

Required fields are shown with yellow backgrounds and asterisks.

Filing by NASDAQ OMX BX, Inc.  
Pursuant to Rule 19b-4 under the Securities Exchange Act of 1934

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

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

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

**Description**

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

A proposal to establish the Securities Trader and Securities Trader Principal registration categories.

**Contact Information**

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

First Name \*  Last Name \*

Title \*

E-mail \*

Telephone \*  Fax

**Signature**

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

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

(Title \*)

Date

By

(Name \*)

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

SECURITIES AND EXCHANGE COMMISSION  
WASHINGTON, D.C. 20549

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

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

Add Remove View

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

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

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

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, security-based swap submission, or advance notice being deemed not properly filed. See also Rule 0-3 under the Act (17 CFR 240.0-3)

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

Add Remove View

Exhibit Sent As Paper Document

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

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

Add Remove View

Exhibit Sent As Paper Document

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

**Exhibit 4 - Marked Copies**

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

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.

1. Text of the Proposed Rule Change

(a) NASDAQ OMX BX, Inc. (“BX” or “Exchange”), pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 (“Act”)<sup>1</sup> and Rule 19b-4 thereunder,<sup>2</sup> is filing with the Securities and Exchange Commission (“Commission”) a proposal to establish the Securities Trader and Securities Trader Principal registration categories and to retire the Limited Representative – Proprietary Trader and Limited Principal – Proprietary Trader registration categories. The Exchange is also amending its rules to establish the Series 57 examination as the appropriate qualification examination for Securities Traders and deleting the rule referring to the S501 continuing education program currently applicable to Proprietary Traders. BX will announce the effective date of the proposed rule change in a Trader Alert.

A notice of the proposed rule change for publication in the Federal Register is attached hereto as Exhibit 1. The text of the proposed rule change is attached as Exhibit 5.

(b) Not applicable.

(c) Not applicable.

2. Procedures of the Self-Regulatory Organization

The proposed rule change was approved by senior management of the Exchange pursuant to authority delegated by the Board of Directors of the Exchange (the “Board”) on July 1, 2015. Exchange staff will advise the Board of any action taken pursuant to delegated authority. No other action is necessary for the filing of the rule change.

---

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

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

Questions and comments on the proposed rule change may be directed to Carla Behnfeldt, Associate General Counsel, The NASDAQ OMX Group, Inc., at (215) 496-5208.

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

a. Purpose

The Exchange is proposing to replace the Proprietary Trader registration category (the “Proprietary Trader” registration category) and Proprietary Trader qualification examination (Series 56) with the Securities Trader registration category and Securities Trader qualification examination (Series 57) in its registration rules relating to securities trading activity. Similarly, the Exchange proposes to replace the Limited Principal - Proprietary Trader registration category (the “Proprietary Trader Principal” registration category) with the Securities Trader Principal registration category.

This filing is, in all material respects, based upon SR-FINRA-2015-017, which was recently approved by the Commission.<sup>3</sup>

I. Securities Trader Registration Category.

Today, BX Rule 1032(a) requires each person associated with a member who is included within the definition of a Representative<sup>4</sup> to register with the Exchange as a

---

<sup>3</sup> See Securities Exchange Act Release No. 75783 (August 28, 2015), 80 FR 53369 (September 3, 2015) (approving SR-FINRA-2015-017) (the “FINRA Amendments”).

<sup>4</sup> “Representative” is defined in Rule 1011 as an Associated Person of a registered broker or dealer who is engaged in the investment banking or securities business for the member including the functions of supervision, solicitation or conduct of business in securities or who is engaged in the training of persons associated with a broker or dealer for any of these functions are designated as representatives. As provided in Rule 1031, all Representatives of BX members are required to be

General Securities Representative and to pass an appropriate Qualification Examination before such registration may become effective unless his or her activities are so limited as to qualify him for one or more limited categories of representative registration specified in Rule 1032. Subparagraph (b) to Rule 1032 sets forth the Proprietary Trader category of registration limited to persons who are associated with a proprietary trading firm<sup>5</sup> and whose activities in the investment banking or securities business are limited solely to proprietary trading. Persons who deal with the public do not fit in this registration category and must continue to register as General Securities Representatives.<sup>6</sup>

The Exchange is proposing to retire the Proprietary Trader registration category by deleting current Rule 1032(b) and adopting proposed Rule 1032(b) establishing the new Securities Trader registration category. Proposed Rule 1032(b) requires that each person associated with a member who is included within the definition of a representative as defined in Rule 1011 must register with the Exchange as a Securities Trader if, with respect to transactions in equity, preferred or convertible debt securities, or foreign

---

registered with the Exchange, and Representatives that are so registered are referred to as "Registered Representatives".

<sup>5</sup> "Proprietary trading firm" is defined in Rule 1011 as an Applicant with the following characteristics: (1) the Applicant is not required by Section 15(b)(8) of the Act to become a FINRA member but is a member of another registered securities exchange not registered solely under Section 6(g) of the Act; (2) all funds used or proposed to be used by the Applicant for trading are the Applicant's own capital, traded through the Applicant's own accounts; (3) the Applicant does not, and will not have "customers," as that term is defined in Equity Rule 0120(g); and (4) all Principals and Representatives of the Applicant acting or to be acting in the capacity of a trader must be owners of, employees of, or contractors to the Applicant.

<sup>6</sup> Persons who are registered as General Securities Representatives and have passed the Series 7 may perform the functions of a Proprietary Trader. Associated persons may register as General Securities Representatives upon passing the Series 7 examination and then function as a Proprietary Trader.

currency options on the Exchange, such person is engaged in proprietary trading, the execution of transactions on an agency basis, or the direct supervision of such activities, other than any person associated with a member whose trading activities are conducted principally on behalf of an investment company that is registered with the Commission pursuant to the Investment Company Act of 1940 and that controls, is controlled by or is under common control, with the member (an “investment company firm”). The proposed language requires applicants to pass an appropriate Qualification Examination for Securities Trader (the Series 57 examination) before registering in the new Securities Trader category. It also provides that a person registered as a Securities Trader shall not be qualified to function in any other registration category, unless he or she is also qualified and registered in such other registration category.

A person registered as a Proprietary Trader in the Central Registration Depository (CRD®) system on the effective date of the proposed rule change will be grandfathered as a Securities Trader without having to take any additional examinations and without having to take any other actions. In addition, individuals who were registered as a Proprietary Trader in the CRD system prior to the effective date of the proposed rule change will be eligible to register as Securities Traders without having to take any additional examinations, provided that no more than two years have passed between the date they were last registered as a representative and the date they register as a Securities Trader.

Persons registered in the new category would be subject to the continuing education requirements of Rule 1120. The Exchange proposes to amend Rule 1120(a) by removing the option for Series 56 registered persons to participate in the S501 Series

56 Proprietary Trader continuing education program in order to satisfy the Regulatory Element. The S501 Series 56 Proprietary Trader continuing education program is being phased out along with the Series 56 Proprietary Trader qualification examination. As a result, effective January 4, 2016, the S501 Series 56 Proprietary Trader continuing education program for Series 56 registered persons will cease to exist. In place of the S501 Series 56 Proprietary Trader continuing education program for Series 56 registered persons, the Exchange proposes that Series 57 registered persons be permitted to enroll in the S101 General Program for Series 7 and all other registered persons.

II. Securities Trader Principal Registration Category.

Currently, Exchange Rule 1021 requires all persons engaged or to be engaged in the investment banking or securities business of a member who are to function as principals to be registered as such with the Exchange in the category of registration appropriate to the function to be performed as specified in Rule 1022.<sup>7</sup> Before their registration can become effective, they are required to pass a Qualification Examination for Principals appropriate to the category of registration as specified by the Exchange Board. Pursuant to Rule 1021(b), persons associated with a member as sole proprietor, officer, partner, manager of office of supervisory jurisdiction or corporate director, who are actively engaged in the management of the member's investment banking or securities

---

<sup>7</sup> Additionally, Rule 1021(e), Requirement of Two Registered Principals for Members, establishes that an Exchange member, except a sole proprietorship, shall have at least two officers or partners who are registered as principals with respect to each aspect of the member's investment banking and securities business pursuant to the applicable provisions of Rule 1022; provided, however, that a proprietary trading firm with 25 or fewer registered representatives shall only be required to have one officer or partner who is registered as a principal.

business, including supervision, solicitation, conduct of business or the training of persons associated with a member for any of these functions, are designated as Principals.

Rule 1022 lists the categories of principal registration. In addition to “General Securities Principal,” which is the broadest category, there are three limited categories of principal registration: Financial and Operations, General Securities Sales Supervisor, and Proprietary Trader. Pursuant to Rule 1022(h), the Proprietary Trader Principal category is available for persons whose supervisory responsibilities in the investment banking and securities business are limited to the activities of a member that involve proprietary trading. Currently, Rule 1022 requires that such persons be registered pursuant to Exchange rules as a Proprietary Trader, be qualified to be so registered by passing the Series 24 examination (the same qualification required for registration as a General Securities Principal), and not function in a principal capacity with responsibility over any area of business activity other than proprietary trading. Under Exchange Rule 1032(b)(1)(B), the prerequisite examination for the Proprietary Trader Principal category is the Series 56 examination.

In consultation with FINRA and other exchanges, the Exchange is now proposing to retire the Proprietary Trader Principal category. Accordingly, it is deleting Rule 1022(h) in its entirety. In its place the Exchange is adopting new Rule 1022(h), which adds a new Securities Trader Principal registration category. Under the proposed rule each person associated with a member who is included within the definition of principal in Rule 1021 and who will have supervisory responsibility over the securities trading activities described in Rule 1032(b) must become qualified and registered as a Securities Trader Principal. The proposed rule change should allow BX to more easily track principals with supervisory responsibility over securities trading activities.



To qualify for registration as a Securities Trader Principal, a candidate would first be required to qualify and register as a Securities Trader under Rule 1032(b) and pass the General Securities Principal qualification examination. A person who is qualified and registered as a Securities Trader Principal under the new rule would only have supervisory responsibility over the securities trading activities specified in Rule 1032(b), unless such person were separately qualified and registered in another appropriate principal registration category, such as the General Securities Principal registration category. Finally, a registered General Securities Principal would not be qualified to supervise the securities trading activities described in Rule 1032(b), unless such person also qualified and registered as a Securities Trader under Rule 1032(b) by passing the Securities Trader qualification examination and registered as a Securities Trader Principal.

A person registered as a Proprietary Trader Principal in the CRD system on the effective date of the proposed rule change will be eligible to register as a Securities Trader Principal without having to take any additional examinations. An individual who was registered as a Proprietary Trader Principal in the CRD system prior to the effective date of the proposed rule change will also be eligible to register as a Securities Trader Principal without having to take any additional examinations, provided that no more than two years have passed between the date they were last registered as a principal and the date they register as a Securities Trader Principal. Members, however, will be required to affirmatively register persons transitioning to the proposed registration category as Securities Trader Principals on or after the effective date of the proposed rule change.

b. Statutory Basis

The Exchange believes that its proposal is consistent with Section 6(b) of the Act<sup>8</sup> in general, and furthers the objectives of Section 6(b)(5) of the Act<sup>9</sup> in particular, in that it is designed to promote just and equitable principles of trade, 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. The Exchange believes that the requirements of the Securities Trader and Securities Trader Principal registration categories, as well as the new Securities Trader qualification examination, should help ensure that proprietary traders and the principals who supervise proprietary traders and proprietary trading are, and will continue to be, properly trained and qualified to perform their functions which should protect investors and the public interest.

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 not necessary or appropriate in furtherance of the purposes of the Act. Implementation of the proposed changes to BX's registration rules in coordination with the FINRA Amendments does not present any competitive issues, but rather is designed to provide less burdensome and more efficient regulatory compliance for members and enhance the ability of the Exchange to fairly and efficiently regulate members, which will further enhance competition. Additionally, the proposed rule change should not affect intramarket competition because all similarly situated representatives and principals will be required to complete the same qualification

---

<sup>8</sup> 15 U.S.C. 78f(b).

<sup>9</sup> 15 U.S.C. 78f(b)(5).

examinations and maintain the same registrations. Finally, the proposed rule change does not impose any additional examination burdens on persons who are already registered.

There is no obligation to take the proposed Series 57 examination in order to continue in their present duties, so the proposed rule change is not expected to disadvantage current registered persons relative to new entrants in this regard.

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

No written comments were either solicited or received.

6. Extension of Time Period for Commission Action

Not applicable.

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

The foregoing rule change has become effective pursuant to Section 19(b)(3)(A)<sup>10</sup> of the Act and Rule 19b-4(f)(6) thereunder<sup>11</sup> in that it 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.

Furthermore, Rule 19b-4(f)(6)(iii) requires a self-regulatory organization to give the Commission written notice of its intent to file a proposed rule change under that subsection at least five business days prior to the date of filing, or such shorter time as designated by the Commission. The Exchange has provided such notice.

---

<sup>10</sup> 15 U.S.C. 78s(b)(3)(A).

<sup>11</sup> 17 CFR 240.19b-4(f)(6).

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: (i) necessary or appropriate in the public interest; (ii) for the protection of investors; or (iii) otherwise in furtherance of the purposes of the Act. If the Commission takes such action, the Commission shall institute proceedings to determine whether the proposed rule should be approved or disapproved.

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

As noted above this filing is, in all material respects, based upon SR-FINRA-2015-017, which was recently approved by the Commission.

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

Not applicable.

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

Not applicable.

11. Exhibits

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

5. Text of the proposed rule change.

**EXHIBIT 1**

SECURITIES AND EXCHANGE COMMISSION  
(Release No. \_\_\_\_\_ ; File No. SR-BX-2015-066)

November \_\_, 2015

Self-Regulatory Organizations; NASDAQ OMX BX, Inc.; Notice of Filing and Immediate Effectiveness of Proposed Rule Change to Establish the Securities Trader and Securities Trader Principal Registration Categories

Pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 (“Act”)<sup>1</sup>, and Rule 19b-4 thereunder,<sup>2</sup> notice is hereby given that on November 4, 2015, NASDAQ OMX BX, Inc. (“BX” or “Exchange”) filed with the Securities and Exchange Commission (“SEC” or “Commission”) the proposed rule change as described in Items I, II, and III, below, which Items have been prepared by the Exchange. The Commission is publishing this notice to solicit comments on the proposed rule change from interested persons.

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

The Exchange proposes to establish the Securities Trader and Securities Trader Principal registration categories and to retire the Limited Representative – Proprietary Trader and Limited Principal – Proprietary Trader registration categories. The Exchange is also amending its rules to establish the Series 57 examination as the appropriate qualification examination for Securities Traders and deleting the rule referring to the S501 continuing education program currently applicable to Proprietary Traders.

---

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

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

The text of the proposed rule change is available on the Exchange's Website at <http://nasdaqomxbx.cchwallstreet.com/>, at the principal office of the Exchange, 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

The Exchange is proposing to replace the Proprietary Trader registration category (the "Proprietary Trader" registration category) and Proprietary Trader qualification examination (Series 56) with the Securities Trader registration category and Securities Trader qualification examination (Series 57) in its registration rules relating to securities trading activity. Similarly, the Exchange proposes to replace the Limited Principal - Proprietary Trader registration category (the "Proprietary Trader Principal" registration category) with the Securities Trader Principal registration category.

This filing is, in all material respects, based upon SR-FINRA-2015-017, which was recently approved by the Commission.<sup>3</sup>

---

<sup>3</sup> See Securities Exchange Act Release No. 75783 (August 28, 2015), 80 FR 53369 (September 3, 2015) (approving SR-FINRA-2015-017) (the "FINRA Amendments").

I. Securities Trader Registration Category.

Today, BX Rule 1032(a) requires each person associated with a member who is included within the definition of a Representative<sup>4</sup> to register with the Exchange as a General Securities Representative and to pass an appropriate Qualification Examination before such registration may become effective unless his or her activities are so limited as to qualify him for one or more limited categories of representative registration specified in Rule 1032. Subparagraph (b) to Rule 1032 sets forth the Proprietary Trader category of registration limited to persons who are associated with a proprietary trading firm<sup>5</sup> and whose activities in the investment banking or securities business are limited solely to proprietary trading. Persons who deal with the public do not fit in this registration category and must continue to register as General Securities Representatives.<sup>6</sup>

---

<sup>4</sup> “Representative” is defined in Rule 1011 as an Associated Person of a registered broker or dealer who is engaged in the investment banking or securities business for the member including the functions of supervision, solicitation or conduct of business in securities or who is engaged in the training of persons associated with a broker or dealer for any of these functions are designated as representatives. As provided in Rule 1031, all Representatives of BX members are required to be registered with the Exchange, and Representatives that are so registered are referred to as “Registered Representatives”.

<sup>5</sup> “Proprietary trading firm” is defined in Rule 1011 as an Applicant with the following characteristics: (1) the Applicant is not required by Section 15(b)(8) of the Act to become a FINRA member but is a member of another registered securities exchange not registered solely under Section 6(g) of the Act; (2) all funds used or proposed to be used by the Applicant for trading are the Applicant's own capital, traded through the Applicant's own accounts; (3) the Applicant does not, and will not have “customers,” as that term is defined in Equity Rule 0120(g); and(4) all Principals and Representatives of the Applicant acting or to be acting in the capacity of a trader must be owners of, employees of, or contractors to the Applicant.

<sup>6</sup> Persons who are registered as General Securities Representatives and have passed the Series 7 may perform the functions of a Proprietary Trader. Associated persons may register as General Securities Representatives upon passing the Series 7 examination and then function as a Proprietary Trader.

The Exchange is proposing to retire the Proprietary Trader registration category by deleting current Rule 1032(b) and adopting proposed Rule 1032(b) establishing the new Securities Trader registration category. Proposed Rule 1032(b) requires that each person associated with a member who is included within the definition of a representative as defined in Rule 1011 must register with the Exchange as a Securities Trader if, with respect to transactions in equity, preferred or convertible debt securities, or foreign currency options on the Exchange, such person is engaged in proprietary trading, the execution of transactions on an agency basis, or the direct supervision of such activities, other than any person associated with a member whose trading activities are conducted principally on behalf of an investment company that is registered with the Commission pursuant to the Investment Company Act of 1940 and that controls, is controlled by or is under common control, with the member (an “investment company firm”). The proposed language requires applicants to pass an appropriate Qualification Examination for Securities Trader (the Series 57 examination) before registering in the new Securities Trader category. It also provides that a person registered as a Securities Trader shall not be qualified to function in any other registration category, unless he or she is also qualified and registered in such other registration category.

A person registered as a Proprietary Trader in the Central Registration Depository (CRD®) system on the effective date of the proposed rule change will be grandfathered as a Securities Trader without having to take any additional examinations and without having to take any other actions. In addition, individuals who were registered as a Proprietary Trader in the CRD system prior to the effective date of the proposed rule change will be eligible to register as Securities Traders without having to take any



additional examinations, provided that no more than two years have passed between the date they were last registered as a representative and the date they register as a Securities Trader.

Persons registered in the new category would be subject to the continuing education requirements of Rule 1120. The Exchange proposes to amend Rule 1120(a) by removing the option for Series 56 registered persons to participate in the S501 Series 56 Proprietary Trader continuing education program in order to satisfy the Regulatory Element. The S501 Series 56 Proprietary Trader continuing education program is being phased out along with the Series 56 Proprietary Trader qualification examination. As a result, effective January 4, 2016, the S501 Series 56 Proprietary Trader continuing education program for Series 56 registered persons will cease to exist. In place of the S501 Series 56 Proprietary Trader continuing education program for Series 56 registered persons, the Exchange proposes that Series 57 registered persons be permitted to enroll in the S101 General Program for Series 7 and all other registered persons.

## II. Securities Trader Principal Registration Category.

Currently, Exchange Rule 1021 requires all persons engaged or to be engaged in the investment banking or securities business of a member who are to function as principals to be registered as such with the Exchange in the category of registration appropriate to the function to be performed as specified in Rule 1022.<sup>7</sup> Before their

---

<sup>7</sup> Additionally, Rule 1021(e), Requirement of Two Registered Principals for Members, establishes that an Exchange member, except a sole proprietorship, shall have at least two officers or partners who are registered as principals with respect to each aspect of the member's investment banking and securities business pursuant to the applicable provisions of Rule 1022; provided, however, that a proprietary trading firm with 25 or fewer registered representatives shall only be required to have one officer or partner who is registered as a principal.

registration can become effective, they are required to pass a Qualification Examination for Principals appropriate to the category of registration as specified by the Exchange Board. Pursuant to Rule 1021(b), persons associated with a member as sole proprietor, officer, partner, manager of office of supervisory jurisdiction or corporate director, who are actively engaged in the management of the member's investment banking or securities business, including supervision, solicitation, conduct of business or the training of persons associated with a member for any of these functions, are designated as Principals.

Rule 1022 lists the categories of principal registration. In addition to “General Securities Principal,” which is the broadest category, there are three limited categories of principal registration: Financial and Operations, General Securities Sales Supervisor, and Proprietary Trader. Pursuant to Rule 1022(h), the Proprietary Trader Principal category is available for persons whose supervisory responsibilities in the investment banking and securities business are limited to the activities of a member that involve proprietary trading. Currently, Rule 1022 requires that such persons be registered pursuant to Exchange rules as a Proprietary Trader, be qualified to be so registered by passing the Series 24 examination (the same qualification required for registration as a General Securities Principal), and not function in a principal capacity with responsibility over any area of business activity other than proprietary trading. Under Exchange Rule 1032(b)(1)(B), the prerequisite examination for the Proprietary Trader Principal category is the Series 56 examination.

In consultation with FINRA and other exchanges, the Exchange is now proposing to retire the Proprietary Trader Principal category. Accordingly, it is deleting Rule 1022(h) in its entirety. In its place the Exchange is adopting new Rule 1022(h), which adds a new Securities Trader Principal registration category. Under the proposed rule each person associated with a member who is included within the definition of principal

in Rule 1021 and who will have supervisory responsibility over the securities trading activities described in Rule 1032(b) must become qualified and registered as a Securities Trader Principal. The proposed rule change should allow BX to more easily track principals with supervisory responsibility over securities trading activities.

To qualify for registration as a Securities Trader Principal, a candidate would first be required to qualify and register as a Securities Trader under Rule 1032(b) and pass the General Securities Principal qualification examination. A person who is qualified and registered as a Securities Trader Principal under the new rule would only have supervisory responsibility over the securities trading activities specified in Rule 1032(b), unless such person were separately qualified and registered in another appropriate principal registration category, such as the General Securities Principal registration category. Finally, a registered General Securities Principal would not be qualified to supervise the securities trading activities described in Rule 1032(b), unless such person also qualified and registered as a Securities Trader under Rule 1032(b) by passing the Securities Trader qualification examination and registered as a Securities Trader Principal.

A person registered as a Proprietary Trader Principal in the CRD system on the effective date of the proposed rule change will be eligible to register as a Securities Trader Principal without having to take any additional examinations. An individual who was registered as a Proprietary Trader Principal in the CRD system prior to the effective date of the proposed rule change will also be eligible to register as a Securities Trader Principal without having to take any additional examinations, provided that no more than two years have passed between the date they were last registered as a principal and the

date they register as a Securities Trader Principal. Members, however, will be required to affirmatively register persons transitioning to the proposed registration category as Securities Trader Principals on or after the effective date of the proposed rule change.

## 2. Statutory Basis

The Exchange believes that its proposal is consistent with Section 6(b) of the Act<sup>8</sup> in general, and furthers the objectives of Section 6(b)(5) of the Act<sup>9</sup> in particular, in that it is designed to promote just and equitable principles of trade, 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. The Exchange believes that the requirements of the Securities Trader and Securities Trader Principal registration categories, as well as the new Securities Trader qualification examination, should help ensure that proprietary traders and the principals who supervise proprietary traders and proprietary trading are, and will continue to be, properly trained and qualified to perform their functions which should protect investors and the public interest.

### 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 not necessary or appropriate in furtherance of the purposes of the Act. Implementation of the proposed changes to BX's registration rules in coordination with the FINRA Amendments does not present any competitive issues, but rather is designed to provide less burdensome and more efficient regulatory compliance for members and enhance the ability of the Exchange to fairly and efficiently regulate

---

<sup>8</sup> 15 U.S.C. 78f(b).

<sup>9</sup> 15 U.S.C. 78f(b)(5).

members, which will further enhance competition. Additionally, the proposed rule change should not affect intramarket competition because all similarly situated representatives and principals will be required to complete the same qualification examinations and maintain the same registrations. Finally, the proposed rule change does not impose any additional examination burdens on persons who are already registered. There is no obligation to take the proposed Series 57 examination in order to continue in their present duties, so the proposed rule change is not expected to disadvantage current registered persons relative to new entrants in this regard.

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

No written comments were either solicited or received.

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

Because the foregoing proposed rule change does not: (i) significantly affect the protection of investors or the public interest; (ii) impose any significant burden on competition; and (iii) 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)(iii) of the Act<sup>10</sup> and subparagraph (f)(6) of Rule 19b-4 thereunder.<sup>11</sup>

---

<sup>10</sup> 15 U.S.C. 78s(b)(3)(a)(iii).

<sup>11</sup> 17 CFR 240.19b-4(f)(6). In addition, Rule 19b-4(f)(6) requires a self-regulatory organization to give the Commission written notice of its intent to file 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 has satisfied this requirement.

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: (i) necessary or appropriate in the public interest; (ii) for the protection of investors; or (iii) otherwise in furtherance of the purposes of the Act. If the Commission takes such action, the Commission shall institute proceedings to determine whether the proposed rule 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-BX-2015-066 on the subject line.

##### Paper comments:

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

All submissions should refer to File Number SR-BX-2015-066. 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 Web site

(<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, DC 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-BX-2015-066 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>12</sup>

Robert W. Errett  
Deputy Secretary

---

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

**Exhibit 5**

*Proposed new text is underlined; proposed deletions are bracketed.*

**NASDAQ OMX BX Rules**

\* \* \* \* \*

**1022. Categories of Principal Registration****(a) General Securities Principal**

(1) Each person associated with a member who is included within the definition of principal in Rule 1021, and each person designated as a Chief Compliance Officer on Schedule A of Form BD, shall be required to register with the Exchange as a General Securities Principal and shall pass an appropriate Qualification Examination before such registration may become effective unless such person's activities are so limited as to qualify such person for one or more of the limited categories of principal registration specified hereafter. A person whose activities in the investment banking or securities business are so limited is not, however, precluded from attempting to become qualified for registration as a General Securities Principal, and if qualified, may become so registered. Each person seeking to register and qualify as a General Securities Principal must, prior to or concurrent with such registration, become registered, pursuant to the Rule 1030 Series, as a General Securities Representative. A person who has been designated as a Chief Compliance Officer on Schedule A of Form BD for at least two years immediately prior to January 1, 2002, and who has not been subject within the last ten years to any statutory disqualification as defined in Section 3(a)(39) of the Act; a suspension; or the imposition of a fine of \$5,000 or more for 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 shall be exempt from the requirement to pass the appropriate Qualification Examination.

(2) – (3) No change.

(4) A person registered solely as a General Securities Principal shall not be qualified to function as a Limited Principal—Financial and Operations, [or] Limited Principal—General Securities Sales Supervisor or Securities Trader Principal unless that person is also qualified and registered as such.

**(b) – (g) No change.**

**[(h) Limited Principal - Proprietary Trader**

(1) Each person associated with a member who is included within the definition of a principal in Rule 1021(b) may register with the Exchange as a Limited Principal—Proprietary Trader if:



(A) his or her supervisory responsibilities in the investment banking and securities business are limited solely to the activities of a member that involve proprietary trading;

(B) he or she is registered pursuant to Exchange Rules as a Proprietary Trader; and

(C) he or she is qualified to be so registered by passing the Series 24 examination.

(2) A person registered in this category shall NOT be qualified to function in a Principal capacity with responsibility over any area of business activity not described in paragraph (h)(1)(A).]

### **(h) Securities Trader Principal**

(i) Each person associated with a member who is included within the definition of principal in Rule 1021 and who will have supervisory responsibility over the securities trading activities described in Rule 1032(b) shall become qualified and registered as a Securities Trader Principal. To qualify for registration as a Securities Trader Principal, such person shall become qualified and registered as a Securities Trader under Rule 1032(b) and pass the General Securities Principal qualification examination. A person who is qualified and registered as a Securities Trader Principal under this subparagraph (i) may only have supervisory responsibility over the activities specified in Rule 1032(b), unless such person is separately qualified and registered in another appropriate principal registration category, such as the General Securities Principal registration category.

(ii) A person who is registered as a General Securities Principal shall not be qualified to supervise the trading activities described in Rule 1032(b), unless such person has also become qualified and registered as a Securities Trader under Rule 1032(b) by passing the Securities Trader qualification examination and become registered as a Securities Trader Principal.

IM-1022-1. No change.

IM-1022-2. No change.

## **1032. Categories of Representative Registration**

### **(a) General Securities Representative**

Each person associated with a member who is included within the definition of a Representative in Rule 1011 shall be required to register with the Exchange as a General Securities Representative and shall pass an appropriate Qualification Examination before such registration may become effective unless his or her activities are so limited as to qualify him for one or more of the limited categories of representative registration specified hereafter. A person whose activities in the investment banking or securities business are so limited is not, however, precluded from attempting to become qualified for registration as a General Securities Representative, and if qualified, may become so registered.

### **[(b) Limited Representative - Proprietary Trader**

(1) Each person associated with a member who is included within the definition of a representative in Rule 1011 may register with the Exchange as a Limited Representative—Proprietary Trader if:

(A) his activities in the investment banking or securities business are limited solely to proprietary trading; and

(B) he passes an appropriate Qualification Examination for Limited Representative—Proprietary Trader. The appropriate Qualification Examination is the Series 56; and

(C) he is an associated person of a proprietary trading firm as defined in Rule 1011(o).

(2) A person qualified solely as a Limited Representative—Proprietary Trader shall not be qualified to function as a representative in any area not described in paragraph (b)(1)(A) hereof.]

**(b) Securities Trader**

(1) Each person associated with a member who is included within the definition of a representative as defined in Rule 1011 must register with the Exchange as a Securities Trader if, with respect to transactions in equity, preferred or convertible debt securities, or foreign currency options on the Exchange, such person is engaged in proprietary trading, the execution of transactions on an agency basis, or the direct supervision of such activities, other than any person associated with a member whose trading activities are conducted principally on behalf of an investment company that is registered with the Commission pursuant to the Investment Company Act of 1940 and that controls, is controlled by or is under common control, with the member.

(2) Before registration as a Securities Trader as defined in subparagraph (1) hereof may become effective, an applicant must pass an appropriate Qualification Examination for Securities Trader (the Series 57 examination).

(3) A person registered as a Securities Trader shall not be qualified to function in any other registration category, unless he or she is also qualified and registered in such other registration category.

(c) – (h) No change.

\* \* \* \* \*

**1120. Continuing Education Requirements**

This Rule prescribes requirements regarding the continuing education of certain registered persons subsequent to their initial qualification and registration with the Exchange. The requirements shall consist of a Regulatory Element and a Firm Element as set forth below.

(a) Regulatory Element

(1) Requirements

No member shall permit any registered person to continue to, and no registered person shall continue to, perform duties as a registered person unless such person has complied with the requirements of paragraph (a) hereof.

Each registered person shall complete the Regulatory Element 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 shall be determined by the Exchange and shall be appropriate to either the registered representative or principal status of person subject to the Rule. The following Regulatory Elements administered by FINRA shall be required:

[Persons registered solely as Proprietary Traders pursuant to Rule 1032(b) must complete the S501.]

Persons registered as General Securities Representatives pursuant to Rule 1032(a) or as Securities Traders pursuant to Rule 1032(b) must complete the S101.

Persons registered in a supervisory capacity pursuant to Rules 1021 and 1022 must complete the S201.

(2) – (7) No change.

(b) No change.

\* \* \* \* \*