Holder's securities business or where the sole purpose is to avoid an examination requirement. The Exchange proposes to provide that additionally, a Permit Holder shall not maintain a registration with the Exchange for any person who is no longer functioning in the registered capacity. Individual Permit Holders and associated persons are to be registered in the category appropriate to the function to be performed and accordingly, registrations for a specified capacity should not be maintained if the registered person no longer functions in that capacity. The Exchange believes that the proposed language explicitly requires registrations to accurately reflect the capacity in which the registered person performs.

Next, C2 Rule 3.4(a)(2) sets forth the types of individuals that are exempt from registration. C2 is proposing to amend this provision to include individual associated persons that are restricted from accessing the Exchange and that do not engage in the

securities business of the Permit Holder relating to activity that occurs on the Exchange. The Exchange believes that these individuals do not need to be registered with the Exchange because these individuals do not access the Exchange directly and do not engage in the securities business of the Permit Holder relating to activity that occurs on the Exchange.

The Exchange also proposes to modify C2 Rule 3.4(a)(2) to exempt individual associated persons whose functions are related solely and exclusively to transactions in commodities and transactions in security futures, as well as those who effect transactions solely on the floor of another national securities exchange and who are registered as floor members with such exchange. The Exchange believes these registration exemptions are also appropriate because the Exchange would not consider individuals that fall into the exemptions to be actively engaged in securities business unless they are registered as floor members on another national securities exchange, in which case, they are already registered as floor members and would not be required to register at C2². The Exchange also believes incorporating these additional exemptions into the rule provides clarity to Permit Holders and associated persons as to who will or will not be required to register.

Next, the Exchange is proposing to adopt C2 Rule 3.4(c) which requires the designation of a Chief Compliance Officer by a Permit Holder, which designation shall be updated on Schedule A of Form BD. Under the rule, the Chief Compliance Officer is required to register and pass the appropriate qualification examination as prescribed by the Exchange. The proposed rule will include a limited exemption from the requirement to pass the appropriate qualification examination by a Chief Compliance Officer.

² The Exchange notes that C2 is an all-electronic exchange and does not have a trading floor.

Specifically, a person that 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 any statutory disqualification as defined in Section 3(a)(39) of the Act; a suspension; or the imposition of a \$5,000 or more fine for a violation(s) of any provision of any securities law or regulation, or an agreement with, rule or standard of conduct of any securities governmental agency, securities self-regulatory organization (“SRO”), or as imposed by any such SRO in connection with a disciplinary proceeding, shall be required to register in the category of registration appropriate to the function to be performed as prescribed by the Exchange, but shall be exempt from the requirement to pass the heightened qualification examination as prescribed by the Exchange. The Exchange believes the proposed rule change will enhance Permit Holders’ focus on compliance and supervision systems as well as ensure that all designated Chief Compliance Officers are appropriately trained and qualified. The Exchange also notes that the “grandfathering” provision (i.e., allow certain chief compliance officers as described above to register and qualify as a Chief Compliance Officer without having to take the appropriate qualification examination) is consistent with other Exchanges’ rules.³ The Exchange similarly believes that a Chief Compliance Officer who has been continuously employed by an organization since 2002 and meets the delineated stringent qualifications noted above is appropriately qualified to continue to serve as a Chief Compliance Officer without having to take the heightened qualification examination.

³ See e.g., NASD Rule 1022, CBOE Rule 3.6A, ISE Rule 313.

The Exchange next proposes to amend C2 Rule 3.4(d) which describes the applicable associated person statuses under CBOE Chapter IX. The Exchange believes the current language of C2 Rule 3.4(d) may not make it explicitly clear that individual associated persons of a TPH organization that conducts a public customer business must also comply with the registration requirements set forth in Chapter IX of CBOE's Rules. Chapter IX is generally applicable to TPH organizations that conduct public customer business. Accordingly, the Exchange proposes to amend C2 Rule 3.4(d) to clarify that individual associated persons of a TPH organization that conducts a public customer business must comply with the registration requirements set forth in Chapter IX, as well as identify the additional registration categories (i.e., Registered Options Principal and Registered Representative). The Exchange believes the proposed change will reduce confusion as to what obligations those associated persons have. The Exchange notes that the proposed new language of C2 Rule 3.4(d) is identical to CBOE Rule 3.6A(d).⁴

The Exchange also proposes to adopt C2 Rule 3.4(e) which sets forth the requirements for examinations where there is a lapse in registration. Specifically, an individual Permit Holder or individual associated person shall be required to pass the appropriate qualification examination for the category of registration if the individual Permit Holder's or individual associated person's registration has been revoked by the Exchange as a disciplinary sanction or whose most recent registration has been terminated for a period of two or more years. The Exchange believes that this proposed rule change helps meet the important goals of appropriate registration and qualification for all persons engaged in the securities business and ensures that all associated persons

⁴ See CBOE Rule 3.6A(d).

are up to date with respect to the securities industry and will continue to be properly registered, trained and qualified to perform their functions.

Next, the Exchange is proposing to modify Interpretations and Policies .01, .02, and .03 of C2 Rule 3.4 to remove existing references to those with “an associated person status” enumerated under paragraph (a) through (c) of Rule 3.4 and extend the applicability to all individual Permit Holders or individuals associated persons subject to registration requirements in Rule 3.4. The Exchange also proposes to amend Interpretation and Policy .03 to require that each individual required to register under Rule 3.4 satisfy the continuing education requirements set forth in Rule 9.3A and any other applicable continuing education requirements as prescribed by the Exchange. The Exchange believes these proposed changes also help to achieve the important goals of appropriate registration and qualification for all persons engaged in the securities business, as well as ensures that all associated persons are up to date with respect to the securities industry and will continue to be, properly registered, trained and qualified to perform their functions.

The Exchange proposes to adopt Interpretation and Policy .05 to codify in the rule what it means to be engaged in the securities business of a Permit Holder for purposes of this rule. Specifically, an individual Permit Holder or associated person will be considered to be a person engaged in the securities business of a Permit Holder if (i) the individual Permit Holder or individual associated person conducts proprietary trading, market-making, effects transactions on behalf of a broker-dealer, supervises or monitors proprietary trading, market-making, or brokerage activities on behalf the broker-dealer, supervises or conducts training of those engaged in proprietary trading, market-making,

or brokerage activities on behalf of a broker-dealer account; or (ii) the individual Permit Holder or individual associated person engages in the management of one or more of the activities identified in (i) above as an officer, partner or a director. The Exchange believes incorporating this definition into the rule provides additional clarity to Permit Holders and associated persons as to who will or will not be considered to be a person engaged in the securities business of a Permit Holder, which will thereby reduce potential confusion.

The Exchange next seeks to add Interpretation and Policy .06 which requires registration and successful completion of a heightened examination by at least two individuals that are each an officer, partner or director of each Permit Holder that is a registered broker-dealer and has trading privileges on the Exchange. However, the Exchange notes that all individuals who engage in supervisory functions of the Permit Holder's securities business shall be required to register and pass the appropriate heightened qualification examination(s) relevant to the particular category of registration. Permit Holders that are sole proprietors will be exempt from this requirement. In addition, the Exchange may waive the requirement to have two officers, partners, and/or directors registered if a Permit Holder conclusively demonstrates that only one officer, partner or director should be required to register. For example, a Permit Holder could conclusively demonstrate that only one individual is required to register if such Permit Holder is owned by only one individual (such as a single member limited liability company), and such individual acts as the only trader on behalf of the Permit Holder and the Permit Holder employs only one other individual who functions only in a clerical capacity. The Exchange believes the proposed rule change helps to ensure that associated

persons of Permit Holders are adequately and appropriately supervised, as well as ensures that those persons charged with such supervision are appropriately trained and qualified for their specific functions and responsibilities.

The Exchange is also proposing to allow Permit Holders that conduct proprietary trading only and have 25 or fewer registered persons to have only one officer or partner registered under this section, rather than two. This exception reflects that such Permit Holders do not necessitate the same level of supervisory structure as those Permit Holders that have customers or are larger in size. For purposes of Interpretation and Policy .06, a Permit Holder will be considered to conduct only proprietary trading if the Permit Holder has the following characteristics: (i) the Permit Holder 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; (ii) all funds used or proposed to be used by the Permit Holder are the Permit Holder's own capital, traded through the Permit Holder's own accounts; (iii) the Permit Holder does not, and will not, have customers; (iv) and all persons registered on behalf of the Permit Holder acting or to be acting in the capacity of a trader must be owners of, employees of, or contractors to the Permit Holder.

Next, the Exchange proposes to add Interpretation and Policy .07 which would require registration categories for Permit Holders that conduct proprietary trading, market-making and/or that effect transactions on behalf of broker dealers and specifies the acceptable qualification examinations (and related registration categories) for Permit Holders that conduct proprietary trading, market-making and/or that effect transactions on behalf of broker dealers. Specifically, as described above, C2 Rule 3.4(a) provides

that individual Permit Holders and individual associated persons engaged or to be engaged in the securities business of a Permit Holder must be registered with the Exchange in the category of registration appropriate to the function to be performed as prescribed by the Exchange. More specifically, an individual Permit Holder and/or individual associated person who is engaged in the securities business of a Permit Holder will be required to register as a Proprietary Trader (PT) in WebCRD and pass the related qualification examination, the Series 56. An individual Permit Holder or individual associated person will be required to register as a Proprietary Trader Principal (TP) in WebCRD and pass the related qualification examination, the Series 24 (and be registered as a Proprietary Trader (PT) as a prerequisite to taking the Series 24) if such individual acts in any of the following capacities on behalf of a Permit Holder: (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. Lastly, the Chief Compliance Officer (or individual performing similar functions) for a Permit Holder that engages in proprietary trading, market-making or effecting transactions on behalf of a broker-dealer will be required to register as a Proprietary Trader Compliance Officer (CT) in WebCRD and pass the related qualification examination, the Series 14 (and be registered as a Proprietary Trader (PT) as a prerequisite to taking the Series 14). The abovementioned registration categories are consistent with recent changes to CBOE Rule 3.6A and other exchange rules regarding registration and qualification.⁵ The Exchange believes these proposed rule changes are also important to ensure that all individual Permit Holders and

⁵ See Securities Exchange Act Release No. 67000 (May 16, 2012) 77 FR 30338 (May 22, 2012) (SR-CBOE-2012-039).

associated persons of Permit Holders, including those engaging in transactions on the exchange and those supervising those engaging in transactions on the Exchange, are properly registered, trained and qualified to perform their functions. Additionally, the Exchange believes that the qualification examinations help ensure all associated persons engaged in a securities business are properly qualified for their specific functions as each of the abovementioned examinations address industry topics and regulatory and procedural knowledge relevant to the corresponding categories of registration. For example, the Exchange believes the Series 24 examination is an appropriate qualification examination for Proprietary Trader Principals as it tests the individual's knowledge and understanding of supervision-related rules. Finally, the Exchange notes that individuals must register in the category(ies) of registration appropriate to the function(s) to be performed as prescribed by the Exchange. For example, if an individual is to engage in proprietary trading and is also an officer of the Permit Holder, that individual must be registered as both a Proprietary Trader (PT) and Proprietary Trader Principal (TP).

The Exchange is also proposing to include a chart in Interpretation and Policy .07(b) to Rule 3.4 to identify the required registration categories, the applicable qualification examinations as set forth above and the alternative acceptable qualifications for each of the three registration categories referenced above. Specifically, the General Securities Representative (GS) registration (Series 7) will serve as an acceptable alternative qualification to obtain the Proprietary Trader (PT) registration. The Exchange believes this is an acceptable alternative as the Series 7 is a comprehensive exam that encompasses proprietary trading. Accordingly, it would be unnecessary and redundant for someone who maintained the General Securities Representative (GS) registration to

have to also pass the Series 56 examination. The Exchange also notes that other SROs permit individuals who maintain the General Securities Representative (GS) registration (Series 7) to qualify for a Proprietary Trader (PT) registration and/or require the General Securities Representative (GS) registration (Series 7) to serve as the appropriate category of registration for proprietary traders.⁶ Providing this alternative qualification avoids the imposition of duplicative examination requirements. Similarly, the General Securities Sales Supervisor registration (Series 9/10) and the General Securities Principal – Sales Supervisor Module registration (Series 23) collectively will serve as an alternative qualification to obtain the Proprietary Trader Principal (TP) registration. The Exchange notes that the Series 23 is designed to test a candidate’s knowledge of the rules and statutory provisions applicable to the management of a broker-dealer. The Series 23 also covers material from the Series 24 examination that is not otherwise covered under the Series 9/10 examination and accordingly, the Exchange believes the Series 23 along with a General Securities Sales Supervisors registration is an alternative qualification. Moreover, the Exchange notes that other SROs permit the Series 23 as an alternative to the Series 24 for its members who are registered as General Securities Sales Supervisors and seeking to be registered and qualified as General Securities Principals.⁷ In addition, the General Securities Principal (GP) registration (Series 24) or the Proprietary Trader Principal (TP) registration will serve as an alternative qualification to obtain the

⁶ See e.g., CBOE Rule 3.6A and NASDAQ OMX PHLX Rule 613.

⁷ See e.g., CBOE Rule 3.6A. It is CBOE’s understanding that FINRA also permits the Series 23 as an alternative to the Series 24 for its members who are registered as General Securities Sales Supervisors and who are seeking to register and qualify as General Securities Principals (See <http://www.finra.org/industry/compliance/registration/qualificationexams/qualifications/p011051>).

Proprietary Trader Compliance Officer (CT) registration. The Exchange notes that the Series 24 also establishes the skill and knowledge base necessary for a compliance official. The Exchange notes that acceptance of this alternative examination is consistent with other SROs' registration requirements⁸ and that providing this alternative qualification avoids the imposition of duplicative examination requirements.

Finally, the Exchange proposes to adopt Interpretation and Policy .08 to state explicitly that any individual qualifying for a registration category pursuant to Rule 3.4 must satisfy all registration and qualification requirements prior to becoming engaged in the securities business of a Permit Holder or, as applicable, prior to acting in a capacity on behalf of a Permit Holder requiring such registration. While this requirement exists today, C2 is proposing to add this language to ensure that Permit Holders and applicable associated persons are reminded of their obligation to register and qualify all applicable associated persons prior to engaging in the securities business of the Permit Holder or, as applicable, prior to acting in a capacity on behalf of a Permit Holder requiring such registration. For example, if an existing employee who currently conducts a public customer business on behalf of the Permit Holder (and thus, maintains the General Securities Representative (GS) registration) wishes to engage in proprietary trading, that individual must be approved in WebCRD in the Proprietary Trader (PT) registration category prior to acting in the capacity of a proprietary trader on behalf of the Permit Holder.

⁸ See e.g., CBOE Rule 3.6A.

(b) Statutory Basis

The Exchange believes the proposed rule change is consistent with the Securities Exchange Act of 1934 (the “Act”) and the rules and regulations thereunder applicable to the Exchange and, in particular, the requirements of Section 6(b) of the Act.⁹ Specifically, the Exchange believes the proposed rule change is consistent with the Section 6(b)(5)¹⁰ requirements that the rules of an exchange be designed to prevent fraudulent and manipulative acts and practices, to promote just and equitable principles of trade, to foster cooperation and coordination with persons engaged in regulating, clearing, settling, processing information with respect to, and facilitating transactions in securities, to remove impediments to and perfect the mechanism of a free and open market and a national market system, and, in general, to protect investors and the public interest. Additionally, the Exchange believes the proposed rule change is consistent with the Section 6(b)(5)¹¹ requirement that the rules of an exchange not be designed to permit unfair discrimination between customers, issuers, brokers, or dealers.

First, the Exchange believes the proposed rule changes enhance C2’s registration and qualification requirements, as well as helps to ensure an effective supervisory structure for those conducting business on C2, which will provide additional protection to investors and further promote the public interest. Additionally, the Exchange believes that the proposed rule changes are designed to not permit unfair discrimination among market participants, as the proposed changes are applicable to all similarly situated Permit Holders and associated persons of Permit Holders.

⁹ 15 U.S.C. 78f(b).

¹⁰ 15 U.S.C. 78f(b)(5).

¹¹ Id.

The Exchange also believes the proposed rule change is consistent with Section 6(c) of the Act, in general, and furthers the objectives of Section 6(c)(3)¹² of the Act, which authorizes C2 to prescribe standards of training, experience and competence for persons associated C2 Permit Holders, in that the proposed rule provides for registration and qualification requirements (including alternative acceptable qualifications) for C2 Permit Holders. C2 believes the proposed changes are reasonable and set forth the appropriate qualifications for individual Permit Holders and individual associated persons who are required to register under C2 Rule 3.4, including, but not limited to, Market-Makers, proprietary traders and individuals effecting transactions on behalf of other broker-dealers. Additionally, the Exchange believes that these requirements bolster the integrity of the Exchange by helping to ensure that all individual Permit Holders and associated persons engaged in a securities business are, and will continue to be, properly trained and qualified to perform their functions and can be identified by regulators, as well as be subject to continuing education requirements. C2 also believes the proposed rule change will enhance C2's ability to ensure an effective supervisory structure for those conducting business on C2.

Item 4. Self-Regulatory Organization's Statement on Burden on Competition

C2 does not believe that the proposed rule change will impose any burden on competition that is not necessary or appropriate in furtherance of the purposes of the Act. Specifically, the Exchange does not believe the proposed rule change will pose any burden on intramarket competition because it is applied to similarly situated Permit Holders and associated persons of Permit Holders. Further, the Exchange does not

¹² 15 U.S.C. 78f(c)(3).

believe that such change will impose any burden on intermarket competition that is not necessary or appropriate in furtherance of the purposes of the Act. The Exchange believes that the proposed rule changes will promote uniformity of regulation across markets and help to make the Exchange's registration, qualification and continuing education requirements more consistent with the requirements of other SROs.

Item 5. Self-Regulatory Organization's Statement on Comments on the Proposed Rule Change Received from Members, Participants, or Others

The Exchange neither solicited nor received comments on the proposed rule change.

Item 6. Extension of Time Period for Commission Action

Not applicable.

Item 7. Basis for Summary Effectiveness Pursuant to Section 19(b)(3) or for Accelerated Effectiveness Pursuant to Section 19(b)(2) or Section 19(b)(7)(D)

(a) The proposed rule change is filed for immediate effectiveness pursuant to Section 19(b)(3)(A) of Act¹³ and Rule 19b-4(f)(6)¹⁴ thereunder.

(b) The Exchange designates that the proposed rule change effects a change that (i) does not significantly affect the protection of investors or the public interest; (ii) does not impose any significant burden on competition; and (iii) by its terms, does not become operative for 30 days after the date of the filing, or such shorter time as the Securities and Exchange Commission (the "Commission") may designate if consistent with the protection of investors and the public interest. Additionally, the Exchange has given the Commission written notice of its intent to file the proposed rule change, along

¹³ 15 U.S.C. 78s(b)(3)(A).

¹⁴ 17 CFR 240.19b-4(f)(6).

with a brief description and text of the proposed rule change, at least five business days prior to the date of filing of the proposed rule change, or such shorter time as designated by the Commission.

The Exchange notes that the proposed rule change does not present any unique or novel issues to consider, but rather is substantially identical to CBOE Rule 3.6A and is substantially similar to previously submitted rule filings made by CBOE which have either been approved by the Commission or are now operative.¹⁵ As such, the Exchange does not see the proposed language adversely affecting the protection of investors or the public interest or imposing any significant burden on competition. The Exchange further notes that all Permit Holders are already subject to SEC approved registration and qualification requirements as each C2 Permit Holder is also a member of another SRO.¹⁶ Additionally, in an interpretive guidance regarding the SRO rule filing process, the Commission stated that certain SRO proposals “may be filed as an immediately effective rule so long as it is based on and similar to another SRO’s rule” and raises no new policy issues.¹⁷ Given that the proposed rule changes render C2 Rule 3.4 to be substantially identical to CBOE Rule 3.6A, this rule filing should qualify for immediate effectiveness.

¹⁵ See e.g., Securities Exchange Act Release No. 62977 (September 22, 2010), 75 FR 59773 (September 28, 2010) (SR-CBOE-2010-084) and Securities Exchange Act Release No. 67000 (May 16, 2012) 77 FR 30338 (May 22, 2012) (SR-CBOE-2012-039).

¹⁶ C2 Rule 3.1(c)(2)(G) provides that every applicant that is not already a CBOE Trading Permit Holder must have and maintain membership in another options exchange registered under the Exchange Act and that is not registered solely under Section 6(g) of the Exchange Act.

¹⁷ See Securities Exchange Act Release No. 58092 (July 3, 2008), 73 FR 40144 (July 11, 2008).

For the foregoing reasons, this rule filing qualifies as a “non-controversial” rule change under Rule 19b-4(f)(6), which renders the proposed rule change effective upon filing with the Commission. At any time within 60 days of the filing of this proposed rule change, the Commission summarily may temporarily suspend such rule change if it appears to the Commission that such action is necessary or appropriate in the public interest, for the protection of investors, or otherwise in furtherance of the purposes of the Act. If the Commission takes such action, the Commission will institute proceedings to determine whether the proposed rule change should be approved or disapproved.

(c) Not applicable.

(d) Not applicable.

Item 8. Proposed Rule Change Based on Rules of Another Self-Regulatory Organization or of the Commission

The proposed rule changes are based off substantially identical rule changes adopted on CBOE.¹⁸ There are no material differences between CBOE Rule 3.6A and the proposed C2 Rule 3.4.

Item 9. Security-Based Swap Submissions Filed Pursuant to Section 3C of the Act

Not applicable.

Item 10. Advance Notices Filed Pursuant to Section 806(e) of the Payment, Clearing and Settlement Supervision Act

Not applicable.

Item 11. Exhibits

Exhibit 1. Completed Notice of Proposed Rule Change for publication in the Federal Register.

Exhibit 5. Proposed rule text if not included under Item 1(a).

¹⁸ See CBOE Rule 3.6A.

EXHIBIT 1

SECURITIES AND EXCHANGE COMMISSION

[Release No. 34- ; File No. SR-C2-2014-002

[Insert date]

Self-Regulatory Organizations; C2 Options Exchange, Incorporated; Notice of Filing and Immediate Effectiveness of a Proposed Rule Change Relating to Qualification and Registration Requirements of Permit Holders and Associated Persons of Permit Holders

Pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 (the “Act”),¹ and Rule 19b-4 thereunder,² notice is hereby given that on [insert date], C2 Options Exchange, Incorporated (the “Exchange” or “C2”) filed with the Securities and Exchange Commission (the “Commission”) the proposed rule change as described in Items I, II, and III below, which Items have been prepared by the Exchange. The Commission is publishing this notice to solicit comments on the proposed rule change from interested persons.

I. Self-Regulatory Organization’s Statement of the Terms of Substance of the Proposed Rule Change

The Exchange proposes to amend Rule 3.4 (Qualification and Registration). The text of the proposed rule change is available on the Exchange’s website (<http://www.c2exchange.com/Legal/>), at the Exchange’s Office of the Secretary, and at the Commission’s Public Reference Room.

II. Self-Regulatory Organization’s Statement of the Purpose of, and Statutory Basis for, the Proposed Rule Change

In its filing with the Commission, the Exchange included statements concerning the purpose of and basis for the proposed rule change and discussed any comments it received

¹ 15 U.S.C. 78s(b)(1).

² 17 CFR 240.19b-4.

on the proposed rule change. The text of these statements may be examined at the places specified in Item IV below. The Exchange has prepared summaries, set forth in sections A, B, and C below, of the most significant aspects of such statements.

A. Self-Regulatory Organization's Statement of the Purpose of, and Statutory Basis for, the Proposed Rule Change

1. Purpose

C2 Rule 3.4 (Qualification and Registration) sets forth the requirements for registration and qualification of individual Permit Holders and individual associated persons of Permit Holders. This rule filing proposes to amend C2 Rule 3.4 in several respects and make C2's registration and qualification requirements consistent with Chicago Board Options Exchange, Incorporated's ("CBOE") Rule 3.6A.³

First, C2 Rule 3.4(a)(1) provides that individual Permit Holders and individual associated persons engaged or to be engaged in the securities business of a Permit Holder shall be registered with the Exchange in the category of registration appropriate to the function to be performed as prescribed by the Exchange. Additionally, C2 Rule 3.4(a)(1) provides that before the registration can become effective, the Permit Holder or individual associated person must pass a qualification examination appropriate to the category of registration in a form and manner prescribed by the Exchange. The Exchange proposes to clarify within the rule text that, in addition, the Permit Holder or individual associated person must also submit any required registration and examination fees. The Exchange believes that explicitly clarifying that Permit Holders must submit required registration and examination fees prior to any registration becoming effective

³ See CBOE Rule 3.6A.

reduces confusion as to what obligations Permit Holders have to satisfy prior to becoming properly registered.

C2 Rule 3.4(a)(1) also provides that a Permit Holder shall not maintain a registration with the Exchange for any person who no longer is active in the Permit Holder's securities business or where the sole purpose is to avoid an examination requirement. The Exchange proposes to provide that additionally, a Permit Holder shall not maintain a registration with the Exchange for any person who is no longer functioning in the registered capacity. Individual Permit Holders and associated persons are to be registered in the category appropriate to the function to be performed and accordingly, registrations for a specified capacity should not be maintained if the registered person no longer functions in that capacity. The Exchange believes that the proposed language explicitly requires registrations to accurately reflect the capacity in which the registered person performs.

Next, C2 Rule 3.4(a)(2) sets forth the types of individuals that are exempt from registration. C2 is proposing to amend this provision to include individual associated persons that are restricted from accessing the Exchange and that do not engage in the securities business of the Permit Holder relating to activity that occurs on the Exchange. The Exchange believes that these individuals do not need to be registered with the Exchange because these individuals do not access the Exchange directly and do not engage in the securities business of the Permit Holder relating to activity that occurs on the Exchange.

The Exchange also proposes to modify C2 Rule 3.4(a)(2) to exempt individual associated persons whose functions are related solely and exclusively to transactions in

commodities and transactions in security futures, as well as those who effect transactions solely on the floor of another national securities exchange and who are registered as floor members with such exchange. The Exchange believes these registration exemptions are also appropriate because the Exchange would not consider individuals that fall into the exemptions to be actively engaged in securities business unless they are registered as floor members on another national securities exchange, in which case, they are already registered as floor members and would not be required to register at C2⁴. The Exchange also believes incorporating these additional exemptions into the rule provides clarity to Permit Holders and associated persons as to who will or will not be required to register.

Next, the Exchange is proposing to adopt C2 Rule 3.4(c) which requires the designation of a Chief Compliance Officer by a Permit Holder, which designation shall be updated on Schedule A of Form BD. Under the rule, the Chief Compliance Officer is required to register and pass the appropriate qualification examination as prescribed by the Exchange. The proposed rule will include a limited exemption from the requirement to pass the appropriate qualification examination by a Chief Compliance Officer. Specifically, a person that 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 any statutory disqualification as defined in Section 3(a)(39) of the Act; a suspension; or the imposition of a \$5,000 or more fine for a violation(s) of any provision of any securities law or regulation, or an agreement with, rule or standard of conduct of any securities governmental agency, securities self-regulatory organization (“SRO”), or as imposed by any such SRO in

⁴ The Exchange notes that C2 is an all-electronic exchange and does not have a trading floor.

connection with a disciplinary proceeding, shall be required to register in the category of registration appropriate to the function to be performed as prescribed by the Exchange, but shall be exempt from the requirement to pass the heightened qualification examination as prescribed by the Exchange. The Exchange believes the proposed rule change will enhance Permit Holders' focus on compliance and supervision systems as well as ensure that all designated Chief Compliance Officers are appropriately trained and qualified. The Exchange also notes that the "grandfathering" provision (i.e., allow certain chief compliance officers as described above to register and qualify as a Chief Compliance Officer without having to take the appropriate qualification examination) is consistent with other Exchanges' rules.⁵ The Exchange similarly believes that a Chief Compliance Officer who has been continuously employed by an organization since 2002 and meets the delineated stringent qualifications noted above is appropriately qualified to continue to serve as a Chief Compliance Officer without having to take the heightened qualification examination.

The Exchange next proposes to amend C2 Rule 3.4(d) which describes the applicable associated person statuses under CBOE Chapter IX. The Exchange believes the current language of C2 Rule 3.4(d) may not make it explicitly clear that individual associated persons of a TPH organization that conducts a public customer business must also comply with the registration requirements set forth in Chapter IX of CBOE's Rules. Chapter IX is generally applicable to TPH organizations that conduct public customer business. Accordingly, the Exchange proposes to amend C2 Rule 3.4(d) to clarify that individual associated persons of a TPH organization that conducts a public customer

⁵ See e.g., NASD Rule 1022, CBOE Rule 3.6A, ISE Rule 313.

business must comply with the registration requirements set forth in Chapter IX, as well as identify the additional registration categories (i.e., Registered Options Principal and Registered Representative). The Exchange believes the proposed change will reduce confusion as to what obligations those associated persons have. The Exchange notes that the proposed new language of C2 Rule 3.4(d) is identical to CBOE Rule 3.6A(d).⁶

The Exchange also proposes to adopt C2 Rule 3.4(e) which sets forth the requirements for examinations where there is a lapse in registration. Specifically, an individual Permit Holder or individual associated person shall be required to pass the appropriate qualification examination for the category of registration if the individual Permit Holder's or individual associated person's registration has been revoked by the Exchange as a disciplinary sanction or whose most recent registration has been terminated for a period of two or more years. The Exchange believes that this proposed rule change helps meet the important goals of appropriate registration and qualification for all persons engaged in the securities business and ensures that all associated persons are up to date with respect to the securities industry and will continue to be properly registered, trained and qualified to perform their functions.

Next, the Exchange is proposing to modify Interpretations and Policies .01, .02, and .03 of C2 Rule 3.4 to remove existing references to those with "an associated person status" enumerated under paragraph (a) through (c) of Rule 3.4 and extend the applicability to all individual Permit Holders or individuals associated persons subject to registration requirements in Rule 3.4. The Exchange also proposes to amend Interpretation and Policy .03 to require that each individual required to register under

⁶ See CBOE Rule 3.6A(d).

Rule 3.4 satisfy the continuing education requirements set forth in Rule 9.3A and any other applicable continuing education requirements as prescribed by the Exchange. The Exchange believes these proposed changes also help to achieve the important goals of appropriate registration and qualification for all persons engaged in the securities business, as well as ensures that all associated persons are up to date with respect to the securities industry and will continue to be, properly registered, trained and qualified to perform their functions.

The Exchange proposes to adopt Interpretation and Policy .05 to codify in the rule what it means to be engaged in the securities business of a Permit Holder for purposes of this rule. Specifically, an individual Permit Holder or associated person will be considered to be a person engaged in the securities business of a Permit Holder if (i) the individual Permit Holder or individual associated person conducts proprietary trading, market-making, effects transactions on behalf of a broker-dealer, supervises or monitors proprietary trading, market-making, or brokerage activities on behalf the broker-dealer, supervises or conducts training of those engaged in proprietary trading, market-making, or brokerage activities on behalf of a broker-dealer account; or (ii) the individual Permit Holder or individual associated person engages in the management of one or more of the activities identified in (i) above as an officer, partner or a director. The Exchange believes incorporating this definition into the rule provides additional clarity to Permit Holders and associated persons as to who will or will not be considered to be a person engaged in the securities business of a Permit Holder, which will thereby reduce potential confusion.

The Exchange next seeks to add Interpretation and Policy .06 which requires registration and successful completion of a heightened examination by at least two individuals that are each an officer, partner or director of each Permit Holder that is a registered broker-dealer and has trading privileges on the Exchange. However, the Exchange notes that all individuals who engage in supervisory functions of the Permit Holder's securities business shall be required to register and pass the appropriate heightened qualification examination(s) relevant to the particular category of registration. Permit Holders that are sole proprietors will be exempt from this requirement. In addition, the Exchange may waive the requirement to have two officers, partners, and/or directors registered if a Permit Holder conclusively demonstrates that only one officer, partner or director should be required to register. For example, a Permit Holder could conclusively demonstrate that only one individual is required to register if such Permit Holder is owned by only one individual (such as a single member limited liability company), and such individual acts as the only trader on behalf of the Permit Holder and the Permit Holder employs only one other individual who functions only in a clerical capacity. The Exchange believes the proposed rule change helps to ensure that associated persons of Permit Holders are adequately and appropriately supervised, as well as ensures that those persons charged with such supervision are appropriately trained and qualified for their specific functions and responsibilities.

The Exchange is also proposing to allow Permit Holders that conduct proprietary trading only and have 25 or fewer registered persons to have only one officer or partner registered under this section, rather than two. This exception reflects that such Permit Holders do not necessitate the same level of supervisory structure as those Permit

Holders that have customers or are larger in size. For purposes of Interpretation and Policy .06, a Permit Holder will be considered to conduct only proprietary trading if the Permit Holder has the following characteristics: (i) the Permit Holder 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; (ii) all funds used or proposed to be used by the Permit Holder are the Permit Holder's own capital, traded through the Permit Holder's own accounts; (iii) the Permit Holder does not, and will not, have customers; (iv) and all persons registered on behalf of the Permit Holder acting or to be acting in the capacity of a trader must be owners of, employees of, or contractors to the Permit Holder.

Next, the Exchange proposes to add Interpretation and Policy .07 which would require registration categories for Permit Holders that conduct proprietary trading, market-making and/or that effect transactions on behalf of broker dealers and specifies the acceptable qualification examinations (and related registration categories) for Permit Holders that conduct proprietary trading, market-making and/or that effect transactions on behalf of broker dealers. Specifically, as described above, C2 Rule 3.4(a) provides that individual Permit Holders and individual associated persons engaged or to be engaged in the securities business of a Permit Holder must be registered with the Exchange in the category of registration appropriate to the function to be performed as prescribed by the Exchange. More specifically, an individual Permit Holder and/or individual associated person who is engaged in the securities business of a Permit Holder will be required to register as a Proprietary Trader (PT) in WebCRD and pass the related qualification examination, the Series 56. An individual Permit Holder or individual

associated person will be required to register as a Proprietary Trader Principal (TP) in WebCRD and pass the related qualification examination, the Series 24 (and be registered as a Proprietary Trader (PT) as a prerequisite to taking the Series 24) if such individual acts in any of the following capacities on behalf of a Permit Holder: (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. Lastly, the Chief Compliance Officer (or individual performing similar functions) for a Permit Holder that engages in proprietary trading, market-making or effecting transactions on behalf of a broker-dealer will be required to register as a Proprietary Trader Compliance Officer (CT) in WebCRD and pass the related qualification examination, the Series 14 (and be registered as a Proprietary Trader (PT) as a prerequisite to taking the Series 14). The abovementioned registration categories are consistent with recent changes to CBOE Rule 3.6A and other exchange rules regarding registration and qualification.⁷ The Exchange believes these proposed rule changes are also important to ensure that all individual Permit Holders and associated persons of Permit Holders, including those engaging in transactions on the exchange and those supervising those engaging in transactions on the Exchange, are properly registered, trained and qualified to perform their functions. Additionally, the Exchange believes that the qualification examinations help ensure all associated persons engaged in a securities business are properly qualified for their specific functions as each of the abovementioned examinations address industry topics and regulatory and procedural knowledge relevant to the corresponding categories of registration. For

⁷ See Securities Exchange Act Release No. 67000 (May 16, 2012) 77 FR 30338 (May 22, 2012) (SR-CBOE-2012-039).

example, the Exchange believes the Series 24 examination is an appropriate qualification examination for Proprietary Trader Principals as it tests the individual's knowledge and understanding of supervision-related rules. Finally, the Exchange notes that individuals must register in the category(ies) of registration appropriate to the function(s) to be performed as prescribed by the Exchange. For example, if an individual is to engage in proprietary trading and is also an officer of the Permit Holder, that individual must be registered as both a Proprietary Trader (PT) and Proprietary Trader Principal (TP).

The Exchange is also proposing to include a chart in Interpretation and Policy .07(b) to Rule 3.4 to identify the required registration categories, the applicable qualification examinations as set forth above and the alternative acceptable qualifications for each of the three registration categories referenced above. Specifically, the General Securities Representative (GS) registration (Series 7) will serve as an acceptable alternative qualification to obtain the Proprietary Trader (PT) registration. The Exchange believes this is an acceptable alternative as the Series 7 is a comprehensive exam that encompasses proprietary trading. Accordingly, it would be unnecessary and redundant for someone who maintained the General Securities Representative (GS) registration to have to also pass the Series 56 examination. The Exchange also notes that other SROs permit individuals who maintain the General Securities Representative (GS) registration (Series 7) to qualify for a Proprietary Trader (PT) registration and/or require the General Securities Representative (GS) registration (Series 7) to serve as the appropriate category of registration for proprietary traders.⁸ Providing this alternative qualification avoids the imposition of duplicative examination requirements. Similarly, the General Securities

⁸ See e.g., CBOE Rule 3.6A and NASDAQ OMX PHLX Rule 613.

Sales Supervisor registration (Series 9/10) and the General Securities Principal – Sales Supervisor Module registration (Series 23) collectively will serve as an alternative qualification to obtain the Proprietary Trader Principal (TP) registration. The Exchange notes that the Series 23 is designed to test a candidate’s knowledge of the rules and statutory provisions applicable to the management of a broker-dealer. The Series 23 also covers material from the Series 24 examination that is not otherwise covered under the Series 9/10 examination and accordingly, the Exchange believes the Series 23 along with a General Securities Sales Supervisors registration is an alternative qualification. Moreover, the Exchange notes that other SROs permit the Series 23 as an alternative to the Series 24 for its members who are registered as General Securities Sales Supervisors and seeking to be registered and qualified as General Securities Principals.⁹ In addition, the General Securities Principal (GP) registration (Series 24) or the Proprietary Trader Principal (TP) registration will serve as an alternative qualification to obtain the Proprietary Trader Compliance Officer (CT) registration. The Exchange notes that the Series 24 also establishes the skill and knowledge base necessary for a compliance official. The Exchange notes that acceptance of this alternative examination is consistent with other SROs’ registration requirements¹⁰ and that providing this alternative qualification avoids the imposition of duplicative examination requirements.

⁹ See e.g., CBOE Rule 3.6A. It is CBOE’s understanding that FINRA also permits the Series 23 as an alternative to the Series 24 for its members who are registered as General Securities Sales Supervisors and who are seeking to register and qualify as General Securities Principals (See <http://www.finra.org/industry/compliance/registration/qualificationexams/qualifications/p011051>).

¹⁰ See e.g., CBOE Rule 3.6A.

Finally, the Exchange proposes to adopt Interpretation and Policy .08 to state explicitly that any individual qualifying for a registration category pursuant to Rule 3.4 must satisfy all registration and qualification requirements prior to becoming engaged in the securities business of a Permit Holder or, as applicable, prior to acting in a capacity on behalf of a Permit Holder requiring such registration. While this requirement exists today, C2 is proposing to add this language to ensure that Permit Holders and applicable associated persons are reminded of their obligation to register and qualify all applicable associated persons prior to engaging in the securities business of the Permit Holder or, as applicable, prior to acting in a capacity on behalf of a Permit Holder requiring such registration. For example, if an existing employee who currently conducts a public customer business on behalf of the Permit Holder (and thus, maintains the General Securities Representative (GS) registration) wishes to engage in proprietary trading, that individual must be approved in WebCRD in the Proprietary Trader (PT) registration category prior to acting in the capacity of a proprietary trader on behalf of the Permit Holder.

2. Statutory Basis

The Exchange believes the proposed rule change is consistent with the Securities Exchange Act of 1934 (the “Act”) and the rules and regulations thereunder applicable to the Exchange and, in particular, the requirements of Section 6(b) of the Act.¹¹ Specifically, the Exchange believes the proposed rule change is consistent with the Section 6(b)(5)¹² requirements that the rules of an exchange be designed to prevent fraudulent and manipulative acts and practices, to promote just and equitable principles

¹¹ 15 U.S.C. 78f(b).

¹² 15 U.S.C. 78f(b)(5).

of trade, to foster cooperation and coordination with persons engaged in regulating, clearing, settling, processing information with respect to, and facilitating transactions in securities, to remove impediments to and perfect the mechanism of a free and open market and a national market system, and, in general, to protect investors and the public interest. Additionally, the Exchange believes the proposed rule change is consistent with the Section 6(b)(5)¹³ requirement that the rules of an exchange not be designed to permit unfair discrimination between customers, issuers, brokers, or dealers.

First, the Exchange believes the proposed rule changes enhance C2's registration and qualification requirements, as well as helps to ensure an effective supervisory structure for those conducting business on C2, which will provide additional protection to investors and further promote the public interest. Additionally, the Exchange believes that the proposed rule changes are designed to not permit unfair discrimination among market participants, as the proposed changes are applicable to all similarly situated Permit Holders and associated persons of Permit Holders.

The Exchange also believes the proposed rule change is consistent with Section 6(c) of the Act, in general, and furthers the objectives of Section 6(c)(3)¹⁴ of the Act, which authorizes C2 to prescribe standards of training, experience and competence for persons associated C2 Permit Holders, in that the proposed rule provides for registration and qualification requirements (including alternative acceptable qualifications) for C2 Permit Holders. C2 believes the proposed changes are reasonable and set forth the appropriate qualifications for individual Permit Holders and individual associated persons who are required to register under C2 Rule 3.4, including, but not limited to, Market-

¹³ Id.

¹⁴ 15 U.S.C. 78f(c)(3).

Makers, proprietary traders and individuals effecting transactions on behalf of other broker-dealers. Additionally, the Exchange believes that these requirements bolster the integrity of the Exchange by helping to ensure that all individual Permit Holders and associated persons engaged in a securities business are, and will continue to be, properly trained and qualified to perform their functions and can be identified by regulators, as well as be subject to continuing education requirements. C2 also believes the proposed rule change will enhance C2's ability to ensure an effective supervisory structure for those conducting business on C2.

B. Self-Regulatory Organization's Statement on Burden on Competition

C2 does not believe that the proposed rule change will impose any burden on competition that is not necessary or appropriate in furtherance of the purposes of the Act. Specifically, the Exchange does not believe the proposed rule change will pose any burden on intramarket competition because it is applied to similarly situated Permit Holders and associated persons of Permit Holders. Further, the Exchange does not believe that such change will impose any burden on intermarket competition that is not necessary or appropriate in furtherance of the purposes of the Act. The Exchange believes that the proposed rule changes will promote uniformity of regulation across markets and help to make the Exchange's registration, qualification and continuing education requirements more consistent with the requirements of other SROs.

C. Self-Regulatory Organization's Statement on Comments on the Proposed Rule Change Received from Members, Participants, or Others

The Exchange neither solicited nor received comments on the proposed rule change.

III. Date of Effectiveness of the Proposed Rule Change and Timing for Commission Action

Because the foregoing proposed rule change does not:

- A. significantly affect the protection of investors or the public interest;
- B. impose any significant burden on competition; and
- C. become operative for 30 days from the date on which it was filed, or such

shorter time as the Commission may designate,

it has become effective pursuant to Section 19(b)(3)(A) of the Act¹⁵ and Rule 19b-4(f)(6)¹⁶ thereunder. At any time within 60 days of the filing of the proposed rule change, the Commission summarily may temporarily suspend such rule change if it appears to the Commission that such action is necessary or appropriate in the public interest, for the protection of investors, or otherwise in furtherance of the purposes of the Act. If the Commission takes such action, the Commission will institute proceedings to determine whether the proposed rule change should be approved or disapproved.

IV. Solicitation of Comments

Interested persons are invited to submit written data, views, and arguments concerning the foregoing, including whether the proposed rule change is consistent with the Act. Comments may be submitted by any of the following methods:

Electronic comments:

- Use the Commission's Internet comment form (<http://www.sec.gov/rules/sro.shtml>); or

¹⁵ 15 U.S.C. 78s(b)(3)(A).

¹⁶ 17 CFR 240.19b-4(f)(6).

- Send an e-mail to rule-comments@sec.gov. Please include File Number SR-C2-2014-002 on the subject line.

Paper comments:

- Send paper comments in triplicate to Secretary, Securities and Exchange Commission, 100 F Street, NE, Washington, DC 20549-1090.

All submissions should refer to File Number SR-C2-2014-002. This file number should be included on the subject line if e-mail is used. To help the Commission process and review your comments more efficiently, please use only one method. The Commission will post all comments on the Commission's Internet website (<http://www.sec.gov/rules/sro.shtml>). Copies of the submission, all subsequent amendments, all written statements with respect to the proposed rule change that are filed with the Commission, and all written communications relating to the proposed rule change between the Commission and any person, other than those that may be withheld from the public in accordance with the provisions of 5 U.S.C. 552, will be available for website viewing and printing in the Commission's Public Reference Room, 100 F Street, NE, Washington, D.C. 20549 on official business days between the hours of 10:00 a.m. and 3:00 p.m. Copies of the filing also will be available for inspection and copying at the principal office of the Exchange. All comments received will be posted without change; the Commission does not edit personal identifying information from submissions. You should submit only information that you wish to make available publicly. All submissions should refer to File Number SR-C2-2014-002 and should be submitted on or before [insert date 21 days from publication in the Federal Register].

For the Commission, by the Division of Trading and Markets, pursuant to delegated authority.¹⁷

Secretary

¹⁷ 17 CFR 200.30-3(a)(12).

EXHIBIT 5

(additions are underlined; deletions are [bracketed])

* * * * *

C2 Options Exchange, Incorporated

Rules

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Rule 3.4. Qualification and Registration

(a) *Registration of Permit Holders and Associated Persons Engaged in the Securities Business.*

(1) Permit Holders that are individuals (“PHI”) and associated persons of Permit Holders engaged or to be engaged in the securities business of a Permit Holder 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 PHI or individual associated person shall 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 Permit Holder shall not maintain a registration with the Exchange for any person (1) who is no longer active in the Permit Holder's securities business or (2) who is no longer functioning in the registered capacity; or (3) where the sole purpose is to avoid an examination requirement. A Permit Holder shall not make application for the registration of any person where there is no intent to employ that person in the Permit Holder's securities business. A Permit Holder 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 Permit Holder, 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 Permit Holder.

(2) *Persons Exempt from Registration.* The following PHIs and individual associated persons of Permit Holders are exempt from the registration requirements set forth in paragraph (1):

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

(B) PHIs and individual associated persons who are not actively engaged in the securities business; [or]

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

(D) individual associated persons that are restricted from accessing the Exchange and that do not engage in the securities business of the Permit Holder relating to activity that occurs on the Exchange; or

(E) 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.

(b) *Financial/Operations Principal.* Each Permit Holder 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 Permit Holder 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 Exam). Each Financial/Operations Principal designated by a Permit Holder shall be registered in that capacity with the Exchange in a form and manner prescribed by the Exchange. A Financial/Operations Principal of a Permit Holder may be a full-time employee, a part-time employee or independent contractor of the Permit Holder. Permit Holders for which the Exchange is the Designated Examining Authority ("DEA") must provide prompt written notice to the Exchange for each person designated as a Financial/Operations Principal reporting whether such person is a full-time employee, part-time employee, independent contractor or has any outside business affiliations.

(c) Chief Compliance Officer. Each Permit Holder 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 any statutory disqualification as defined in Section 3(a)(39) of the Act; a suspension; or 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, securities self-regulatory organization, or as imposed by any such regulatory or self-regulatory organization in connection with a disciplinary proceeding shall be required to register in the category of registration appropriate to the function to be performed as prescribed by the Exchange, but shall be exempt from the requirement to pass the heightened qualification examination as prescribed by the Exchange.

([c]d) *[Associated Person Statuses Under Chapter IX.* Associated person statuses under Chapter IX (along with the primary Exchange Rule concerning the status) include, among others: (i) Registered Options Principal (Rule 9.2); (ii) Registered Representative (Rule 9.3); (iii) Chief Compliance Officer (Rule 9.8).] Registration Required Under Chapter IX. Individual associated persons of a TPH organization that conducts a public customer business must also comply with

the registration requirements set forth in Chapter IX. These additional registration categories include: (i) Registered Options Principal; and (ii) Registered Representative.

(e) 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 of 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.

. . . Interpretations and Policies:

.01 Each [person in an associated person status enumerated in paragraphs (a) through (c) of this Rule] individual required to register under this rule shall, electronically submit to the FINRA's Web Central Registration Depository ("CRD") System [(i)] a Uniform Application for Securities Industry Registration ("Form U4") and any required amendments to Form U-4.

.02 Any Permit Holder that discharges or terminates the employment or retention of an [associated person enumerated in paragraph (a) through (c) of] individual required to register under this Rule shall comply with the termination filing requirements set forth in Rule 9.3(b) and Rule 9.3(c).

.03 Each [person in an associated person status enumerated in paragraph (a) through (c) of] individual required to register under this Rule is required to satisfy the continuing education requirements set forth in Rule 9.3A and any other applicable continuing education requirements as prescribed by the Exchange.

.04 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.

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

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

(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 Permit Holder or individual associated person 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.

.06 Each Permit Holder must register with the Exchange in a heightened capacity each individual acting in any 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. Each Permit Holder must register with the Exchange at least two individuals acting in one or more of the capacities described in (i)-(v) above. The Exchange may waive this requirement if a Permit Holder demonstrates conclusively that only one individual acting in one or more of the capacities described in (i) through (v) above should be required to register. In addition, a Permit Holder that conducts proprietary trading only and has 25 or fewer registered persons shall instead be required to have a minimum of one officer or partner who is registered in this capacity.

For purposes of this Interpretation and Policy .06 to Rule 3.4, a Permit Holder shall be considered to conduct only proprietary trading if the Permit Holder has the following characteristics:

(a) The Permit Holder 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 Permit Holder are the Permit Holder's own capital, traded through the Permit Holder's own accounts;

(c) The Permit Holder does not, and will not, have customers; and

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

.07 (a) An individual Permit Holder or individual associated person who:

(1) is engaged in proprietary trading, market-making and/or effecting transactions on behalf of a broker-dealer is required to register and qualify as a Proprietary Trader (PT) in WebCRD;

(2) (i) supervises or monitors proprietary trading, market-making and/or brokerage activities for broker-dealers; (ii) supervises or trains those engaged in proprietary trading, market-making and/or effecting transactions on behalf of a broker-dealer, with respect to those activities; and/or (iii) is an officer, partner or director of a Permit Holder is required to register and qualify as a Proprietary Trader Principal (TP) in WebCRD and satisfy the prerequisite registration and qualification requirements; and

(3) is a Chief Compliance Officer (or performs similar functions) for a Permit Holder that engages in proprietary trading, market-making or effecting transactions on behalf of a broker-dealer is required to register and qualify as a Proprietary Trader Compliance Officer (CT) in WebCRD and satisfy the prerequisite registration and qualification requirements.

(b) The following sets forth the qualification requirements for each of the required registration categories described in paragraph (a) to Interpretation and Policy .07:

<u>CATEGORY OF REGISTRATION</u>	<u>QUALIFICATION EXAMINATION(S)</u>	<u>ALTERNATIVE ACCEPTABLE QUALIFICATIONS</u>
<u>Proprietary Trader (PT)</u>	<u>Series 56</u>	<u>General Securities Representative Registration (Series 7)</u>
<u>Proprietary Trader Principal (TP)</u>	<u>Series 24</u>	<u>General Securities Sales Supervisor Registration and General Securities Principal - Sales Supervisor Module Registration (Series 9/10 and Series 23)*</u>
<u>Proprietary Trader Compliance Officer (CT)</u>	<u>Series 14</u>	<u>General Securities Principal Registration (GP) or Proprietary Trader Principal (TP) (Series 24)</u>

*Because the Series 23 is not available in WebCRD, each applicant must provide documentation of a valid Series 23 license upon request for the Series 24 registration in WebCRD.

.08 An individual Permit Holder or individual associated person who is required to register pursuant to Rule 3.4 must satisfy all registration and qualification requirements in WebCRD prior to acting in such registered capacity on behalf of a Permit Holder.

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