

Required fields are shown with yellow backgrounds and asterisks.

Page 1 of \* 61

SECURITIES AND EXCHANGE COMMISSION  
WASHINGTON, D.C. 20549  
Form 19b-4

File No. \* SR 2022 - \* 017

Amendment No. (req. for Amendments \*)

Filing by Cboe EDGX Exchange, Inc.

Pursuant to Rule 19b-4 under the Securities Exchange Act of 1934

Initial * <input checked="" type="checkbox"/>	Amendment * <input type="checkbox"/>	Withdrawal <input type="checkbox"/>	Section 19(b)(2) * <input type="checkbox"/>	Section 19(b)(3)(A) * <input checked="" type="checkbox"/>	Section 19(b)(3)(B) * <input type="checkbox"/>
--	---	--	--	--	---

Pilot <input type="checkbox"/>	Extension of Time Period for Commission Action * <input type="checkbox"/>	Date Expires * <input type="text"/>
-----------------------------------	--	--

Rule

<input type="checkbox"/> 19b-4(f)(1)	<input type="checkbox"/> 19b-4(f)(4)
<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

Section 806(e)(1) \*

Section 806(e)(2) \*

Security-Based Swap Submission pursuant to the Securities Exchange Act of 1934  
Section 3C(b)(2) \*

Exhibit 2 Sent As Paper Document

Exhibit 3 Sent As Paper Document

### Description

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

The Exchange proposes to amend its rules relating to the Continuing Education for Registered Persons and move those rules from Interpretation and Policy .02 of Rule 2.5 to proposed Rule 2.16.

### 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 \* Sarah Last Name \* Tadtman

Title \* Counsel

E-mail \* stadtman@cboe.com

Telephone \* (913) 815-7203 Fax

### Signature

Pursuant to the requirements of the Securities Exchange of 1934, Cboe EDGX Exchange, Inc. has duty caused this filing to be signed on its behalf by the undersigned thereunto duty authorized.

Date 03/15/2022

(Title \*)

By Laura G. Dickman

(Name \*)

VP, Associate General Counsel

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

*Laura Dickman* Date: 2022.03.15  
12:38:39 -05'00'

Required fields are shown with yellow backgrounds and astericks.

SECURITIES AND EXCHANGE COMMISSION  
WASHINGTON, D.C. 20549

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

**Form 19b-4 Information \***

Add Remove View

EDGX-22-017 19b-4 - (f)(6) (CE Amer

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 \***

Add Remove View

EDGX-22-017 Exhibit 1 (CE Amendm

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 Advanced Notice by Clearing Agencies \***

Add Remove View

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

Add Remove View

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 Sent As Paper Document

**Exhibit 3 - Form, Report, or Questionnaire**

Add Remove View

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 Sent As Paper Document

**Exhibit 4 - Marked Copies**

Add Remove View

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**

Add Remove View

EDGX-22-017 Exhibit 5 (CE Amendme

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**

Add Remove View

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) Cboe EDGX Exchange, Inc. (the “Exchange” or “EDGX”) proposes to amend its rules relating to the Continuing Education for Registered Persons and move those rules from Interpretation and Policy .02 of Rule 2.5 to proposed Rule 2.16 and to amend related registration requirements provided under various Interpretations and Policies of Rule 2.5. The text of the proposed rule change is provided in Exhibit 5.

(b) Not applicable.

(c) Not applicable.

**Item 2. Procedures of the Self-Regulatory Organization**

(a) The Exchange’s Chief Regulatory Officer (or designee) pursuant to delegated authority approved the proposed rule change on March 14, 2022.

(b) Please refer questions and comments on the proposed rule change to Patrick Sexton, Executive Vice President, General Counsel, and Corporate Secretary, (312) 786- 7467, or Sarah Tadtman, Counsel, (913) 815-7203.

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

(a) Purpose

(i) Existing CE Program Background

The continuing education program for registered persons of broker-dealers (“CE Program”) generally requires registered persons to complete continuing education consisting of a Regulatory Element. The Regulatory Element is delivered through a web-based delivery method called “CE Online,” which is administered through the Financial Industry Regulatory Authority, Inc. (“FINRA”) online continuing education system, and focuses on

regulatory requirements and industry standards. The CE Program for registered persons is currently codified under Interpretation and Policy .02 of Exchange Rule 2.5. The Exchange now proposes to expand the CE Program to adopt rules pertaining to a Firm Element component of continuing education. The Firm Element would be provided by each firm and focus on securities products, services and strategies the firm offers, firm policies and industry trends. In addition, the Exchange proposes other changes to amend, move, reorganize and enhance its rules regarding its CE Program, as described below.

The Securities and Exchange Commission (the “SEC” or the “Commission”) recently approved a proposal submitted by FINRA relating to its CE Program.<sup>1</sup> The Exchange understands that other exchanges have or will propose similar amendments based on FINRA’s rule changes. Therefore, the Exchange proposes to amend and enhance its own CE Program as provided under proposed Rule 2.16 and its related registration requirements as provided under various Interpretations and Policies of Rule 2.5 in response to FINRA’s amended CE Program and to facilitate compliance with the Exchange’s CE Program requirements by members of multiple exchanges. The Exchange proposes to implement the proposed rule changes to align with FINRA’s CE Program implementation dates.<sup>2</sup> Specifically, the proposed implementation dates are as follows: changes relating to proposed Rule 2.16(c) (Continuing Education Program for Persons Maintaining Their Qualification Following the Termination of a Registration Category)

---

<sup>1</sup> See Securities and Exchange Act No. 93097 (September 21, 2021) 86 FR 53358 (September 27, 2021) (SR-FINRA-2021-015) (Order Approving a Proposed Rule Change To Amend FINRA Rules 1210 (Registration Requirements) and 1240 (Continuing Education Requirements)).

<sup>2</sup> See FINRA Regulatory Notice 21-41 (November 17, 2021).

will become effective March 15, 2022; changes to recognize waiver of examination programs for individuals working for a financial services industry affiliate of a member that are administered by the Exchange's affiliates, Cboe Exchange, Inc. ("Cboe") and Cboe C2 Exchange, Inc. ("C2"), and by FINRA (referred to as the "FSA waiver programs" or "FSAWPs") will become effective March 15, 2022; and all other changes, including changes reflected in proposed Rules 2.16(a) (Regulatory Element)<sup>3</sup> and 2.16(b) (Firm Element) will become effective January 1, 2023.

a. Regulatory Element

Interpretation and Policy .02(a) of Rule 2.5 currently requires a registered person to complete the applicable Regulatory Element initially within 120 days after the person's second registration anniversary date and, thereafter, within 120 days after every third registration anniversary date.<sup>4</sup> The Exchange may extend these time frames for good cause

---

<sup>3</sup> An individual's initial annual Regulatory Element due date will be December 31, 2023.

<sup>4</sup> See Rule 2.5.02(a). An individual's registration anniversary date is generally the date they initially registered in the Central Registration Depository ("CRD®") system. However, an individual's registration anniversary date would be reset if the individual has been out of the industry for two or more years and is required to requalify by examination, or obtain an examination waiver, in order to reregister. An individual's registration anniversary date would also be reset if the individual obtains a conditional examination waiver that requires them to complete the Regulatory Element by a specified date. Non-registered individuals who are participating in the waiver program under proposed Rule 2.5.07 (Waiver of Examinations for Individuals Working for a Financial Services Industry Affiliate of a Member) ("FSAWP participants") are also subject to the Regulatory Element. See also proposed Rule 2.16(a)(5) (Definition of Covered Person). The Regulatory Element for FSAWP participants correlates to their most recent registration(s), and it must be completed based on the same cycle had they remained registered. FSAWP participants are eligible for a single, fixed seven-year waiver period from the date of their initial designation, subject to specified conditions. Registered persons who become subject to a significant disciplinary action, as specified in proposed Rule 2.16(a)(2) (Disciplinary Actions), may be

shown.<sup>5</sup> Unless otherwise determined, any registered persons who have not completed the Regulatory Element of the program within the prescribed time frames will have their registration(s) deemed inactive and will be designated as “CE inactive” in the CRD system until the requirements of the Regulatory Element have been satisfied.<sup>6</sup> A CE inactive person is prohibited from performing, or being compensated for, any activities requiring registration, including supervision. Moreover, if registered persons remain CE inactive for two consecutive years, they must requalify by retaking required examinations (or obtain a waiver of the applicable qualification examinations).<sup>7</sup>

The Regulatory Element currently consists of a subprogram for registered persons generally, and a subprogram for principals and supervisors.<sup>8</sup> While some of the current Regulatory Element content is unique to particular registration categories, most of

---

required to retake the Regulatory Element within 120 days of the effective date of the disciplinary action, if they remain registered. Further, their cycle for participation in the Regulatory Element may be adjusted to reflect the effective date of the disciplinary action rather than their registration anniversary date.

<sup>5</sup> See Rule 2.5.02(b).

<sup>6</sup> Supra note 4. Individuals must complete the entire Regulatory Element session to be considered to have “completed” the Regulatory Element; partial completion is the same as non-completion.

<sup>7</sup> See Rule 2.5.02(b). This CE inactive two-year period is calculated from the date such persons become CE inactive, and it continues to run regardless of whether they terminate their registrations before the end of the two-year period. Therefore, if registered persons terminate their registrations while in a CE inactive status, they must satisfy all outstanding Regulatory Element prior to the end of the CE inactive two-year period in order to reregister with a Member without having to requalify by examination or having to obtain an examination waiver.

<sup>8</sup> The S101 (General Program for Registered Persons) and the S201 (Registered Principals and Supervisors).

the content has broad application to both representatives and principals.<sup>9</sup> The Regulatory Element was originally designed at a time when most individuals had to complete the Regulatory Element at a test center, and its design was shaped by the limitations of the test center-based delivery model. In 2015, the delivery of the Regulatory Element was transitioned to an online platform, referred to above as CE Online, which allows individuals to complete the content online at a location of their choosing, including their private residence. This online delivery provides for much greater flexibility in updating content in a timelier fashion, developing content tailored to each registration category and presenting the material in an optimal learning format.

b. Firm Element

As noted above, Exchange Rules do not currently provide for a Firm Element of the CE Program. However, as discussed in more detail further below, the Exchange is now proposing to introduce a Firm Element, which would be modeled after FINRA Rule 1240 and Cboe Rule 3.33(c).

c. Termination of a Registration

Currently, individuals whose registrations as representatives or principals have been terminated for two or more years may reregister as representatives or principals only if they requalify by retaking and passing the applicable representative- or principal-level examination or if they obtain a waiver of such examination(s) (the “two-year qualification

---

<sup>9</sup> The current content is presented in a single format leading individuals through a case that provides a story depicting situations that they may encounter in the course of their work.

period”).<sup>10</sup> The two-year qualification period was intended to ensure that individuals who reregister are relatively current on their regulatory and securities knowledge.

(ii) Proposed Rule Change

After extensive work with the Securities Industry/Regulatory Council on Continuing Education (“CE Council”), FINRA, other Self-Regulatory Organizations and industry participants, the Exchange proposes the following changes to the Exchange’s CE Program under Rule 2.5 and proposed Rule 2.16 to align with FINRA Rule 1240 and Cboe Rule 3.33.

a. Transition to Annual Regulatory Element for Each Registration Category

As noted above, currently, the Regulatory Element generally must be completed every three years, and the content is broad in nature. Based on changes in technology and learning theory, the Regulatory Element content can be updated and delivered in a timelier fashion and tailored to each registration category, which would further the goals

---

<sup>10</sup> See Rule 2.5.02(d). The two-year qualification period is calculated from the date individuals terminate their registration and the date the Exchange receives a new application for registration. The two-year qualification period does not apply to individuals who terminate a limited registration category that is a subset of a broader registration category for which they remain qualified. Such individuals have the option of reregistering in the more limited registration category without having to requalify by examination or obtain an examination waiver so long as they continue to remain qualified for the broader registration category. Further, the two-year qualification period only applies to the representative- and principal-level examinations; it does not extend to the Securities Industry Essentials (“SIE”) examination. The SIE examination is valid for four years, but having a valid SIE examination alone does not qualify an individual for registration as a representative or principal. Individuals whose registrations as representatives or principals have been revoked pursuant to Exchange Rule 8.11 (Judgment and Sanction) may only requalify by retaking the applicable representative- or principal-level examination in order to reregister as representatives or principals, in addition to satisfying the eligibility conditions for association with a firm. Waivers are granted on a case-by-case basis under Rule 2.5.01(b).

of the Regulatory Element.<sup>11</sup> Therefore, to provide registered persons with more timely and relevant training on significant regulatory developments, the Exchange proposes adopting Rule 2.16(a) to require registered persons to complete the Regulatory Element annually by December 31.<sup>12</sup> The proposed amendment would also require registered persons to complete Regulatory Element content for each representative or principal registration category that they hold, which would also further the goals of the Regulatory Element.<sup>13</sup>

Under the proposed rule change, Members would have the flexibility to require their registered persons to complete the Regulatory Element sooner than December 31, which would allow Members to coordinate the timing of the Regulatory Element with other training requirements, including the Firm Element.<sup>14</sup> For example, a Member could require its registered persons to complete both their Regulatory Element and Firm Element by October 1 of each year.

---

<sup>11</sup> When other self-regulatory organizations' CE Programs were originally adopted in 1995, registered persons were required to complete the Regulatory Element on their second, fifth and 10th registration anniversary dates. See Securities Exchange Act Release No. 35341 (February 8, 1995), 60 FR 8426 (February 14, 1995) (Order Approving File Nos. SR-AMEX-94-59; SR-CBOE-94-49; SR-CHX-94-27; SR-MSRB-94-17; SR-NASD-94-72; SR-NYSE-94-43; SR-PSE-94-35; and SR-PHLX-94-52). The change to the current three-year cycle in the other self-regulatory organizations' CE Programs was made in 1998 to provide registered persons more timely and effective training, consistent with the overall purpose of the Regulatory Element. See Securities Exchange Act Release No. 39712 (March 3, 1998), 63 FR 11939 (March 11, 1998) (Order Approving File Nos. SR-CBOE-97-68; SR-MSRB-98-02; SR-NASD-98-03; and SR-NYSE-97-33).

<sup>12</sup> See proposed Rules 2.16(a)(1) and (a)(4).

<sup>13</sup> See proposed Rules 2.5.04 and 2.16(a)(1).

<sup>14</sup> See proposed Rules 2.16(a)(1) and (a)(4).

Individuals who would be registering as a representative or principal for the first time on or after the implementation date of the proposed rule change would be required to complete their initial Regulatory Element for that registration category in the next calendar year following their registration.<sup>15</sup> In addition, subject to specified conditions, individuals who would be reregistering as a representative or principal on or after the implementation date of the proposed rule change would also be required to complete their initial Regulatory Element for that registration category in the next calendar year following their reregistration.<sup>16</sup>

Consistent with current requirements, individuals who fail to complete their Regulatory Element within the prescribed period would be automatically designated as CE inactive.<sup>17</sup> However, the proposed rule change preserves the Exchange's ability to extend the time by which a registered person must complete the Regulatory Element for good cause shown.<sup>18</sup>

The Exchange also proposes adopting Rule 2.16(a) to provide that: (1) individuals who are designated as CE inactive would be required to complete all of their pending and upcoming annual Regulatory Element, including any annual Regulatory Element that becomes due during their CE inactive period, to return to active status;<sup>19</sup> (2) the two-year CE inactive period is calculated from the date individuals become CE inactive, and it

---

<sup>15</sup> See proposed Rule 2.16(a)(1).

<sup>16</sup> See proposed Rule 2.16(a)(4).

<sup>17</sup> See proposed Rule 2.16(a)(2).

<sup>18</sup> Id. The proposed rule change provides that the request for an extension of time must be in writing and include supporting documentation, which is consistent with current practice.

<sup>19</sup> Id.

continues to run regardless of whether individuals terminate their registrations;<sup>20</sup> (3) individuals who become subject to a significant disciplinary action may be required to complete assigned continuing education content as prescribed by the Exchange;<sup>21</sup> (4) individuals who have not completed any Regulatory Element content for a registration category in the calendar year(s) prior to reregistering would not be approved for registration for that category until they complete that Regulatory Element content, pass an examination for that registration category or obtain an unconditional examination waiver for that registration category, whichever is applicable;<sup>22</sup> and (5) the Regulatory Element requirements apply to individuals who are registered, or in the process of registering, as a representative or principal.<sup>23</sup>

Under the proposed rule change, the amount of content that registered persons would be required to complete in a three-year, annual cycle for a particular registration category is expected to be comparable to what most registered persons are currently completing every three years. In some years, there may be more required content for some registration categories depending on the volume of rule changes and regulatory issues. In addition, an individual who holds multiple registrations may be required to complete additional content compared to an individual who holds a single registration because, as noted above, individuals would be required to complete content specific to each registration category that they hold. However, individuals with multiple registrations would not be subject to

---

<sup>20</sup> Id.

<sup>21</sup> Id.

<sup>22</sup> See proposed Rule 3.33(a)(4).

<sup>23</sup> See proposed Rule 3.33(a)(5).

duplicative regulatory content in any given year. The more common registration combinations would likely share much of their relevant regulatory content each year. For example, individuals registered as General Securities Representatives and General Securities Principals would receive the same content as individuals solely registered as General Securities Representatives, supplemented with a likely smaller amount of supervisory-specific content on the same topics. The less common registration combinations may result in less topic overlap and more content overall.

b. Adoption of Firm Element, Recognition of Other Training Requirements for Firm Element, and Application of Firm Element to Covered Registered Persons

The Exchange proposes to adopt proposed Rule 2.16(b) to include a Firm Element component for its CE Program that aligns with Cboe Rule 3.33(b) and FINRA Rule 1240(b). The proposed rule would require Members to maintain a continuing and current education program for its registered persons to enhance their securities knowledge, skills and professionalism. At a minimum, each Member would be required to at least annually evaluate and prioritize its training needs and develop a written training plan. The plan must take into consideration the Member's size, organizational structure, and scope of business activities, as well as regulatory developments and the performance of registered persons in the Regulatory Element. If a Member's analysis determines a need for supervisory training for persons with supervisory responsibilities such training must be included in the Member's training plan. The proposed rule would also require that programs used to implement a Member's training plan must be appropriate for the business of the Member and, at a minimum, must cover training topics related to the role, activities or responsibilities of the registered person and to professional responsibility. In addition, the proposed rule would

provide that each Member must administer its continuing education Firm Element program in accordance with its annual evaluation and written plan and must maintain records documenting the content of the programs and completion of the programs by registered persons.

To align the Firm Element requirement with other required training, proposed Rule 2.16(b) would also expressly allow Members to consider training relating to the AML compliance program and the annual compliance meeting toward satisfying an individual's annual Firm Element requirement.<sup>24</sup> The Exchange also proposes to apply the Firm Element requirement to "covered registered persons," which would include any person registered with a Member, including person who is permissively registered as a representative or principle pursuant to proposed Rule 2.5.08, as discussed below, thereby aligning the description of "covered registered persons" in the Firm Element requirement with the description of "covered persons" in the Regulatory Element requirement.<sup>25</sup>

c. Maintenance of Qualification After Termination of Registration

The Exchange proposes to adopt Rules 2.16(c), 2.16.01, and 2.16.02 to provide eligible individuals who terminate any of their representative or principal registrations the option of maintaining their qualification for any of the terminated registrations by completing continuing education. The proposed rule change would not eliminate the two-year qualification period. Rather, it would provide such individuals an alternative means of

---

<sup>24</sup> See proposed Rule 2.16(b)(2)(D).

<sup>25</sup> The group of persons who may be considered a "covered registered person" under the Firm Element provisions in proposed Rule 2.16(b)(1) is a subset of the group of persons who may be considered a "covered person" under the Regulatory Element provisions in proposed Rule 2.15(a)(5).

staying current on their regulatory and securities knowledge following the termination of a registration(s). Eligible individuals who elect not to participate in the proposed continuing education program would continue to be subject to the current two-year qualification period. The proposed rule change is generally aligned with other professional continuing education programs that allow individuals to maintain their qualification to work in their respective fields during a period of absence from their careers (including an absence of more than two years) by satisfying continuing education requirements for their credential.

The proposed rule change would impose the following conditions and limitations:

- individuals would be required to be registered in the terminated registration category for at least one year immediately prior to the termination of that category;<sup>26</sup>
- individuals could elect to participate when they terminate a registration or within two years from the termination of a registration;<sup>27</sup>
- individuals would be required to complete annually all prescribed continuing education;<sup>28</sup>
- individuals would have a maximum of five years in which to reregister;<sup>29</sup>

---

<sup>26</sup> See proposed Rule 2.16(c)(1).

<sup>27</sup> See proposed Rule 2.16(c)(2).

<sup>28</sup> See proposed Rule 2.16(c)(3). However, upon a participant's request and for good cause shown, the Exchange would have the ability to grant an extension of time for the participant to complete the prescribed continuing education. A participant who is also a registered person must directly request an extension of the prescribed continuing education from the Exchange.

<sup>29</sup> See proposed Rule 2.16(c).

- individuals who have been CE inactive for two consecutive years, or who become CE inactive for two consecutive years during their participation, would not be eligible to participate or continue;<sup>30</sup> and
- individuals who are subject to a statutory disqualification, or who become subject to a statutory disqualification following the termination of their registration or during their participation, would not be eligible to participate or continue.<sup>31</sup>

The proposed rule change also includes a look-back provision that would, subject to specified conditions, extend the proposed option for maintaining qualifications following a registration category termination to (i) individuals who have been registered as a representative or principal within two years immediately prior to the March 15, 2022

---

<sup>30</sup> See proposed Rule 2.16(c)(4) and (c)(5).

<sup>31</sup> See proposed Rules 2.16(c)(1) and (c)(6). Individuals who are subject to a statutory disqualification would not be eligible to enter the proposed continuing education program. Individuals who become subject to a statutory disqualification while participating in the proposed continuing education program would not be eligible to continue in the program. Further, any content completed by such participants would be retroactively nullified upon disclosure of the statutory disqualification. The following example illustrates the application of the proposed rule change to individuals who become subject to a statutory disqualification while participating in the proposed continuing education program. Individual A participates in the proposed continuing education program for four years and completes the prescribed content for each of those years. During year five of his participation, he becomes subject to a statutory disqualification resulting from a foreign regulatory action. In that same year, the Exchange receives a Form U4 submitted by a member on behalf of Individual A requesting registration with the Exchange. The Form U4 discloses the statutory disqualification event. The Exchange would then retroactively nullify any content that Individual A completed while participating in the proposed continuing education program. Therefore, in this example, in order to become registered with the Exchange, he would be required to requalify by examination. This would be in addition to satisfying the eligibility conditions for association with a Member. See also Exchange Act Sections 3(a)(39) and 15(b)(4).

implementation date of the proposed rule change; and (ii) individuals who have been FSWAP participants immediately prior to the March 15, 2022 implementation date of the proposed rule change.<sup>32</sup> With respect to the FSAWP, the Exchange itself does not have an FSW waiver program. However, the Exchange proposes to recognize waivers granted to individuals who are designated as participants in, and satisfying the conditions of, the FSW waiver program(s) of Cboe, C2 and/or FINRA, and also to make the look-back provision for the new maintaining qualifications requirements available to individuals who are participants in the FSA waiver programs of Cboe, C2 and/or FINRA immediately preceding March 15, 2022. The Exchange understands that, effective March 15, 2022, Cboe, C2 and FINRA do not plan to accept any new initial designations for individuals under their respective FSA waiver programs. Thus, what will remain of those programs will only be applicable to pre-existing participants. The Exchange also understands that, ultimately, the FSA waiver programs will expire in favor of the maintenance of qualification requirements under the Cboe, C2 and FINRA Rules, for which the Exchange's maintenance of qualification requirements under proposed are modeled.<sup>33</sup>

In addition, the proposed rule change includes a re-eligibility provision that would allow individuals to regain eligibility to participate each time they reregister with a Member

---

<sup>32</sup> See proposed Rule 2.16.01. Such individuals would be required to elect whether to participate by the March 15, 2022 implementation date of the proposed rule change. If such individuals elect to participate, they would be required to complete their initial annual content by the end of 2022 (i.e., the end of the calendar year in which the proposed rule change is implemented). In addition, if such individuals elect to participate, their initial participation period would be adjusted based on the date that their registration was terminated.

<sup>33</sup> See proposed Rules 2.5.07 and 2.16.01.

for a period of at least one year and subsequently terminate their registration, provided that they satisfy the other participation conditions and limitations.<sup>34</sup> The proposed rule change will have several important benefits. It will provide individuals with flexibility to address life and career events and necessary absences from registered functions without having to requalify each time. It will also incentivize them to stay current on their respective securities industry knowledge following the termination of any of their registrations. The continuing education under the proposed option will be as rigorous as the continuing education of registered persons, which promotes investor protection. Further, the proposed rule change will enhance diversity and inclusion in the securities industry by attracting and retaining a broader and diverse group of professionals.

Significantly, the proposed rule change will be of particular value to women, who continue to be the primary caregivers for children and aging family members and, as a result, are likely to be absent from the industry for longer periods.<sup>35</sup> In addition, the proposed rule change will provide longer-term relief for women, individuals with low incomes and other populations, including older workers, who are at a higher risk of a job loss during certain economic downturns and who are likely to remain unemployed for longer periods.<sup>36</sup>

---

<sup>34</sup> See proposed Rule 2.16.02.

<sup>35</sup> See The Female Face of Family Caregiving (November 2018), available at <https://www.nationalpartnership.org/our-work/resources/economic-justice/femaleface-family-caregiving.pdf>.

<sup>36</sup> See The COVID-19 Recession is the Most Unequal in Modern U.S. History (September 30, 2020), available at <https://www.washingtonpost.com/graphics/2020/business/coronavirus-recessionequality/> and Unemployment's Toll on Older Workers Is Worst in Half a Century (October 21, 2020), available at <https://www.aarp.org/work/working-at-50-plus/info-2020/pandemic-unemployment-older-workers/>.

d. Other Changes to Exchange Rule 2.5

The Exchange proposes to adopt Rules 2.5.05 through 2.5.07 to conform to Cboe Rules 3.30.07 through 3.30.09, respectively, and to adopt Rule 2.5.08 to conform to Cboe Rule 3.30.02. Further, based on the Exchange's proposal to move the subject matter of current Rule 2.5.02 to proposed Rule 2.16, the Exchange also proposes to renumber various Interpretations and Policies under Rule 2.5 accordingly. The Exchange proposes to adopt Rule 2.5.05 to provide that all registered representatives and principals must satisfy the regulatory element of continuing education. Specifically, proposed Rule 2.5.05 provides that all registered representatives and principals, including those individuals who solely maintain permissive registrations pursuant to proposed Rule 2.5.08 shall satisfy the Regulatory Element of continuing education for each representative or principal registration category that they hold as specified in Rule 2.5.01(i). If a person registered with a Member has a continuing education deficiency with respect to that registration as provided under proposed Rule 2.16, such person shall not be permitted to be registered in another registration category under Rule 2.5.01(i) with that Member or to be registered in any registration category under Rule 2.5.01(i), with another Member, until the person has satisfied the deficiency.

The Exchange also proposes to adopt Rule 2.5.06 to address lapses of registrations and expirations of the SIE. Specifically, proposed Rule 2.5.06 would provide that any person who was last registered in a representative registration category two or more years immediately preceding the date of receipt by the Exchange of a new application for registration in that registration category shall be required to pass a representative qualification examination appropriate to that registration category as specified in Rule

2.5.01(i), unless the person has maintained his or her qualification status for that registration category in accordance with proposed Rule 2.16(c) or as otherwise permitted by the Exchange. In addition, any person who last passed the SIE or who was last registered as a representative, whichever occurred last, four or more years immediately preceding the date of receipt by the Exchange of a new application for registration as a representative shall be required to pass the SIE in addition to a representative qualification examination appropriate to his or her category of registration as specified in Rule 2.5.01(i). Any person who was last registered in a principal registration category two or more years immediately preceding the date of receipt by the Exchange of a new application for registration in that registration category shall be required to pass a principal qualification examination appropriate to that registration category as specified in Rule 2.5.01(i), unless the person has maintained his or her qualification status for the registration category in accordance with proposed Rule 2.16(c) or as otherwise permitted by the Exchange. Any person whose registration has been revoked and any person who has a continuing education deficiency for a period of two years as provided under Rule 2.5.01(i) shall be required to pass a representative or principal qualification examination appropriate to his or her category of registration as specified in Rule 2.5.01(i), to be eligible for registration with the Exchange. Finally, for purposes of Rule 2.5.06, an application shall not be considered to have been received by the Exchange if that application does not result in a registration.

The Exchange proposes to adopt Rule 2.5.07 which, as discussed above, would recognize a waiver for participants in the financial services industry affiliate waiver program(s) of Cboe, C2 and/or FINRA. Specifically, Rule 2.5.07 would provide that upon request by a Member, the Exchange shall waive the applicable qualification examination(s)

for an individual designated as a participant in, and satisfying the conditions of, the FSA waiver program(s) of Cboe under its Rule 3.30.09, C2 under its Chapter 3, Section B, and/or FINRA under its Rule 2110.09.

By way of background, very generally, these FSA waiver programs provide that a member of Cboe, C2 or FINRA, respectively, may request that the exchange/FINRA waive the applicable qualification examination(s) for an individual designated with it as working for a financial services industry affiliate of a member if the following conditions are met:

- Prior to the individual's initial designation, the individual was registered as a representative or principal with Cboe, C2 or FINRA, as applicable, for a total of five years within the most recent 10 year period, including for the most recent year with the member that initially designated the individual;
- The waiver request is made within seven years of the individual's initial designation;
- The initial designation and any subsequent designation(s) were made concurrently with the filing of the individual's related Form U5;
- The individual continuously worked for the financial services industry affiliate(s) of a member since the individual's last Form U5 filing;
- The individual has complied with the Regulatory Element of continuing education as specified in the Cboe, C2 or FINRA Rules, as applicable; and
- The individual does not have any pending or adverse regulatory matters, or terminations, that are reportable on the Form U4, and has not otherwise been subject to a statutory disqualification as defined in Section 3(a)(39) of the Exchange Act while the individual was designated as eligible for a waiver.

As used in Rule 2.5.07, a “financial services industry affiliate” is a legal entity that controls, is controlled by or is under common control with a member and is regulated by the SEC, CFTC, state securities authorities, federal or state banking authorities, state insurance authorities, or substantially equivalent foreign regulatory authorities.

Last, the Exchange proposes to adopt Rule 2.5.08, which would provide for permissive registrations. Specifically, proposed Rule 2.5.08 would provide that a Member may make application for or maintain the registration as a representative or principal of any associated person of a Member and any individual engaged in the securities business of a foreign securities affiliate or subsidiary of the Member. Individuals maintaining such permissive registrations shall be considered registered persons and subject to all Exchange rules, to the extent relevant to their activities. Consistent with the requirements of the Exchange’s supervision rules, Members shall have adequate supervisory systems and procedures reasonably designed to ensure that individuals with permissive registrations do not act outside the scope of their assigned functions. With respect to an individual who solely maintains a permissive registration(s), the individual’s direct supervisor shall not be required to be a registered person. However, for purposes of compliance with the Exchange’s supervision rules, a Member shall assign a registered supervisor who shall be responsible for periodically contacting such individual’s direct supervisor to verify that the individual is not acting outside the scope of his or her assigned functions. If such individual is permissively registered as a representative, the registered supervisor shall be registered as a representative or principal. If the individual is permissively registered as a principal, the registered supervisor shall be registered as a principal. Moreover, the registered supervisor of an individual who solely maintains a permissive registration(s) shall not be required to be

registered in the same representative or principal registration category as the permissively-registered individual.

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.<sup>37</sup>

Specifically, the Exchange believes the proposed rule change is consistent with the Section 6(b)(5)<sup>38</sup> 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)<sup>39</sup> requirement that the rules of an exchange not be designed to permit unfair discrimination between customers, issuers, brokers, or dealers.

The Exchange believes that the proposal to move to an annual Regulatory Element training with content tailored to an individual’s representative or principal registration categories is designed to protect investors and is in the public interest. As

---

<sup>37</sup> 15 U.S.C. 78f(b).

<sup>38</sup> 15 U.S.C. 78f(b)(5).

<sup>39</sup> Id.

noted in the order approving the similar changes to the FINRA CE Program,<sup>40</sup> the Commission found that “the rule is reasonably designed to minimize the potential adverse impact on firms and their registered persons. Furthermore, increasing the timeliness of registered persons' training, as well as the relevance of the training's content by tailoring it to each registration category that they hold, would enhance their education and compliance with their regulatory obligations.”

The Exchange believes that the proposed changes to the Regulatory Element and the proposal to adopt the Firm Element portions of its CE Program will ensure that all registered persons receive timely and relevant training, which will, in turn, enhance compliance and investor protection. Further, the Exchange believes that establishing a path for individuals to maintain their qualification following the termination of a registration will reduce unnecessary impediments to requalification and promote greater diversity and inclusion in the securities industry without diminishing investor protection.

The Exchange also believes that the proposed rule change will bring consistency and uniformity with Cboe's and FINRA's recently amended CE Program rules, which will, in turn, assist Members and their associated persons in complying with these rules and improve regulatory efficiency. The proposed rule changes conform certain of the Exchange's continuing education and registration rules to align them with rules of Cboe, which will, in turn, prevent unnecessary regulatory burdens and to promote efficient administration of the rules. Finally, the proposed amendment also makes minor updates and corrections to the Exchange's rules which improve readability.

---

<sup>40</sup> Supra note 1.

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

The Exchange 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. The Exchange believes that the proposed rule changes which are, in all material respects, based upon and substantially similar to, recent rule changes adopted by FINRA and Cboe, will reduce the regulatory burden placed on market participants engaged in trading activities across different markets. The Exchange believes that the harmonization of the CE Program requirements across the various markets will reduce burdens on competition by removing impediments to participation in the national market system and promoting competition among participants across the multiple national securities exchanges.

**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 Act<sup>41</sup> and Rule 19b-4(f)(6)<sup>42</sup> thereunder.

---

<sup>41</sup> 15 U.S.C. 78s(b)(3)(A).

<sup>42</sup> 17 CFR 240.19b-4(f)(6).

(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 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 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 believes that this proposal does not significantly affect the protection of investors or the public interest because clear rules relating to the continuing education of associated persons of Members which, among other things, take into consideration and align with the recent amendments to the FINRA CE Program and Cboe Rules while remaining tailored to the Exchange's own business, ultimately benefit the investing public. As described above, the proposed rule changes are substantially similar to existing FINRA and Cboe rules, and the Exchange understands that other exchanges have or will make similar amendments to their rules. Aligning the Exchange's rules in this area with those of other exchanges will help to create a greater degree of consistency, uniformity and regulatory efficiency with respect to continuing education requirements applicable to associated persons, thereby facilitating compliance by Members of the Exchange who are members of FINRA and/or other exchanges. The proposed rule change does not impose any significant burden on competition because it will apply uniformly to all similarly situated Members and associated persons of Members.

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. The Exchange respectfully requests that the Commission waive the 30-day operative delay period after which a proposed rule change under Rule 19b-4(f)(6) becomes effective. Waiver of the operative delay will allow the Exchange to implement its proposal in conjunction with FINRA’s March 15, 2022 effective date, as it pertains to the changes relating proposed Rule 2.16.<sup>43</sup>

(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 changes are based on the FINRA Rule 1240 and Cboe Rule 3.30, as described above.

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

Not applicable.

---

<sup>43</sup> Supra note 1. As noted above, the Proposal is similar to FINRA’s recent rule amendments to its registration and continuing education requirements.

**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.

EXHIBIT 1**SECURITIES AND EXCHANGE COMMISSION**

[Release No. 34- ; File No. SR-CboeEDGX-2022-017]

[Insert date]

Self-Regulatory Organizations; Cboe EDGX Exchange, Inc.; Notice of Filing and Immediate Effectiveness of a Proposed Rule Change to Amend its Rules Relating to the Continuing Education for Registered Persons and Move those Rules from Interpretation and Policy .02 of Rule 2.5 to Proposed Rule 2.16 and to Amend Related Registration Requirements Provided Under Various Interpretations and Policies of Rule 2.5

Pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 (the “Act”),<sup>1</sup> and Rule 19b-4 thereunder,<sup>2</sup> notice is hereby given that on [insert date], Cboe EDGX Exchange, Inc. (the “Exchange” or “EDGX”) 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 Exchange filed the proposal as a “non-controversial” proposed rule change pursuant to Section 19(b)(3)(A)(iii) of the Act<sup>3</sup> and Rule 19b-4(f)(6) thereunder.<sup>4</sup> 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**

Cboe EDGX Exchange, Inc. (the “Exchange” or “EDGX”) proposes to amend its rules relating to the Continuing Education for Registered Persons and move those rules from Interpretation and Policy .02 of Rule 2.5 to proposed Rule 2.16 and to amend

---

<sup>1</sup> 15 U.S.C. 78s(b)(1).

<sup>2</sup> 17 CFR 240.19b-4.

<sup>3</sup> 15 U.S.C. 78s(b)(3)(A)(iii).

<sup>4</sup> 17 CFR 240.19b-4(f)(6).

related registration requirements provided under various Interpretations and Policies of Rule 2.5. The text of the proposed rule change is provided in Exhibit 5.

The text of the proposed rule change is also available on the Exchange's website ([http://markets.cboe.com/us/options/regulation/rule\\_filings/edgx/](http://markets.cboe.com/us/options/regulation/rule_filings/edgx/)), 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 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**

##### **(i) Existing CE Program Background**

The continuing education program for registered persons of broker-dealers ("CE Program") generally requires registered persons to complete continuing education consisting of a Regulatory Element. The Regulatory Element is delivered through a web-based delivery method called "CE Online," which is administered through the Financial Industry Regulatory Authority, Inc. ("FINRA") online continuing education system, and focuses on regulatory requirements and industry standards. The CE Program for registered persons is currently codified under Interpretation and Policy .02 of Exchange Rule 2.5. The Exchange now proposes to expand the CE Program to adopt rules pertaining to a Firm Element component of continuing education. The Firm Element would be provided by each firm and

focus on securities products, services and strategies the firm offers, firm policies and industry trends. In addition, the Exchange proposes other changes to amend, move, reorganize and enhance its rules regarding its CE Program, as described below.

The Securities and Exchange Commission (the “SEC” or the “Commission”) recently approved a proposal submitted by FINRA relating to its CE Program.<sup>5</sup> The Exchange understands that other exchanges have or will propose similar amendments based on FINRA’s rule changes. Therefore, the Exchange proposes to amend and enhance its own CE Program as provided under proposed Rule 2.16 and its related registration requirements as provided under various Interpretations and Policies of Rule 2.5 in response to FINRA’s amended CE Program and to facilitate compliance with the Exchange’s CE Program requirements by members of multiple exchanges. The Exchange proposes to implement the proposed rule changes to align with FINRA’s CE Program implementation dates.<sup>6</sup> Specifically, the proposed implementation dates are as follows: changes relating to proposed Rule 2.16(c) (Continuing Education Program for Persons Maintaining Their Qualification Following the Termination of a Registration Category) will become effective March 15, 2022; changes to recognize waiver of examination programs for individuals working for a financial services industry affiliate of a member that are administered by the Exchange’s affiliates, Cboe Exchange, Inc. (“Cboe”) and Cboe C2 Exchange, Inc. (“C2”), and by FINRA (referred to as the “FSA waiver programs” or “FSAWPs”) will become effective March 15, 2022; and all other changes,

---

<sup>5</sup> See Securities and Exchange Act No. 93097 (September 21, 2021) 86 FR 53358 (September 27, 2021) (SR-FINRA-2021-015) (Order Approving a Proposed Rule Change To Amend FINRA Rules 1210 (Registration Requirements) and 1240 (Continuing Education Requirements)).

<sup>6</sup> See FINRA Regulatory Notice 21-41 (November 17, 2021).

including changes reflected in proposed Rules 2.16(a) (Regulatory Element)<sup>7</sup> and 2.16(b) (Firm Element) will become effective January 1, 2023.

a. Regulatory Element

Interpretation and Policy .02(a) of Rule 2.5 currently requires a registered person to complete the applicable Regulatory Element initially within 120 days after the person's second registration anniversary date and, thereafter, within 120 days after every third registration anniversary date.<sup>8</sup> The Exchange may extend these time frames for good cause shown.<sup>9</sup> Unless otherwise determined, any registered persons who have not completed the Regulatory Element of the program within the prescribed time frames will have their registration(s) deemed inactive and will be designated as "CE inactive" in the CRD system

---

<sup>7</sup> An individual's initial annual Regulatory Element due date will be December 31, 2023.

<sup>8</sup> See Rule 2.5.02(a). An individual's registration anniversary date is generally the date they initially registered in the Central Registration Depository ("CRD®") system. However, an individual's registration anniversary date would be reset if the individual has been out of the industry for two or more years and is required to requalify by examination, or obtain an examination waiver, in order to reregister. An individual's registration anniversary date would also be reset if the individual obtains a conditional examination waiver that requires them to complete the Regulatory Element by a specified date. Non-registered individuals who are participating in the waiver program under proposed Rule 2.5.07 (Waiver of Examinations for Individuals Working for a Financial Services Industry Affiliate of a Member) ("FSAWP participants") are also subject to the Regulatory Element. See also proposed Rule 2.16(a)(5) (Definition of Covered Person). The Regulatory Element for FSAWP participants correlates to their most recent registration(s), and it must be completed based on the same cycle had they remained registered. FSAWP participants are eligible for a single, fixed seven-year waiver period from the date of their initial designation, subject to specified conditions. Registered persons who become subject to a significant disciplinary action, as specified in proposed Rule 2.16(a)(2) (Disciplinary Actions), may be required to retake the Regulatory Element within 120 days of the effective date of the disciplinary action, if they remain registered. Further, their cycle for participation in the Regulatory Element may be adjusted to reflect the effective date of the disciplinary action rather than their registration anniversary date.

<sup>9</sup> See Rule 2.5.02(b).

until the requirements of the Regulatory Element have been satisfied.<sup>10</sup> A CE inactive person is prohibited from performing, or being compensated for, any activities requiring registration, including supervision. Moreover, if registered persons remain CE inactive for two consecutive years, they must requalify by retaking required examinations (or obtain a waiver of the applicable qualification examinations).<sup>11</sup>

The Regulatory Element currently consists of a subprogram for registered persons generally, and a subprogram for principals and supervisors.<sup>12</sup> While some of the current Regulatory Element content is unique to particular registration categories, most of the content has broad application to both representatives and principals.<sup>13</sup> The Regulatory Element was originally designed at a time when most individuals had to complete the Regulatory Element at a test center, and its design was shaped by the limitations of the test center-based delivery model. In 2015, the delivery of the Regulatory Element was transitioned to an online platform, referred to above as CE Online, which allows individuals to complete the content online at a location of their choosing, including their private residence. This online delivery provides for much greater flexibility in updating content in a

---

<sup>10</sup> Supra note 8. Individuals must complete the entire Regulatory Element session to be considered to have “completed” the Regulatory Element; partial completion is the same as non-completion.

<sup>11</sup> See Rule 2.5.02(b). This CE inactive two-year period is calculated from the date such persons become CE inactive, and it continues to run regardless of whether they terminate their registrations before the end of the two-year period. Therefore, if registered persons terminate their registrations while in a CE inactive status, they must satisfy all outstanding Regulatory Element prior to the end of the CE inactive two-year period in order to reregister with a Member without having to requalify by examination or having to obtain an examination waiver.

<sup>12</sup> The S101 (General Program for Registered Persons) and the S201 (Registered Principals and Supervisors).

<sup>13</sup> The current content is presented in a single format leading individuals through a case that provides a story depicting situations that they may encounter in the course of their work.

timelier fashion, developing content tailored to each registration category and presenting the material in an optimal learning format.

b. Firm Element

As noted above, Exchange Rules do not currently provide for a Firm Element of the CE Program. However, as discussed in more detail further below, the Exchange is now proposing to introduce a Firm Element, which would be modeled after FINRA Rule 1240 and Cboe Rule 3.33(c).

c. Termination of a Registration

Currently, individuals whose registrations as representatives or principals have been terminated for two or more years may reregister as representatives or principals only if they requalify by retaking and passing the applicable representative- or principal-level examination or if they obtain a waiver of such examination(s) (the “two-year qualification period”).<sup>14</sup> The two-year qualification period was intended to ensure that individuals who reregister are relatively current on their regulatory and securities knowledge.

---

<sup>14</sup> See Rule 2.5.02(d). The two-year qualification period is calculated from the date individuals terminate their registration and the date the Exchange receives a new application for registration. The two-year qualification period does not apply to individuals who terminate a limited registration category that is a subset of a broader registration category for which they remain qualified. Such individuals have the option of reregistering in the more limited registration category without having to requalify by examination or obtain an examination waiver so long as they continue to remain qualified for the broader registration category. Further, the two-year qualification period only applies to the representative- and principal-level examinations; it does not extend to the Securities Industry Essentials (“SIE”) examination. The SIE examination is valid for four years, but having a valid SIE examination alone does not qualify an individual for registration as a representative or principal. Individuals whose registrations as representatives or principals have been revoked pursuant to Exchange Rule 8.11 (Judgment and Sanction) may only requalify by retaking the applicable representative- or principal-level examination in order to reregister as representatives or principals, in addition to satisfying the eligibility conditions for association with a firm.

## (ii) Proposed Rule Change

After extensive work with the Securities Industry/Regulatory Council on Continuing Education (“CE Council”), FINRA, other Self-Regulatory Organizations and industry participants, the Exchange proposes the following changes to the Exchange’s CE Program under Rule 2.5 and proposed Rule 2.16 to align with FINRA Rule 1240 and Cboe Rule 3.33.

a. Transition to Annual Regulatory Element for Each Registration Category

As noted above, currently, the Regulatory Element generally must be completed every three years, and the content is broad in nature. Based on changes in technology and learning theory, the Regulatory Element content can be updated and delivered in a timelier fashion and tailored to each registration category, which would further the goals of the Regulatory Element.<sup>15</sup> Therefore, to provide registered persons with more timely and relevant training on significant regulatory developments, the Exchange proposes adopting Rule 2.16(a) to require registered persons to complete the Regulatory Element annually by December 31.<sup>16</sup> The proposed amendment would also require registered persons to

---

Waivers are granted on a case-by-case basis under Rule 2.5.01(b).

<sup>15</sup> When other self-regulatory organizations’ CE Programs were originally adopted in 1995, registered persons were required to complete the Regulatory Element on their second, fifth and 10th registration anniversary dates. See Securities Exchange Act Release No. 35341 (February 8, 1995), 60 FR 8426 (February 14, 1995) (Order Approving File Nos. SR-AMEX-94-59; SR-CBOE-94-49; SR-CHX-94-27; SR-MSRB-94-17; SR-NASD-94-72; SR-NYSE-94-43; SR-PSE-94-35; and SR-PHLX-94-52). The change to the current three-year cycle in the other self-regulatory organizations’ CE Programs was made in 1998 to provide registered persons more timely and effective training, consistent with the overall purpose of the Regulatory Element. See Securities Exchange Act Release No. 39712 (March 3, 1998), 63 FR 11939 (March 11, 1998) (Order Approving File Nos. SR-CBOE-97-68; SR-MSRB-98-02; SR-NASD-98-03; and SR-NYSE-97-33).

<sup>16</sup> See proposed Rules 2.16(a)(1) and (a)(4).

complete Regulatory Element content for each representative or principal registration category that they hold, which would also further the goals of the Regulatory Element.<sup>17</sup>

Under the proposed rule change, Members would have the flexibility to require their registered persons to complete the Regulatory Element sooner than December 31, which would allow Members to coordinate the timing of the Regulatory Element with other training requirements, including the Firm Element.<sup>18</sup> For example, a Member could require its registered persons to complete both their Regulatory Element and Firm Element by October 1 of each year.

Individuals who would be registering as a representative or principal for the first time on or after the implementation date of the proposed rule change would be required to complete their initial Regulatory Element for that registration category in the next calendar year following their registration.<sup>19</sup> In addition, subject to specified conditions, individuals who would be reregistering as a representative or principal on or after the implementation date of the proposed rule change would also be required to complete their initial Regulatory Element for that registration category in the next calendar year following their reregistration.<sup>20</sup>

Consistent with current requirements, individuals who fail to complete their Regulatory Element within the prescribed period would be automatically designated as CE inactive.<sup>21</sup> However, the proposed rule change preserves the Exchange's ability to extend

---

<sup>17</sup> See proposed Rules 2.5.04 and 2.16(a)(1).

<sup>18</sup> See proposed Rules 2.16(a)(1) and (a)(4).

<sup>19</sup> See proposed Rule 2.16(a)(1).

<sup>20</sup> See proposed Rule 2.16(a)(4).

<sup>21</sup> See proposed Rule 2.16(a)(2).

the time by which a registered person must complete the Regulatory Element for good cause shown.<sup>22</sup>

The Exchange also proposes adopting Rule 2.16(a) to provide that: (1) individuals who are designated as CE inactive would be required to complete all of their pending and upcoming annual Regulatory Element, including any annual Regulatory Element that becomes due during their CE inactive period, to return to active status;<sup>23</sup> (2) the two-year CE inactive period is calculated from the date individuals become CE inactive, and it continues to run regardless of whether individuals terminate their registrations;<sup>24</sup> (3) individuals who become subject to a significant disciplinary action may be required to complete assigned continuing education content as prescribed by the Exchange;<sup>25</sup> (4) individuals who have not completed any Regulatory Element content for a registration category in the calendar year(s) prior to reregistering would not be approved for registration for that category until they complete that Regulatory Element content, pass an examination for that registration category or obtain an unconditional examination waiver for that registration category, whichever is applicable;<sup>26</sup> and (5) the Regulatory Element requirements apply to individuals who are registered, or in the process of registering, as a representative or principal.<sup>27</sup>

---

<sup>22</sup> Id. The proposed rule change provides that the request for an extension of time must be in writing and include supporting documentation, which is consistent with current practice.

<sup>23</sup> Id.

<sup>24</sup> Id.

<sup>25</sup> Id.

<sup>26</sup> See proposed Rule 3.33(a)(4).

<sup>27</sup> See proposed Rule 3.33(a)(5).

Under the proposed rule change, the amount of content that registered persons would be required to complete in a three-year, annual cycle for a particular registration category is expected to be comparable to what most registered persons are currently completing every three years. In some years, there may be more required content for some registration categories depending on the volume of rule changes and regulatory issues. In addition, an individual who holds multiple registrations may be required to complete additional content compared to an individual who holds a single registration because, as noted above, individuals would be required to complete content specific to each registration category that they hold. However, individuals with multiple registrations would not be subject to duplicative regulatory content in any given year. The more common registration combinations would likely share much of their relevant regulatory content each year. For example, individuals registered as General Securities Representatives and General Securities Principals would receive the same content as individuals solely registered as General Securities Representatives, supplemented with a likely smaller amount of supervisory-specific content on the same topics. The less common registration combinations may result in less topic overlap and more content overall.

b. Adoption of Firm Element, Recognition of Other Training Requirements for Firm Element, and Application of Firm Element to Covered Registered Persons

The Exchange proposes to adopt proposed Rule 2.16(b) to include a Firm Element component for its CE Program that aligns with Cboe Rule 3.33(b) and FINRA Rule 1240(b). The proposed rule would require Members to maintain a continuing and current education program for its registered persons to enhance their securities knowledge, skills and professionalism. At a minimum, each Member would be required to at least annually

evaluate and prioritize its training needs and develop a written training plan. The plan must take into consideration the Member's size, organizational structure, and scope of business activities, as well as regulatory developments and the performance of registered persons in the Regulatory Element. If a Member's analysis determines a need for supervisory training for persons with supervisory responsibilities such training must be included in the Member's training plan. The proposed rule would also require that programs used to implement a Member's training plan must be appropriate for the business of the Member and, at a minimum, must cover training topics related to the role, activities or responsibilities of the registered person and to professional responsibility. In addition, the proposed rule would provide that each Member must administer its continuing education Firm Element program in accordance with its annual evaluation and written plan and must maintain records documenting the content of the programs and completion of the programs by registered persons.

To align the Firm Element requirement with other required training, proposed Rule 2.16(b) would also expressly allow Members to consider training relating to the AML compliance program and the annual compliance meeting toward satisfying an individual's annual Firm Element requirement.<sup>28</sup> The Exchange also proposes to apply the Firm Element requirement to "covered registered persons," which would include any person registered with a Member, including person who is permissively registered as a representative or principle pursuant to proposed Rule 2.5.08, as discussed below, thereby aligning the

---

<sup>28</sup> See proposed Rule 2.16(b)(2)(D).

description of “covered registered persons” in the Firm Element requirement with the description of “covered persons” in the Regulatory Element requirement.<sup>29</sup>

c. Maintenance of Qualification After Termination of Registration

The Exchange proposes to adopt Rules 2.16(c), 2.16.01, and 2.16.02 to provide eligible individuals who terminate any of their representative or principal registrations the option of maintaining their qualification for any of the terminated registrations by completing continuing education. The proposed rule change would not eliminate the two-year qualification period. Rather, it would provide such individuals an alternative means of staying current on their regulatory and securities knowledge following the termination of a registration(s). Eligible individuals who elect not to participate in the proposed continuing education program would continue to be subject to the current two-year qualification period. The proposed rule change is generally aligned with other professional continuing education programs that allow individuals to maintain their qualification to work in their respective fields during a period of absence from their careers (including an absence of more than two years) by satisfying continuing education requirements for their credential.

The proposed rule change would impose the following conditions and limitations:

- individuals would be required to be registered in the terminated registration category for at least one year immediately prior to the termination of that category;<sup>30</sup>

---

<sup>29</sup> The group of persons who may be considered a “covered registered person” under the Firm Element provisions in proposed Rule 2.16(b)(1) is a subset of the group of persons who may be considered a “covered person” under the Regulatory Element provisions in proposed Rule 2.15(a)(5).

<sup>30</sup> See proposed Rule 2.16(c)(1).

- individuals could elect to participate when they terminate a registration or within two years from the termination of a registration;<sup>31</sup>
- individuals would be required to complete annually all prescribed continuing education;<sup>32</sup>
- individuals would have a maximum of five years in which to reregister;<sup>33</sup>
- individuals who have been CE inactive for two consecutive years, or who become CE inactive for two consecutive years during their participation, would not be eligible to participate or continue;<sup>34</sup> and
- individuals who are subject to a statutory disqualification, or who become subject to a statutory disqualification following the termination of their registration or during their participation, would not be eligible to participate or continue.<sup>35</sup>

---

<sup>31</sup> See proposed Rule 2.16(c)(2).

<sup>32</sup> See proposed Rule 2.16(c)(3). However, upon a participant's request and for good cause shown, the Exchange would have the ability to grant an extension of time for the participant to complete the prescribed continuing education. A participant who is also a registered person must directly request an extension of the prescribed continuing education from the Exchange.

<sup>33</sup> See proposed Rule 2.16(c).

<sup>34</sup> See proposed Rule 2.16(c)(4) and (c)(5).

<sup>35</sup> See proposed Rules 2.16(c)(1) and (c)(6). Individuals who are subject to a statutory disqualification would not be eligible to enter the proposed continuing education program. Individuals who become subject to a statutory disqualification while participating in the proposed continuing education program would not be eligible to continue in the program. Further, any content completed by such participants would be retroactively nullified upon disclosure of the statutory disqualification. The following example illustrates the application of the proposed rule change to individuals who become subject to a statutory disqualification while participating in the proposed continuing education program. Individual A participates in the proposed continuing education program for four years and completes the prescribed content for each of those years. During year five of his participation, he becomes subject to a statutory disqualification resulting from a

The proposed rule change also includes a look-back provision that would, subject to specified conditions, extend the proposed option for maintaining qualifications following a registration category termination to (i) individuals who have been registered as a representative or principal within two years immediately prior to the March 15, 2022 implementation date of the proposed rule change; and (ii) individuals who have been FSWAP participants immediately prior to the March 15, 2022 implementation date of the proposed rule change.<sup>36</sup> With respect to the FSAWP, the Exchange itself does not have an FSW waiver program. However, the Exchange proposes to recognize waivers granted to individuals who are designated as participants in, and satisfying the conditions of, the FSW waiver program(s) of Cboe, C2 and/or FINRA, and also to make the look-back provision for the new maintaining qualifications requirements available to individuals who are participants in the FSA waiver programs of Cboe, C2 and/or FINRA immediately preceding March 15, 2022. The Exchange understands that, effective March 15, 2022, Cboe, C2 and FINRA do not plan to accept any new initial designations for individuals under their respective FSA waiver programs. Thus, what will remain of those

---

foreign regulatory action. In that same year, the Exchange receives a Form U4 submitted by a member on behalf of Individual A requesting registration with the Exchange. The Form U4 discloses the statutory disqualification event. The Exchange would then retroactively nullify any content that Individual A completed while participating in the proposed continuing education program. Therefore, in this example, in order to become registered with the Exchange, he would be required to requalify by examination. This would be in addition to satisfying the eligibility conditions for association with a Member. See also Exchange Act Sections 3(a)(39) and 15(b)(4).

<sup>36</sup> See proposed Rule 2.16.01. Such individuals would be required to elect whether to participate by the March 15, 2022 implementation date of the proposed rule change. If such individuals elect to participate, they would be required to complete their initial annual content by the end of 2022 (i.e., the end of the calendar year in which the proposed rule change is implemented). In addition, if such individuals elect to participate, their initial participation period would be adjusted based on the date that their registration was terminated.

programs will only be applicable to pre-existing participants. The Exchange also understands that, ultimately, the FSA waiver programs will expire in favor of the maintenance of qualification requirements under the Cboe, C2 and FINRA Rules, for which the Exchange's maintenance of qualification requirements under proposed are modeled.<sup>37</sup>

In addition, the proposed rule change includes a re-eligibility provision that would allow individuals to regain eligibility to participate each time they reregister with a Member for a period of at least one year and subsequently terminate their registration, provided that they satisfy the other participation conditions and limitations.<sup>38</sup> The proposed rule change will have several important benefits. It will provide individuals with flexibility to address life and career events and necessary absences from registered functions without having to requalify each time. It will also incentivize them to stay current on their respective securities industry knowledge following the termination of any of their registrations. The continuing education under the proposed option will be as rigorous as the continuing education of registered persons, which promotes investor protection. Further, the proposed rule change will enhance diversity and inclusion in the securities industry by attracting and retaining a broader and diverse group of professionals.

Significantly, the proposed rule change will be of particular value to women, who continue to be the primary caregivers for children and aging family members and, as a result, are likely to be absent from the industry for longer periods.<sup>39</sup> In addition, the

---

<sup>37</sup> See proposed Rules 2.5.07 and 2.16.01.

<sup>38</sup> See proposed Rule 2.16.02.

<sup>39</sup> See The Female Face of Family Caregiving (November 2018), available at <https://www.nationalpartnership.org/our-work/resources/economic-justice/femaleface-family-caregiving.pdf>.

proposed rule change will provide longer-term relief for women, individuals with low incomes and other populations, including older workers, who are at a higher risk of a job loss during certain economic downturns and who are likely to remain unemployed for longer periods.<sup>40</sup>

d. Other Changes to Exchange Rule 2.5

The Exchange proposes to adopt Rules 2.5.05 through 2.5.07 to conform to Cboe Rules 3.30.07 through 3.30.09, respectively, and to adopt Rule 2.5.08 to conform to Cboe Rule 3.30.02. Further, based on the Exchange's proposal to move the subject matter of current Rule 2.5.02 to proposed Rule 2.16, the Exchange also proposes to renumber various Interpretations and Policies under Rule 2.5 accordingly. The Exchange proposes to adopt Rule 2.5.05 to provide that all registered representatives and principals must satisfy the regulatory element of continuing education. Specifically, proposed Rule 2.5.05 provides that all registered representatives and principals, including those individuals who solely maintain permissive registrations pursuant to proposed Rule 2.5.08 shall satisfy the Regulatory Element of continuing education for each representative or principal registration category that they hold as specified in Rule 2.5.01(i). If a person registered with a Member has a continuing education deficiency with respect to that registration as provided under proposed Rule 2.16, such person shall not be permitted to be registered in another registration category under Rule 2.5.01(i) with that Member or to be registered in any registration

---

<sup>40</sup> See The COVID-19 Recession is the Most Unequal in Modern U.S. History (September 30, 2020), available at <https://www.washingtonpost.com/graphics/2020/business/coronavirus-recessionequality/> and Unemployment's Toll on Older Workers Is Worst in Half a Century (October 21, 2020), available at <https://www.aarp.org/work/working-at-50-plus/info-2020/pandemic-unemployment-older-workers/>.

category under Rule 2.5.01(i), with another Member, until the person has satisfied the deficiency.

The Exchange also proposes to adopt Rule 2.5.06 to address lapses of registrations and expirations of the SIE. Specifically, proposed Rule 2.5.06 would provide that any person who was last registered in a representative registration category two or more years immediately preceding the date of receipt by the Exchange of a new application for registration in that registration category shall be required to pass a representative qualification examination appropriate to that registration category as specified in Rule 2.5.01(i), unless the person has maintained his or her qualification status for that registration category in accordance with proposed Rule 2.16(c) or as otherwise permitted by the Exchange. In addition, any person who last passed the SIE or who was last registered as a representative, whichever occurred last, four or more years immediately preceding the date of receipt by the Exchange of a new application for registration as a representative shall be required to pass the SIE in addition to a representative qualification examination appropriate to his or her category of registration as specified in Rule 2.5.01(i). Any person who was last registered in a principal registration category two or more years immediately preceding the date of receipt by the Exchange of a new application for registration in that registration category shall be required to pass a principal qualification examination appropriate to that registration category as specified in Rule 2.5.01(i), unless the person has maintained his or her qualification status for the registration category in accordance with proposed Rule 2.16(c) or as otherwise permitted by the Exchange. Any person whose registration has been revoked and any person who has a continuing education deficiency for a period of two years as provided under Rule 2.5.01(i) shall be required to pass a representative or principal

qualification examination appropriate to his or her category of registration as specified in Rule 2.5.01(i), to be eligible for registration with the Exchange. Finally, for purposes of Rule 2.5.06, an application shall not be considered to have been received by the Exchange if that application does not result in a registration.

The Exchange proposes to adopt Rule 2.5.07 which, as discussed above, would recognize a waiver for participants in the financial services industry affiliate waiver program(s) of Cboe, C2 and/or FINRA. Specifically, Rule 2.5.07 would provide that upon request by a Member, the Exchange shall waive the applicable qualification examination(s) for an individual designated as a participant in, and satisfying the conditions of, the FSA waiver program(s) of Cboe under its Rule 3.30.09, C2 under its Chapter 3, Section B, and/or FINRA under its Rule 2110.09.

By way of background, very generally, these FSA waiver programs provide that a member of Cboe, C2 or FINRA, respectively, may request that the exchange/FINRA waive the applicable qualification examination(s) for an individual designated with it as working for a financial services industry affiliate of a member if the following conditions are met:

- Prior to the individual's initial designation, the individual was registered as a representative or principal with Cboe, C2 or FINRA, as applicable, for a total of five years within the most recent 10 year period, including for the most recent year with the member that initially designated the individual;
- The waiver request is made within seven years of the individual's initial designation;
- The initial designation and any subsequent designation(s) were made concurrently with the filing of the individual's related Form U5;

- The individual continuously worked for the financial services industry affiliate(s) of a member since the individual's last Form U5 filing;
- The individual has complied with the Regulatory Element of continuing education as specified in the Cboe, C2 or FINRA Rules, as applicable; and
- The individual does not have any pending or adverse regulatory matters, or terminations, that are reportable on the Form U4, and has not otherwise been subject to a statutory disqualification as defined in Section 3(a)(39) of the Exchange Act while the individual was designated as eligible for a waiver.

As used in Rule 2.5.07, a "financial services industry affiliate" is a legal entity that controls, is controlled by or is under common control with a member and is regulated by the SEC, CFTC, state securities authorities, federal or state banking authorities, state insurance authorities, or substantially equivalent foreign regulatory authorities.

Last, the Exchange proposes to adopt Rule 2.5.08, which would provide for permissive registrations. Specifically, proposed Rule 2.5.08 would provide that a Member may make application for or maintain the registration as a representative or principal of any associated person of a Member and any individual engaged in the securities business of a foreign securities affiliate or subsidiary of the Member. Individuals maintaining such permissive registrations shall be considered registered persons and subject to all Exchange rules, to the extent relevant to their activities. Consistent with the requirements of the Exchange's supervision rules, Members shall have adequate supervisory systems and procedures reasonably designed to ensure that individuals with permissive registrations do not act outside the scope of their assigned functions. With respect to an individual who solely maintains a permissive registration(s),

the individual's direct supervisor shall not be required to be a registered person.

However, for purposes of compliance with the Exchange's supervision rules, a Member shall assign a registered supervisor who shall be responsible for periodically contacting such individual's direct supervisor to verify that the individual is not acting outside the scope of his or her assigned functions. If such individual is permissively registered as a representative, the registered supervisor shall be registered as a representative or principal. If the individual is permissively registered as a principal, the registered supervisor shall be registered as a principal. Moreover, the registered supervisor of an individual who solely maintains a permissive registration(s) shall not be required to be registered in the same representative or principal registration category as the permissively-registered individual.

## 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.<sup>41</sup> Specifically, the Exchange believes the proposed rule change is consistent with the Section 6(b)(5)<sup>42</sup> 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

---

<sup>41</sup> 15 U.S.C. 78f(b).

<sup>42</sup> 15 U.S.C. 78f(b)(5).

interest. Additionally, the Exchange believes the proposed rule change is consistent with the Section 6(b)(5)<sup>43</sup> requirement that the rules of an exchange not be designed to permit unfair discrimination between customers, issuers, brokers, or dealers.

The Exchange believes that the proposal to move to an annual Regulatory Element training with content tailored to an individual's representative or principal registration categories is designed to protect investors and is in the public interest. As noted in the order approving the similar changes to the FINRA CE Program,<sup>44</sup> the Commission found that "the rule is reasonably designed to minimize the potential adverse impact on firms and their registered persons. Furthermore, increasing the timeliness of registered persons' training, as well as the relevance of the training's content by tailoring it to each registration category that they hold, would enhance their education and compliance with their regulatory obligations."

The Exchange believes that the proposed changes to the Regulatory Element and the proposal to adopt the Firm Element portions of its CE Program will ensure that all registered persons receive timely and relevant training, which will, in turn, enhance compliance and investor protection. Further, the Exchange believes that establishing a path for individuals to maintain their qualification following the termination of a registration will reduce unnecessary impediments to requalification and promote greater diversity and inclusion in the securities industry without diminishing investor protection.

The Exchange also believes that the proposed rule change will bring consistency and uniformity with Cboe's and FINRA's recently amended CE Program rules, which will, in turn, assist Members and their associated persons in complying with these rules

---

<sup>43</sup> Id.

<sup>44</sup> Supra note 5.

and improve regulatory efficiency. The proposed rule changes conform certain of the Exchange's continuing education and registration rules to align them with rules of Cboe, which will, in turn, prevent unnecessary regulatory burdens and to promote efficient administration of the rules. Finally, the proposed amendment also makes minor updates and corrections to the Exchange's rules which improve readability.

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

The Exchange 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. The Exchange believes that the proposed rule changes which are, in all material respects, based upon and substantially similar to, recent rule changes adopted by FINRA and Cboe, will reduce the regulatory burden placed on market participants engaged in trading activities across different markets. The Exchange believes that the harmonization of the CE Program requirements across the various markets will reduce burdens on competition by removing impediments to participation in the national market system and promoting competition among participants across the multiple national securities exchanges.

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 Act<sup>45</sup> and Rule 19b-4(f)(6)<sup>46</sup> 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
- Send an e-mail to [rule-comments@sec.gov](mailto:rule-comments@sec.gov). Please include File Number SR-CboeEDGX-2022-017 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.

---

<sup>45</sup> 15 U.S.C. 78s(b)(3)(A).

<sup>46</sup> 17 CFR 240.19b-4(f)(6).

All submissions should refer to File Number SR-CboeEDGX-2022-017. 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-CboeEDGX-2022-017 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.<sup>47</sup>

Secretary

---

<sup>47</sup> 17 CFR 200.30-3(a)(12).

## EXHIBIT 5

(additions are underlined; deletions are [bracketed])

\* \* \* \* \*

## Rules of Cboe EDGX Exchange, Inc.

\* \* \* \* \*

## Rule 2.5. Restrictions

(a)-(g) No changes.

*Interpretations and Policies*

.01 No changes.

[.02 Continuing Education Requirements:

(a) Requirements

No Member shall permit any Authorized Trader, Principal, or Financial/Operations Principal (each a “Registered Representative”) to continue to, and no Registered Representative shall continue to, perform duties as a Registered Representative on behalf of such Member, unless such person has complied with the continuing education requirements in this Rule. Each Registered Representative shall complete the Regulatory Element of the continuing education program on the occurrence of their second registration anniversary date and every three years thereafter or as otherwise prescribed by the Exchange. On each occasion, the Regulatory Element must be completed within 120 days after the person’s registration anniversary date. A person’s initial registration date, also known as the “base date,” shall establish the cycle of anniversary dates for purposes of this Rule. The content of the Regulatory Element of the program shall be determined by the Exchange for each registration category of persons subject to the Rule. All other Registered Representatives shall comply with the continuing education requirements applicable to their particular registration, as set forth in paragraph (e) below.

(b) Failure to Complete

Unless otherwise determined by the Exchange, Registered Representatives who have not completed the Regulatory Element of the program within the prescribed time frames will have their registration deemed inactive until such time as the requirements of the program have been satisfied. Any person whose registration has been deemed inactive under this Rule shall cease all activities as a Registered Representative and is prohibited from performing any duties and functioning in any capacity requiring registration. A registration that is inactive for a period of two years will be administratively terminated. A person whose registration is so terminated may reactivate the registration only by reapplying for registration and satisfying applicable registration and qualification requirements of the Exchange’s Rules. The Exchange may, upon

application and a showing of good cause, allow for additional time for a Registered Representative to satisfy the program requirements.

(c) Disciplinary Actions

Unless otherwise determined by the Exchange, a Registered Representative will be required to retake the Regulatory Element and satisfy all of its requirements in the event such person:

(1) is subject to any statutory disqualification as defined in Section 3(a)(39) of the Exchange Act,

(2) is subject to suspension or to the imposition of a fine of \$5,000 or more for violation of any provision of any securities law or regulation, or any agreement with or rule or standard of conduct of any securities governmental agency, securities self-regulatory organization, or as imposed by any such regulatory or self-regulatory organization in connection with a disciplinary proceeding, or

(3) is ordered as a sanction in a disciplinary action to retake the Regulatory Element by any securities governmental agency or securities self-regulatory organization.

The retaking of the Regulatory Element shall commence with participation within 120 days of the Registered Representative becoming subject to the statutory disqualification, in the case of (1) above, or the disciplinary action becoming final, in the case of (2) or (3) above. The date of the disciplinary action shall be treated as such person's base date for purposes of this Rule.

(d) Reassociation in a Registered Capacity

Any Registered Representative who has terminated association with a registered broker or dealer and who has, within two (2) years of the date of termination, become reassociated in a registered capacity with a registered broker or dealer shall participate in the Regulatory Element at such intervals that may apply (second anniversary and every three years thereafter) based on the initial registration anniversary date, rather than based on the date of reassociation in a registered capacity.

(e) The following sets forth the Regulatory Elements appropriate for each registration category:

CATEGORY OF REGISTRATION	REGULATORY ELEMENT
General Securities Representative	S101 General Program
Securities Trader	S101 General Program
General Securities Principal	S201 Supervisor Program

Securities Trader Principal	S201 Supervisor Program
Financial/Operations Principal	S201 Supervisor Program]

.0[3]2 Registration Procedures

Persons associated with a Member registering with the Exchange shall electronically file a Form U4 with the Central Registration Depository (“CRD”) System by appropriately checking the Exchange as a requested registration on the electronic Form U4 filing. Any person required to complete Form U4 shall promptly electronically file any required amendments to Form U4 with the CRD System.

.0[4]3 Termination of employment.

- (a) No change.
- (b) No change.

.0[5]4 Statutory Disqualification Proceedings Pending Before Another SRO

The Exchange may waive the provisions of this Rule when a proceeding is pending before another self-regulatory organization to determine whether to permit a Member or associated person of a Member to become or continue membership or association notwithstanding a statutory disqualification. In the event the Exchange determines to waive the provisions of this Rule with respect to a Member or associated person, the Exchange shall determine whether the Exchange will concur in any Exchange Act Rule 19h-1 filing made by another self-regulatory organization with respect to the Member or associated person.

.05 All Registered Representatives and Principals Must Satisfy the Regulatory Element of Continuing Education. All registered representatives and principals, including those individuals who solely maintain permissive registrations pursuant to Rule 2.5.01(i) shall satisfy the Regulatory Element of continuing education for each representative or principal registration category that they hold as specified in Rule 2.5.01(i). If a person registered with a Member has a continuing education deficiency with respect to that registration as provided under Rule 2.16, such person shall not be permitted to be registered in another registration category under Rule 2.5.01(i) with that Member or to be registered in any registration category under Rule 2.5.01(i), with another Member, until the person has satisfied the deficiency.

.06 Lapse of Registration and Expiration of SIE. Any person who was last registered in a representative registration category two or more years immediately preceding the date of receipt by the Exchange of a new application for registration in that registration category shall be required to pass a representative qualification examination appropriate to that registration category as specified in Rule 2.5.01(i), unless the person has maintained his or her qualification status for that registration category in accordance with Rule 2.16(c) or as otherwise permitted by the Exchange.

Any person who last passed the SIE or who was last registered as a representative, whichever occurred last, four or more years immediately preceding the date of receipt by the Exchange of a new application for registration as a representative shall be required to pass the SIE in addition to a representative qualification examination appropriate to his or her category of registration as specified in Rule 2.5.01(i).

Any person who was last registered in a principal registration category two or more years immediately preceding the date of receipt by the Exchange of a new application for registration in that registration category shall be required to pass a principal qualification examination appropriate to that registration category as specified in Rule 2.5.01(i), unless the person has maintained his or her qualification status for the registration category in accordance with Rule 2.16(c) or as otherwise permitted by the Exchange.

Any person whose registration has been revoked and any person who has a continuing education deficiency for a period of two years as provided under Rule 2.5.01(i) shall be required to pass a representative or principal qualification examination appropriate to his or her category of registration as specified in Rule 2.5.01(i), to be eligible for registration with the Exchange.

For purposes of Interpretation and Policy .06 of this Rule, an application shall not be considered to have been received by the Exchange if that application does not result in a registration.

.07 *Waiver of Examinations for Individuals Working for a Financial Services Industry Affiliate of a Member.* Upon request by a Member, the Exchange shall waive the applicable qualification examination(s) for an individual designated as a participant in, and satisfying the conditions of, the financial services industry affiliate waiver program(s) (“FSA waiver program”) of Cboe Options under its Rule 3.30.09, C2 Options under its Chapter 3, Section B, and/or FINRA under its Rule 2110.09:

Effective March 15, 2022, Cboe Options, C2 Options and FINRA will not accept any new initial designations for individuals under their respective FSA waiver programs.

.08 *Permissive Registrations.* A Member may make application for or maintain the registration as a representative or principal of any associated person of a Member and any individual engaged in the securities business of a foreign securities affiliate or subsidiary of the Member. Individuals maintaining such permissive registrations shall be considered registered persons and subject to all Exchange rules, to the extent relevant to their activities. Consistent with the requirements of the Exchange’s supervision rules, Members shall have adequate supervisory systems and procedures reasonably designed to ensure that individuals with permissive registrations do not act outside the scope of their assigned functions. With respect to an individual who solely maintains a permissive registration(s), the individual’s direct supervisor shall not be required to be a registered person. However, for purposes of compliance with the Exchange’s supervision rules, a Member shall assign a registered supervisor who shall be responsible for periodically contacting such individual’s direct supervisor to verify that the individual is not acting outside the scope of his or her assigned functions. If such individual is permissively registered as a representative, the registered supervisor shall be registered as a representative or principal. If the individual is permissively registered as a principal, the registered supervisor shall be registered as a principal. Moreover, the registered supervisor of an

individual who solely maintains a permissive registration(s) shall not be required to be registered in the same representative or principal registration category as the permissively-registered individual.

\* \* \* \* \*

Rule 2.16. Continuing Education

This rule prescribes requirements regarding the continuing education of registered persons. The requirements shall consist of a Regulatory Element and a Firm Element as set forth below. This Rule also sets forth continuing education programs through which specified persons may maintain their qualification in a representative or principal registration category following the termination of that registration category.

(a) Regulatory Element.

(1) Requirements. All covered persons shall comply with the requirement to complete the Regulatory Element.

Each covered person in a representative or principal capacity immediately preceding January 1, 2023 shall complete the Regulatory Element for the registration category annually by December 31, 2023 and by December 31 every year thereafter in which the person remains registered, or as otherwise prescribed by the Exchange. Each covered person registering in a representative or principal registration category for the first time on or after January 1, 2023 shall complete the Regulatory Element for the registration category annually by December 31 of the subsequent calendar year following the calendar year in which the person becomes registered and by December 31 of every year thereafter in which the person remains registered, or as otherwise prescribed by the Exchange. Nothing in this paragraph (a) shall prohibit a Member from requiring its covered persons to complete their Regulatory Element for the registration categories at any time during the calendar year. The content of the Regulatory Element shall be appropriate to each representative or principal registration category. A covered person shall complete Regulatory Element content for each registration category that he or she holds. The content of the Regulatory Element for a covered person designated as eligible for a waiver pursuant to Rule 2.5.07, shall be determined based on the person's most recent registration(s), and the Regulatory Element shall be completed based on the same annual cycle had the person remained registered.

(2) Failure to Complete. Unless otherwise determined by the Exchange, as provided in this paragraph (a)(2), any covered person, other than a covered person designated as eligible for a waiver pursuant to Rule 2.5.07 who has not completed the Regulatory Element of the program within the prescribed calendar year in which the Regulatory Element is due will have his or her registration(s) deemed inactive until such time as he or she completes all required Regulatory Element, including any Regulatory Element that becomes due while his or her registration(s) is deemed inactive. Any covered person, other than a covered person designated as eligible for a waiver pursuant to Rule 2.5.07, whose registration(s) has been deemed inactive under this paragraph

(a)(2) shall cease all activities as a registered person and is prohibited from performing any duties and functioning in any capacity requiring registration. Further, such covered person may not accept or solicit business or receive any compensation for the purchase or sale of securities. However, such covered person may receive trail or residual commissions resulting from transactions completed before the inactive status, unless the Member with which such person is associated has a policy prohibiting such trail or residual commissions. A registration that remains inactive for a period of two consecutive years will be administratively terminated by the Exchange. A person whose registration(s) is so terminated or who otherwise fails to complete required Regulatory Element for two consecutive years may reactivate the registration(s) only by reapplying for registration and meeting the qualification requirements of the applicable provisions of Rules 2.5.01(i). The two-year period under this paragraph (a)(2) is calculated from the date a person's registration(s) is deemed inactive

If a covered person designated as eligible for a waiver pursuant to Rule 2.5.07 fails to complete the Regulatory Element within the prescribed time frames, the person shall no longer be eligible for such a waiver. The Exchange may, upon written application, with supporting documentation, and a showing of good cause, allow for additional time for a covered person to satisfy the Regulatory Element requirements.

(3) *Disciplinary Actions.* A covered person, other than a covered person designated as eligible for a waiver pursuant to Rule 2.5.07, may be required to complete assigned continuing education as prescribed by the Exchange in the event such person:

(A) becomes subject to any statutory disqualification as defined in Section 3(a)(39) of the Exchange Act;

(B) becomes subject to suspension or to the imposition of a fine of \$5,000 or more for violation of any provision of any securities law or regulation, or any agreement with or rule or standard of conduct of any securities governmental agency, securities self-regulatory organization, or as imposed by any such regulatory or self-regulatory organization in connection with a disciplinary proceeding; or

(C) is ordered as a sanction in a disciplinary action to complete continuing education by any securities governmental agency or securities self-regulatory organization.

Such covered person must complete any continuing education required under this paragraph (a)(3) within 120 days of the registered person becoming subject to the statutory disqualification, in the case of (A) above, or the disciplinary action becoming final, in the case of (B) or (C) above.

(4) *Reregistration.* Any covered person who reregisters with the Exchange in a representative or principal registration category shall complete the Regulatory Element content for the registration category annually by December 31 of the subsequent calendar

year following the calendar year in which the person becomes reregistered and by December 31 of every year thereafter in which the person remains registered, or as otherwise prescribed by the Exchange, provided that he or she has already completed Regulatory Element content for that registration category for the calendar year in which he or she is reregistering, he or she is reregistering by having passed an examination for that registration category or he or she is reregistering by having obtained an unconditional examination waiver for that registration category. Any covered person who is reregistering with the Exchange in a representative or principal registration category without having completed any Regulatory Element content for that registration category for the calendar year in which he or she is reregistering or without having passed an examination for that registration category or without having obtained an unconditional examination waiver for that registration category shall complete the Regulatory Element content for that registration category annually by December 31 of the calendar year in which he or she reregisters and by December 31 of every year thereafter in which he or she remains registered, or as otherwise prescribed by the Exchange.

If a covered person has not completed any Regulatory Element content for a registration category in the calendar year(s) prior to reregistering, the Exchange would not approve a registration request for that category until he or she completes that Regulatory Element content or he or she passes an examination for that registration category or he or she obtains an unconditional examination waiver for that registration category, whichever is applicable.

Nothing in this paragraph (a)(4) shall prohibit a Member from requiring covered persons, other than a covered person designated as eligible for a waiver pursuant to Rule 2.5.07, to complete their Regulatory Element for their registration categories at any time during the calendar year.

(5) *Definition of Covered Person.* For purposes of this Rule, the term “covered person” means any person, registered, or registering, with the Exchange as a representative or principal as specified in Rule 2.5.01(i), including any person who is permissively registered as such pursuant to Rule 2.5.08, and any person who is designated as eligible for a waiver pursuant to Rule 2.5.07.

(6) *Delivery of Regulatory Element.* The Regulatory Element set forth in paragraph (a) of this Rule shall be administered through Web-based delivery or such other technological manner and format as specified by the Exchange.

(7) *Regulatory Element Contact Person.* Each Member shall designate and identify to the Exchange (by name and e-mail address) an individual or individuals responsible for receiving e-mail notifications regarding a covered person’s completion of his or her Regulatory Element. Each Member shall identify, review, and, if necessary, update the information regarding its Regulatory Element contact person(s) in the manner prescribed by Exchange Rules.

(b) *Firm Element.*

(1) *Persons Subject to the Firm Element.* The requirements of paragraph (b) of this Rule shall apply to any person registered with a Member, including any person who is permissively registered as a representative or principal pursuant to Rule 2.5.08 (collectively, “covered registered persons”).

(2) *Standards.*

(A) *General.* Member must maintain a continuing and current education program for its covered registered persons to enhance their securities knowledge, skills and professionalism. At a minimum, each Member shall at least annually evaluate and prioritize its training needs and develop a written training plan. The plan must take into consideration the Member’s size, organizational structure, and scope of business activities, as well as regulatory developments and the performance of covered registered persons in the Regulatory Element. If a Member’s analysis determines a need for supervisory training for persons with supervisory responsibilities such training must be included in the Member’s training plan.

(B) *Minimum Standards for Training Programs.* Programs used to implement a Member’s training plan must be appropriate for the business of the Member and, at a minimum, must cover training topics related to the role, activities or responsibilities of the covered registered person and to professional responsibility.

(C) *Administration of Continuing Education Program.* Each Member must administer its continuing education program under this paragraph (b) in accordance with its annual evaluation and written plan and must maintain records documenting the content of the programs and completion of the programs by covered registered persons.

(D) *Participation in Other Required Training.* A Member may consider a covered registered person’s participation in the Member’s anti-money laundering compliance training under Rule 5.6 and a covered registered person’s participation in the Member’s annual compliance training toward satisfying the covered registered person’s continuing education requirements under this paragraph (b).

(3) *Participation in the Firm Element.* Covered registered persons of a Member must take all appropriate and reasonable steps to participate in continuing education programs under this paragraph (b) as required by the Member.

(4) *Specific Training Requirements.* The Exchange may require a Member, individually or as part of a larger group, to provide specific training to its covered registered persons in such areas the Exchange deems appropriate. Such a requirement may stipulate the class of covered registered persons for which it is applicable, the time

period in which the requirement must be satisfied and, where appropriate, the actual training content.

(c) *Continuing Education Program for Persons Maintaining Their Qualification Following the Termination of a Registration Category.* A person who terminates any of his or her representative or principal registration categories may maintain his or her qualification for any of the terminated registration categories for a period of five years following the termination of the registration category, subject to the following conditions:

(1) The person was registered in the registration category for at least one year immediately preceding the termination of the registration category and the person was not subject to a statutory disqualification as defined in Section 3(a)(39) of the Exchange Act during the registration period;

(2) The person elects to participate in the continuing education program under this paragraph (c) at the time of his or her Form U5 submission or at a later date within two years from the termination of his or her registration category, provided that if the person commences at the later date the person completes within two years from the termination of his or her registration category any continuing education that was due under the program between the time of his or her Form U5 submission and the later date he or she commences participating in the program;

(3) The person completes annually by December 31 of the calendar year in a manner specified by the Exchange all prescribed continuing education during his or her participation in the program under this paragraph (c), provided that the Exchange may, upon written application by the person, with supporting documentation, and a showing of good cause, allow for additional time for the person to complete the prescribed continuing education;

(4) The person does not have a continuing education deficiency with respect to his or her Regulatory Element for two consecutive years as provided in paragraph (a)(2) of this Rule;

(5) The person does not become subject to a continuing education deficiency with respect to his or her Regulatory Element for two consecutive years as provided in paragraph (a)(2) of this Rule while participating in the program under this paragraph (c); and

(6) The person does not become subject to a statutory disqualification as defined in Section 3(a)(39) of the Exchange Act following the termination of his or her registration category or while participating in the program under this paragraph (c).

### *Interpretations and Policies*

.01 *Eligibility of Other Persons to Participate in the Continuing Education Program Specified in Paragraph (c) of this Rule.* A person registered in a representative or principal

registration category within two years immediately preceding March 15, 2022 shall be eligible to participate in the continuing education program under paragraph (c) of this Rule, provided that he or she satisfies the conditions set forth in paragraphs (c)(1) and (c)(3) through (c)(6) of this Rule. In addition, a person participating in the FSA Waiver Program Rule 2.5.08 immediately preceding March 15, 2022 shall be eligible to participate in the continuing education program under paragraph (c) of this Rule, provided that he or she satisfies the conditions set forth in paragraphs (c)(3), (c)(5) and (c)(6) of this Rule. Persons eligible under this Interpretation and Policy .01 shall make their election to participate in the continuing education program under paragraph (c) of this Rule by March 15, 2022. If such persons elect to participate in the continuing education program, the Exchange shall adjust their participation period by deducting from that period the amount of time that has lapsed between the date that such persons terminated their registration categories and March 15, 2022.

.02 *Re-Eligibility to Participate in the Continuing Education Program Specified in Paragraph (c) of this Rule.* A person who previously participated in the continuing education program under paragraph (c) of this Rule may become re-eligible to participate in the program if he or she reregisters with a Member and subsequently satisfies the conditions set forth in paragraphs (c)(1) and (c)(4) of this Rule. In such an event, the person may elect to again participate in the program subject to satisfying the remaining conditions set forth in paragraph (c) of this Rule.

\* \* \* \* \*