

Required fields are shown with yellow backgrounds and asterisks.

Page 1 of * <input type="text" value="74"/>	SECURITIES AND EXCHANGE COMMISSION WASHINGTON, D.C. 20549 Form 19b-4	File No.* SR - <input type="text" value="2012"/> - * <input type="text" value="37"/>	Amendment No. (req. for Amendments *) <input type="text"/>		
Proposed Rule Change by NASDAQ OMX PHLX LLC. 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="text"/> <small>☐</small>			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)	
Exhibit 2 Sent As Paper Document <input type="checkbox"/>		Exhibit 3 Sent As Paper Document <input type="checkbox"/>			
Description					
Provide a brief description of the proposed rule change (limit 250 characters, required when Initial is checked *).					
Proprietary Traders Qualification Examination ("Series 56")					
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 proposed rule change.					
First Name * <input type="text" value="Edith"/>		Last Name * <input type="text" value="Hallahan"/>			
Title * <input type="text" value="Principal Associate General Counsel"/>					
E-mail * <input type="text" value="Edith.hallahan@nasdaqomx.com"/>					
Telephone * <input type="text" value="(215) 496-5179"/>		Fax <input type="text"/>			
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 officer.					
Date <input type="text" value="03/21/2012"/>					
By <input type="text" value="Edward S. Knight"/>		<input type="text" value="Executive Vice President and General Counsel"/>			
(Name *)		(Title *)			
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.					
<input type="button" value="Edward S Knight"/>					

SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

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

Form 19b-4 Information (required)

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 (required)

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

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 Proposed Rule Change

(a) Pursuant to the provisions of Section 19(b)(1) of the Securities Exchange Act of 1934 (“Act”),¹ and Rule 19b-4 thereunder,² NASDAQ OMX PHLX LLC (“Exchange” or “Phlx”) is filing with the Securities and Exchange Commission (“Commission”) the content outline and selection specifications for the Proprietary Traders Qualification Examination (“Series 56”) program. Phlx will implement the proposal upon notice to its membership.

A notice of the proposed rule change for publication in the Federal Register is attached hereto as Exhibit 1. The Study Outline for the Series 56 Examination is attached hereto as Exhibit 3a. The selection specifications for the Series 56 Examination are being submitted separately with a request for confidential treatment pursuant to Rule 24b-2 under the Act.³

(b) The proposed rule change will have an effect on the application of proposed Rule 613, Categories of Representative Registration.

(c) See Securities Exchange Act Release No. 66497 (March 1, 2012), 77 FR 13668 (March 7, 2012) (SR-Phlx-2012-23).

2. Procedures of the Self-Regulatory Organization

The proposed rule change was approved by the Board of Directors of Phlx on June 3, 2011. No further action is required to be taken for this filing to be submitted. Questions regarding this rule filing may be directed to Edith Hallahan at (215) 496-5179.

¹ 15 U.S.C. 78s(b)(1).

² 17 CFR 240.19b-4.

³ 17 CFR 240.24b-2.

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

a. Purpose

Recently, Phlx filed a proposed rule change to recognize a new category of limited representative registration for proprietary traders.⁴ Specifically, Phlx will recognize the new registration category "Proprietary Trader" and the new examination, the Series 56. The new Proprietary Trader category would be limited to persons engaged solely in proprietary trading, market making or effecting transactions on behalf of a broker-dealer account.

The Exchange has been working with the Financial Industry Regulatory Authority ("FINRA") and certain other markets, many of which have recently enhanced their registration requirements to require the registration of associated persons,⁵ to develop the content outline and qualification examination that would be applicable to proprietary traders. The Series 56 examination program is shared by Phlx and the following: Boston Options Exchange; C2 Options Exchange, Incorporated; Chicago Board Options Exchange, Incorporated; Chicago Stock Exchange, Inc.; International Securities Exchange, LLC; The NASDAQ Stock Market LLC; National Stock Exchange, Inc.; New York Stock Exchange LLC; NYSE AMEX LLC; and NYSE ARCA, Inc. FINRA staff convened a committee of industry representatives and staff of the various markets to develop the criteria for the Series 56 examination program.

⁴ See Securities Exchange Act Release No. 66497 (March 1, 2012), 77 FR 13668 (March 7, 2012) (SR-Phlx-2012-23).

⁵ See e.g., Securities Exchange Act Release Nos. 63843 (February 4, 2011), 76 FR 7884 (February 11, 2011) (SR-ISE-2010-115); and 63314 (November 12, 2010), 75 FR 70957 (November 19, 2010)(SR-CBOE-2010-084).

The Series 56 examination tests a candidate's knowledge of proprietary trading generally and the industry rules applicable to trading of equity securities and listed options contracts. The Series 56 examination covers, among other things, recordkeeping and recording requirements, types and characteristics of securities and investments, trading practices and display execution and trading systems. While the examination is primarily dedicated to topics related to proprietary trading, the Series 56 examination also covers a few general concepts relating to customers.⁶

The qualification examination consists of 100 multiple choice questions. Candidates will have 150 minutes to complete the exam. The content outline describes the following topical sections comprising the examination: Personnel, Business Conduct and Recordkeeping and Reporting Requirements, 9 questions; Markets, Market Participants, Exchanges, and Self-Regulatory Organizations, 8 questions; Types and Characteristics of Securities and Investments, 20 questions; Trading Practices and Prohibited Acts, 50 questions; and Display, Execution, and Trading Systems, 13 questions. Representatives from the applicable markets intend to meet on a periodic basis to evaluate and, as necessary, update the Series 56 examination program.

The Exchange understands that the other applicable markets will also file with the Commission similar filings regarding the Series 56 examination program. The Exchange proposes to implement the Series 56 examination program upon availability in WebCRD, notification to its membership and approval of SR-Phlx-2012-23.

⁶ Proprietary trading firms do not have customers.

b. Statutory Basis

The Exchange believes that its proposal is consistent with Section 6(b) of the Act⁷ in general, and furthers the objectives of Section 6(c)(3)(B) of the Act,⁸ pursuant to which a national securities exchange prescribes standards of training, experience and competence for members and their associated persons, in particular, by offering a new qualification examination for proprietary traders. This filing provides the content outline and relevant specifications for the Series 56 examination program, which should help ensure that all associated persons engaged in a securities business are, and will continue to be, properly trained and qualified to perform their functions.

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

Phlx does not believe that the proposed rule change will result in any burden on competition that is not necessary or appropriate in furtherance of the purposes of the Act, as amended.

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

Written comments were neither solicited nor 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)

Pursuant to Section 19(b)(3)(A) of the Act⁹ and Rule 19b-4(f)(6)¹⁰ thereunder,

⁷ 15 U.S.C. 78f(b).

⁸ 15 U.S.C. 78(c)(3)(B).

⁹ 15 U.S.C. 78s(b)(3)(A).

the Exchange has designated this proposal as one that 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. The proposal is not controversial, because the Series 56 exam has been adopted for use by other exchanges and reflects a collaborative effort to adopt an appropriate qualification examination for a new registration category.

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. Furthermore, a proposed rule change filed pursuant to Rule 19b-4(f)(6) under the Act¹¹ normally does not become operative for 30 days after the date of its filing. However, Rule 19b-4(f)(6)¹² permits the Commission to designate a shorter time if such action is consistent with the protection of investors and the public interest. The Exchange requests a waiver of the 30 day operative delay in order to make the examination available as soon as possible to coincide with the approval of SR-Phlx-2012-23.

¹⁰ 17 CFR 240.19b-4(f)(6).

¹¹ 17 CFR 240.19b-4(f)(6).

¹² 17 CFR 240.19b-4(f)(6).

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

The proposed rule change is based on SR-CBOE-2011-056,¹³ as well as SR-BX-2011-052, SR-NASDAQ-2011-108 and SR-NYSEAMEX-2012-013.¹⁴

9. Exhibits

1. Completed notice of proposed rule change for publication in the Federal Register.
- 3a. Study Outline for the Series 56 Examination.
- 3b. Phlx has requested confidential treatment for Exhibit 3b, which contains selection specifications for the Series 56 Examination: thus, these have been omitted from this filing and they have been filed separately with the Commission pursuant to Rule 24b-2 under the Act.¹⁵

¹³ See Securities Exchange Act Release No. 64699 (June 17, 2011), 76 FR 36945 (June 23, 2011)(SR-CBOE-2011-056).

¹⁴ See Securities Exchange Act Release Nos. 65039 (August 5, 2011), 76 FR 49805 (August 11, 2011)(SR-BX-2011-052); 65040 (August 5, 2011), 76 FR 49808 (August 11, 2011)(SR-NASDAQ-2011-108) and 66482 (February 28, 2012), 77 FR 13170 (March 5, 2012)(SR-NYSEAMEX-2012-013).

¹⁵ 17 CFR 240.24b-2.

Exhibit 1

SECURITIES AND EXCHANGE COMMISSION
(Release No. _____ ; File No. SR-Phlx-2012-37)

Self-Regulatory Organizations; Notice of Filing and Immediate Effectiveness of Proposed Rule Change by NASDAQ OMX PHLX LLC Relating to the Proprietary Traders Qualification Examination (“Series 56”)

Pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 (“Act”)¹, and Rule 19b-4² thereunder, notice is hereby given that on March 21, 2012, NASDAQ OMX PHLX LLC (“Phlx” 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 is filing with the Securities and Exchange Commission (“Commission”) the content outline and selection specifications for the Proprietary Traders Qualification Examination (“Series 56”) program. Phlx will implement the proposal upon notice to its membership.

The text of the proposed rule change is available on the Exchange’s Website at <http://www.nasdaqtrader.com/micro.aspx?id=PHLXRulefilings>, at the principal office of the Exchange, and at the Commission’s Public Reference Room.

¹ 15 U.S.C. 78s(b)(1).

² 17 CFR 240.19b-4.

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

Recently, Phlx filed a proposed rule change to recognize a new category of limited representative registration for proprietary traders.³ Specifically, Phlx will recognize the new registration category “Proprietary Trader” and the new examination, the Series 56. The new Proprietary Trader category would be limited to persons engaged solely in proprietary trading, market making or effecting transactions on behalf of a broker-dealer account.

The Exchange has been working with the Financial Industry Regulatory Authority (“FINRA”) and certain other markets, many of which have recently enhanced their registration requirements to require the registration of associated persons,⁴ to develop the content outline and qualification examination that would be applicable to proprietary traders. The Series 56 examination program is shared by Phlx and the following: Boston

³ See Securities Exchange Act Release No. 66497 (March 1, 2012), 77 FR 13668 (March 7, 2012) (SR-Phlx-2012-23).

⁴ See e.g., Securities Exchange Act Release Nos. 63843 (February 4, 2011), 76 FR 7884 (February 11, 2011) (SR-ISE-2010-115); and 63314 (November 12, 2010), 75 FR 70957 (November 19, 2010)(SR-CBOE-2010-084).

Options Exchange; C2 Options Exchange, Incorporated; Chicago Board Options Exchange, Incorporated; Chicago Stock Exchange, Inc.; International Securities Exchange, LLC; The NASDAQ Stock Market LLC; National Stock Exchange, Inc.; New York Stock Exchange LLC; NYSE AMEX LLC; and NYSE ARCA, Inc. FINRA staff convened a committee of industry representatives and staff of the various markets to develop the criteria for the Series 56 examination program.

The Series 56 examination tests a candidate's knowledge of proprietary trading generally and the industry rules applicable to trading of equity securities and listed options contracts. The Series 56 examination covers, among other things, recordkeeping and recording requirements, types and characteristics of securities and investments, trading practices and display execution and trading systems. While the examination is primarily dedicated to topics related to proprietary trading, the Series 56 examination also covers a few general concepts relating to customers.⁵

The qualification examination consists of 100 multiple choice questions. Candidates will have 150 minutes to complete the exam. The content outline describes the following topical sections comprising the examination: Personnel, Business Conduct and Recordkeeping and Reporting Requirements, 9 questions; Markets, Market Participants, Exchanges, and Self-Regulatory Organizations, 8 questions; Types and Characteristics of Securities and Investments, 20 questions; Trading Practices and Prohibited Acts, 50 questions; and Display, Execution, and Trading Systems, 13 questions. Representatives from the applicable markets intend to meet on a periodic basis to evaluate and, as necessary, update the Series 56 examination program.

⁵ Proprietary trading firms do not have customers.

The Exchange understands that the other applicable markets will also file with the Commission similar filings regarding the Series 56 examination program. The Exchange proposes to implement the Series 56 examination program upon availability in WebCRD, notification to its membership and approval of SR-Phlx-2012-23.

2. Statutory Basis

The Exchange believes that its proposal is consistent with Section 6(b) of the Act⁶ in general, and furthers the objectives of Section 6(c)(3)(B) of the Act,⁷ pursuant to which a national securities exchange prescribes standards of training, experience and competence for members and their associated persons, in particular, by offering a new qualification examination for proprietary traders. This filing provides the content outline and relevant specifications for the Series 56 examination program, which should help ensure that all associated persons engaged in a securities business are, and will continue to be, properly trained and qualified to perform their functions.

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.

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.

⁶ 15 U.S.C. 78f(b).

⁷ 15 U.S.C. 78(c)(3)(B).

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 after the date of the filing, or such shorter time as the Commission may designate, it has become effective pursuant to 19(b)(3)(A) of the Act⁸ and Rule 19b-4(f)(6)⁹ 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 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:

⁸ 15 U.S.C. 78s(b)(3)(A).

⁹ 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.

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. Please include File Number SR-Phlx-2012-37 on the subject line.

Paper comments:

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

All submissions should refer to File Number SR-Phlx-2012-37. 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-Phlx-2012-37 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.¹⁰

Kevin M. O'Neill
Deputy Secretary

¹⁰ 17 CFR 200.30-3(a)(12).

Exhibit 3a

**Proprietary Traders
Qualification Examination
Content Outline**

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Introduction

The Proprietary Traders Qualification Examination (Series 56) is designed to test a candidate's knowledge of applicable products, securities markets, trading and reporting practices, investment strategies, and anti-fraud provisions as applicable to the role of a proprietary trader.

Study Outline

The Series 56 examination study outline is intended to be used as a reference for those individuals wishing to sit for the exam. The questions on the exam are derived from the information topics presented within this document, and are not rule specific with regards to one exchange or SRO organization. The rules and regulations listed in this outline are for reference purposes only. The examination is divided into five general areas, which are listed below, along with the corresponding number of points from each area.

Section	Description	Points
1	Personnel, Business Conduct, Recordkeeping and Reporting Requirements	9
2	Markets, Market Participants, Exchanges, and Self Regulatory Organizations	8
3	Types and Characteristics of Securities and Investments	20
4	Trading Practices and Prohibited Acts	50
5	Display, Execution, and Trading Systems	13
Total		100

Structure of the Examination

The examination is composed of 100 multiple-choice questions covering the materials in the following outline in accordance with the subject-matter distribution listed above. Candidates will be allowed 2 1/2 hours to complete the examination. At the completion of the examination, each candidate will receive an informational breakdown of their performance on each section and their overall score. The examination is a closed-book test and candidates will not be permitted to use any reference material during their testing session. Scratch paper and a basic electronic calculator will be provided by the test center administrator. Severe penalties are imposed on candidates who cheat on securities industry qualification examinations.

To ensure that new questions meet acceptable testing standards prior to use, each examination includes 5 additional, unidentified "pre-test" questions that do not contribute towards the candidate's score. The 5 questions are randomly distributed throughout the examination. Therefore, each candidate takes a total of 105 questions, of which 100 questions are scored.

Application Procedures

A candidate's employing firm must file a Uniform Application for Securities Industry Registration or Transfer ("Form U-4") in the Central Registration Depository (Web CRD), and request the Series 56 examination on the Form U-4. In addition, there may also be SRO specific registration requirements that would need to be met before an individual may become fully registered as a proprietary trader.

1.0
Personnel, Business Conduct, and
Recordkeeping and Reporting Requirements

- **Understand SRO registration and continuing education requirements**
 - **Understand the requirements to amend Forms U-4 and U-5**
 - **Understand to rules regarding gifts and gratuities**
 - **Understand SRO filing requirements**
-

1.1 Hiring, Qualifications and Continuing Education

1.1.1 Qualification and Registration Requirements

1.1.1.1 Registered Personnel

Persons required to be registered

Terminations

Form U-4

Form U-5

Requirements to amend forms

Fingerprinting

BOX Trading Rules

Chapter XI, Section 3 — Registration of representatives

Chapter XI, Section 4 — Termination of registered persons

Chapter XI, Section 8(b) — Branch offices

Chapter XI, Section 10 — Supervision of accounts

CBOE Rules

Rule 3.6A — Qualification and registration of trading permit holders
and associated persons

C2 Rules

Rule 3.4 — Qualification and registration

CHX Rules

Article 6, Rule 2 — Registration and termination

Article 6, Rule 3 — Training and examination of registrants

Article 6, Rule 4 — Employment of registered person

Article 6, Rule 5 — Supervision of registered persons and
branch and resident offices

ISE Rules

Rule 313 — Registration requirements

Rule 602 — Registration of representatives

Rule 603 — Termination of registered persons

Rule 607(b) — Branch offices

Rule 609 — Supervision of accounts

NASDAQ OMX PHLX Rules

Rule 604 — Registration and termination of registered persons

Rule 623 — Fingerprinting

NASDAQ Stock Market Rules

Rule 1030 — Registration of representatives

Rule 1031(e) — Notification of termination

NASDAQ OMX BX Rules

Rule 1030 — Registration of representatives

Rule 1031(e) — Notification of termination

NASDAQ Options Market Rules

Chapter XI-Section 3 — Registration of representatives

NSX Rules

Rule 2.4 — Restrictions interpretations and policies .01 and .02

Rule 2.5(b) — Application procedures for an ETP holder

Rule 2.6 — Revocation of an ETP or an associate with an ETP holder

NYSE Amex Rules

Rule 345 — Employees

Rule 346 — Limitations

Rule 347 — Controversies

Rule 351 — Reporting

Rule 920 — Registration and examination of options personnel

Rule 921NY — Registration of market makers

Rule 921.1NY — Market maker authorized traders

Rule 922NY — Trading by ATP holders on the floor

Rule 927NY — Specialists

Rule 931NY — Registration of floor brokers

NYSE Arca Rules

Rule 2.23 — Registration

Rule 6.33 — Registration of market makers

Rule 6.44 — Registration of floor brokers

Rule 7.20 — Registration of market makers

Rule 9.27 (a) — Registration of representatives

1.1.1.2 Registration of Proprietary Traders

Permissible and non-permissible activities

CBOE Rules

Rule 3.6A — Qualification and registration of trading permit holders

C2 Rules

Rule 3.4 — Qualification and registration

CHX Rules

Article 6, Rule 3 — Training and examination of registrants

ISE Rules

Rule 313 — Registration requirements

NSX Rules

Rule 2.4 — Interpretations and policies .01 and .02 written proficiency examination

NYSE Arca Rules

Rule 2.4 — Denial of or conditions to ETPs (equities)

Rule 2.5 — Denial of or conditions to OTPs (options)

1.1.2 Special Registration Review for Disciplinary History

1.1.2.1 Statutory Disqualification

BOX Trading Rules

Chapter III, Section 3(d)(iv) & (e) — Denial and conditions to participation

CHX Rules

Article 6, Rule 5(e) — Associated persons — Statutory disqualification

Article 6, Rule 5(f) — Participants and participant firms — Statutory disqualification

CBOE Rules

Rule 3.18 — Permit trading holders and associated persons who are or become subject to a statutory disqualification

C2 Rules

Rule 3.5 — Permit holders and persons associated with a permit holder who are or become subject to a statutory disqualification

ISE Rules

Rule 302(e)(4) & (f) — Denial of and conditions to becoming a member

NASDAQ OMX PHLX Rules

Rule 901 — Denial of and conditions to membership

NASDAQ Stock Market Rules

Rule 1002(b) — Ineligibility of certain persons for membership or association

NASDAQ OMX BX

Rule 1002(b) — Ineligibility of certain persons for membership or association

NSX Rules

Rule 2.4(a)(3) — Restrictions

NYSE Amex Rules

Rule 310 — Formation of or admission to member organization or membership owner

Rule 341B — Independent contractors

Rule 342 — Association of members, member organizations, and persons associated with member organizations

Rule 345 — Investigation

Rule 346 — Statutory disqualification

Rule 353 — Amex trading permit requirements

Rule 356 — Member organizations

NYSE Arca Rules

Rule 2.23 — Registration

Securities Exchange Act of 1934

Sec. 3(a)(39) — Definition of “statutory disqualification”

1.1.3 Reporting Requirements

BOX Trading Rules

Chapter III, Section 5 — Disciplinary actions by other organizations

Chapter XI, Section 4(a) — Termination of registered persons

Chapter XI, Section 4(b) — Termination of registered persons

CBOE Rules

Rule 4.9 — Disciplinary actions by other organizations

Rule 9.3(b) — Termination — Filing of U-5s

Rule 9.3(c) — Termination — Filing of amended U-5s

CHX Rules

Article 6, Rule 8 — Disciplinary actions by other organizations

Article 6, Rule 2.02 — Termination of registered persons — U-5 filing

ISE Rules

Rule 409 — Disciplinary action by other organizations

Rule 603(a) — Termination — Reporting of U-5s

Rule 603(b) — Termination — Filing of amended U-5s

NASDAQ OMX PHLX Rules

Rule 604(b) — Registration and termination of registered persons

NASDAQ Stock Market Rules

Rule 1140(e) — U-5 filing requirements

Rule 3070 — Reporting requirements

NASDAQ OMX BX Rules

Rule 1140(d) — U-5 filing requirements

Rule 3070 — Reporting requirements

NYSE Amex Rules

Rule 341, Commentary .09 — Termination of employment — Form U-5 filing

Rule 351 — Reporting

NYSE Arca Rules
Rule 2.17(c) — Termination-filing of an amended U-5

1.1.4 Continuing Education for Registered Persons

1.1.4.1 Regulatory Element

BOX Trading Rules
Chapter XI, Section 5(a) — Regulatory Element
CBOE Rules
Rule 9.3A(a) and (b) — Regulatory Element
CHX Rules
Article 6, Rule 11(a) — Regulatory Element
ISE Rules
Rule 604(a) — Regulatory Element
Rule 604(b) — In-house delivery of Regulatory Element
NASDAQ OMX PHLX Rules
Rule 640(a) — Regulatory Element
NASDAQ Stock Market Rules
Rule 1120(a) — Regulatory Element
NASDAQ OMX BX Rules
Rule 1120(a) — Regulatory Element
NYSE Amex Rules
Rule 341A(a) — Regulatory Element
Rule 345A — Continuing education
NYSE Arca Rules
Rule 9.27(c) — Regulatory Element

1.1.4.2 Firm Element

BOX Trading Rules
Chapter XI, Section 5(b) — Firm Element
CBOE Rules
Rule 9.3A(c) — Firm Element
CHX Rules
Article 6, Rule 11(b) — Firm Element
ISE Rules
Rule 604(c) — Firm Element
NASDAQ OMX PHLX Rules
Rule 640(b) — Firm Element
NASDAQ Stock Market Rules
Rule 1120(b) — Firm Element
NASDAQ OMX BX Rules
Rule 1120(b) — Firm Element
NYSE Amex Rules
Rule 341A(b) — Firm Element
Rule 345A — Continuing education

NYSE Arca Rules
Rule 2.23(d)(2) — Registration

1.2 Conduct of Associated and/or Registered Persons

1.2.1 Business Conduct

BOX Trading Rules

Chapter III, Section 4(f) — Prevention of the misuse of material non-public information

Chapter V, Section 18(f)(i) — The Price Improvement Period (“PIP”)

Chapter V, Section 27 — Supplementary material .01— complex orders

Chapter V, Section 29(s) — The universal price improvement period (“UPIP”)

Chapter VI, Section 5(c)(ii) and (c)(iii)(2)(b) — Obligations of market makers

Chapter VII, Section 1(j) and (l)(vi) — Exercise of options contracts

CBOE Rules

Rule 4.1 — Just and equitable principles of trade

CHX Rules

Article 8, Rule 1 — Adherence to all rules and bylaws

Article 8, Rule 2 — Acts detrimental to interest or welfare of exchange

Article 9, Rule 2 — Just and equitable trade principles

ISE Rules

Rule 400 — Just and equitable principles of trade

NASDAQ OMX PHLX Rules

Rule 707 — Just and equitable principles of trade

Rule 708 — Acts detrimental to the interest or welfare of the exchange

NASDAQ Stock Market Rules

Rule 2110 — Standards of commercial honor and principles of trade

NASDAQ OMX BX Rules

Rule 2110 — Standards of commercial honor and principles of trade

NASDAQ Options Market Rules

Chapter III — Business conduct

NSX Rules

Rule 3.1 — Business conduct of ETP holders

Rule 3.2 — Violations prohibited

NYSE Amex Rules

Rule 16 — Business conduct

Article V, Section 4(h) — Violation of constitution, rules or resolution - inequitable conduct

Rule 2010 — Just and equitable principles of trade

NYSE Arca Rules

Rule 6 — Business conduct

Rule 11 — Business conduct

Rule 11.2(b) — Just and equitable principles of trade

1.2.2 Gifts and Gratuities

- BOX Trading Rules
 - BSE Grandfathered Rules
 - Chapter XX, Section 6 — Gratuities
- CBOE Rules
 - Rule 4.4 — Gratuities
- CHX Rules
 - Article 8, Rule 7 — Officers and employees of exchange and other industry participants
- ISE Rules
 - Rule 406 — Gratuities
- NASDAQ OMX Phlx Rules
 - Rule 707 — Commentary .02
- NASDAQ Stock Market Rules
 - Rule 3060 — Influencing or rewarding employees of others
 - Rule 3090(c) — Transactions involving Nasdaq employees
- NASDAQ OMX BX Rules
 - Rule 3060 — Influencing or rewarding employees of others
 - Rule 3090(c) — Transactions involving Nasdaq employees
- NYSE Amex Rules
 - Rule 347 — Gratuities to employees of financial concerns
- NYSE Arca Rules
 - Rule 11.11 — Disclosure of financial arrangements

1.2.3 Outside Business Activities

- BOX Trading Rules
 - Chapter XI, Section 6 — Other affiliations of registered persons
- CHX Rules
 - Article 3, Rule 8 — Limitation on interests in other organizations
 - Article 3, Rule 17 — Limitations on exchange personnel
- NASDAQ Stock Market Rules
 - Rule 3030 — Outside business activities of an associated person
- NASDAQ OMX BX Rules
 - Rule 3030 — Outside business activities of an associated person
- NASDAQ Options Market Rules
 - Chapter XI, Sec 4 — Other affiliations of registered persons
- NYSE Amex Rules
 - Rule 342 — Association of members, member organizations and persons associated with member organizations
 - Rule 346 — Limitations
- NYSE Arca Rules
 - Rule 2.23(d) and (e) — Limitations — employment and association

1.2.4 Transactions with Other Professionals

- BOX Trading Rules
 - Chapter XI, Section 19 — Transactions with certain public customers
- CHX Rules
 - Article 8, Rule 6 — Prohibited accounts
- ISE Rules
 - Rule 618 — Transactions of certain customers
- NASDAQ OMX PHLX Rules
 - Rule 751 — Accounts of employees of members of participating organizations
 - Rule 783 — Financial arrangements
- NASDAQ Options Market Rules
 - Chapter XI, Section 17 — Transactions of certain public customers
- NSX Rules
 - Rule 2.10 — No Affiliation between exchange and any ETP holder
- NYSE Amex Rules
 - Rule 407 — Transactions of employees
 - Rule 407A — Disclosure of member accounts
 - Rule 415 — Member's transactions with another member organization
 - Rule 3220 — Influencing or rewarding employees of others
- NYSE Arca Rules
 - Rule 11.11 — Disclosure of financial arrangements

1.2.5 Sharing in Profits and Losses

- BOX Trading Rules
 - Chapter XI, Section 20 — Guarantees
 - Chapter XI, Section 21 — Profit sharing
 - Chapter XI, Section 22 — Assuming losses
- CHX Rules
 - Article 8, Rule 12 — Interest in customer accounts
- ISE Rules
 - Rule 619 — Guarantees
 - Rule 620 — Profit sharing
 - Rule 621 — Assuming losses
- NASDAQ OMX PHLX Rules
 - Rule 777 — Guarantees not permitted
- NASDAQ Stock Market Rules
 - Rule 2460 — Payments for market making
- NASDAQ OMX BX Rules
 - Rule 2460 — Payments for market making
- NASDAQ Options Market Rules
 - Chapter XI — Section 19 — Profit-sharing
 - Chapter XI — Section 20 — Assuming losses
- NSX Rules
 - Rule 3.18 — Prohibition against guarantees
 - Rule 3.19 — Sharing in accounts; extent permissible

- NYSE Amex Rules
 - Rule 390 — Assumption of loss prohibited
 - Rule 2150 — Improper use of customers' securities or funds
- NYSE Arca Rules
 - Rule 9.1 — Sharing profits — Losses

1.3 Disciplinary Proceedings and Arbitration/Mediation

1.3.1 Investigations, Sanctions and Disciplinary Proceedings

1.3.1.1 Investigations

- Obligation to produce records
- Submission of written testimony
- Submission to on-the-record interviews

1.3.1.2 SRO disciplinary panels and committees

- Operational aspects of panels and committees
- Sanctions

BOX Trading Rules

- Chapter XI, Section 7 — Discipline, suspension, expulsion of registered persons

- Chapter X — Minor rule violations

BSE Grandfathered Rules

- Chapter XXX — Disciplining of members and denial of membership

CBOE Rules

- Rule 17.1 — Disciplinary jurisdiction
- Rule 17.2 — Complaint and investigation
- Rule 17.3 — Expedited proceeding
- Rule 17.4 — Charges
- Rule 17.7 — Summary proceedings
- Rule 17.8 — Offers of settlement
- Rule 17.11 — Judgment and sanction

CHX Rules

- Article 12, Rule 1 — Investigation and charges
- Article 12, Rule 2 — Summary procedure
- Article 12, Rule 3 — Admission of charges
- Article 12, Rule 4 — Hearing procedure
- Article 12, Rule 5 — Review
- Article 12, Rule 6 — Effective date or judgment
- Article 12, Rule 7 — Disciplinary jurisdiction
- Article 12, Rule 8 — Minor rule violations
- Article 12, Rule 10 — Pending proceedings

ISE Rules

- Chapter 16 — Discipline

- NASDAQ OMX PHLX Rules
 - Rule 960 — Disciplinary rules
- NASDAQ Stock Market Rules
 - Rule 8000 Series — Investigations and sanctions
 - NASDAQ Bylaws — Article IX — Section 2 – Disciplinary proceedings
- NASDAQ OMX BX Rules
 - Rule 8000 Series — Investigations and sanctions
- NASDAQ Options Market Rules
 - Chapter X — Discipline and summary suspensions
- NSX Rules
 - Chapter 8 — Discipline
- NYSE Amex Rules
 - Rule 475 — Prohibition or limitation
 - Rule 476 — Disciplinary proceedings
 - Rule 476A — Minor rule violations
 - Rule 477 — Retention of jurisdiction
- NYSE Arca Rules
 - Rule 10 — Disciplinary proceedings and appeals

1.4 Arbitration and Mediation Procedures

- BOX Trading Rules
 - BSE Grandfathered Rules
 - Chapter XXXII — Arbitration
- CBOE Rules
 - Chapter XVIII — Arbitration
- CHX Rules
 - Article 14 — Arbitration
- ISE Rules
 - Chapter 18 — Arbitration
- NASDAQ OMX PHLX Rules
 - Rule 950 — Arbitration
- NASDAQ Stock Market Rules
 - Rule 10000 Series — Code of arbitration procedure
- NASDAQ OMX BX Rules
 - Rule 10000 Series — Code of arbitration procedure
- NSX Rules
 - Chapter 9 — Arbitration
- NYSE Amex Rules
 - Rule 600 — Arbitration
- NYSE Arca Rules
 - Rule 12 — Arbitration

1.5 Recordkeeping and Reporting Requirements

1.5.1 Books and Records

BOX Trading Rules

Chapter VIII, Section 1 — Maintenance, retention and furnishing of books, records and other information

CBOE Rules

Rule 15.1 — Maintenance, retention and furnishing of books, records and other information

CHX Rules

Article 11, Rule 1 — Furnishing of records

Article 11, Rule 2 — Maintenance of books and records

Article 11, Rule 3 — Records of orders and executions

Article 11, Rule 4 — Participant communications

ISE Rules

Rule 1400 — Maintenance, retention and furnishing of books

NASDAQ Stock Market Rules

Rule 3110(a) — Books and records requirements

NASDAQ OMX BX Rules

Rule 760 — Maintenance, retention and furnishing of books records and other information

NASDAQ Options Market Rules

Chapter IX — Section 1 — Maintenance, retention and furnishing of books and records and other information

NSX Rules

Rule 4.1 — Requirements

Rule 4.2 — Furnishing of records

Rule 4.3 — Record of written complaints

Rule 5.3 — Records

NYSE Amex Rules

Rule 31 — Requests for books, papers, records or testimony

Rule 153 — Record of orders

Rule 302 — Provisions with respect to books of account

Rule 324 — Books and records

Rule 410 — Books and records

Rule 440 — Books and records

Rule 922(b) — Maintenance of customer records

NYSE Arca Rules

Rule 11.16(a) — Books and records

Securities Exchange Act of 1934

Rule 17a-3 — Records to be made by certain exchange members, brokers and dealers

Rule 17a-4 — Records to be preserved by certain exchange members, brokers, and dealers

Rule 17a-5 — Reports to be made by certain brokers and dealers

Rule 17a-8 — Financial record keeping and reporting of currency and foreign transactions

Rule 17f-1 — Requirements for reporting and inquiry with respect to missing, lost, counterfeit or stolen securities

2.0

Markets, Market Participants, Exchanges, and Self Regulatory Organizations (SROs)

- Understand how financial markets function
 - Understand the regulatory structure of the marketplace
 - Understand the differences between different types of markets
 - Understand the roles and responsibilities of market participants
-

2.1 Overview of U.S. Securities Markets and Exchanges

2.1.1 Auction Market

2.1.2 NASDAQ Market Center – Execution Services

2.1.3 Over-the-Counter Securities

2.1.4 Third Market

Off-exchange trading in exchange listed securities
Consolidated tape reporting requirement

2.1.5 Bulletin Board

2.2 Other Facilities

Automated Display Facility (ADF)
ECNs

2.3 Securities and Exchange Commission (SEC)

2.3.1 Securities Exchange Act of 1934 – Regulation of exchanges, brokers and dealers and SEC rules thereunder

Section 3 (a) – Definitions of broker, dealer, security, investment contract, statutory disqualification

Section 4 – Securities and Exchange Commission

Section 6 – National Securities Exchanges

Section 15A – Registered securities associations

Rule 17f-2 – Finger-printing of security industry personnel

2.3.2 Investment Company Act of 1940

Section 2 – General definitions

Section 3 – Definition of investment company

Section 4 – Classification of investment companies

Section 5 – Sub-classification of management companies

Section 6 – Exemptions

Section 8 – Registration of investment companies

2.4 Self Regulatory Organizations (SROs) and Exchanges

2.4.1 NYSE Euronext Inc

New York Stock Exchange LLC (NYSE)

NYSE Amex LLC (NYSE Amex)

NYSE Arca Inc. (NYSE Arca)

2.4.2 Chicago Stock Exchange (CHX)

2.4.3 National Stock Exchange (NSX)

2.4.4 Chicago Board Options Exchange (CBOE)

2.4.5 CBOE Stock Exchange (CBSX)

2.4.6 C2 Options Exchange, Incorporated

2.4.7 The NASDAQ OMX Group

The NASDAQ Stock Market

NASDAQ Options Market

NASDAQ OMX BX (including Boston Options Exchange – BOX)

NASDAQ OMX PHLX (including PSX)

2.4.8 International Securities Exchange (ISE)

2.4.9 BATS Exchange

2.4.10 Direct Edge

2.4.11 Financial Industry Regulatory Authority (FINRA)

2.4.12 Options Clearing Corporation

2.4.13 Depository Trust and Clearing Corporation

2.5 Market Participants

2.5.1 Market Makers

Designated market maker

Lead market maker

Primary or preferred market maker

Floor based market maker

Remote market maker

Competing market maker

Specialists/electronic specialists

CBOE Rules

- Rule 8.1 — Market-maker defined
- Rule 8.2 — Registration of market-makers
- Rule 8.7 — Obligations of market-makers
- Rule 8.13 — Preferred market-maker program
- Rule 8.14 — Index hybrid trading system classes market-maker participants
- Rule 8.15 — Lead market-makers and supplemental market-makers in hybrid 3.0 Classes
- Rule 8.15A — Lead market-makers in hybrid classes
- Rule 8.80 — Designated primary market-makers – DPM defined
- Rule 8.81 — DPM designees
- Rule 8.83 — Approval to act as DPM
- Rule 8.85 — DPM obligations
- Rule 8.92 — Electronic DPM program
- Rule 8.93 — E-DPM obligations

C2 Rules

- Rule 8.1 — Initial market maker registration
- Rule 8.13 — Preferred market maker program

CBSX Rules

- Rule 53.20 — CBSX remote market maker defined
- Rule 53.50 — CBSX DPM defined
- Rule 53.51 — CBSX LMM defined

NASDAQ OMX PHLX Rules

- Rule 1014 — Obligations and restrictions applicable to specialists and registered options traders

NASDAQ Stock Market Rules

- Rule 4612 — Registration as a Nasdaq market maker
- Rule 4613 — Market maker obligations

NASDAQ OMX BX Rules

- Rule 4612 — Registration as an equities market maker
- Rule 4613 — Market maker obligations

NASDAQ Options Market Rules

- Chapter VII, Section 2 — Market maker registration
- Chapter VII, Section 3 — Continuing market maker registration
- Chapter VII, Section 4 — Good standing of market makers
- Chapter VII, Section 5 — Obligations of market makers
- Chapter VII, Section 6 — Market maker quotations
- Chapter VII, Section 7 — Securities accounts and orders of market makers

2.5.1.1 Securities Exchange Act of 1934 and SEC Rules Thereunder

- Section 3 — Certain definitions under the Act
- Section 3(a)(38) — Market maker
- Rule 3b-8 — Qualified block positioned

2.5.2 Floor Brokers

2.5.2.1 Types of Brokers

- Solicitation
- Executing
- Facilitation

CBOE Rules

- Rule 6.70 — Floor broker defined
- Rule 6.71 — Registration of floor brokers
- Rule 6.73 — Responsibilities of floor brokers
- Rule 7.3 — Designation of order book officials
- Rule 7.12 — PAR official

CBSX Rules

- Rule 53.60 — CBSX broker defined

NASDAQ OMX PHLX Rules

- Rule 155 — General responsibility of floor brokers
- Rule 1060 — Floor broker defined
- Rule 1061 — Registration of floor brokers
- Rule 1063 — Responsibilities of floor brokers

2.5.3 Proprietary Traders

CBOE Rules

- Rule 3.6A — Qualification and registration of trading permit holders and associated persons

CHX Rules

- Article 6, Rule 3 — Training and examination of registrants

ISE Rules

- Rule 313 — Registration requirements

NYSE Arca Options

- Rule 2.5 — Denial of or conditions to OTPs

NYSE Arca Equities

- Rule 2.4 — Denial of or conditions to ETPs

3.0 Types and Characteristics of Securities and Investments

- Understand terms and definitions of equity securities, types of equity products, investment strategies, and underlying risks
 - Understand terms and definitions of options products, investment strategies, and underlying risks
 - Understand how to calculate profit, loss, and breakeven points of various strategies
 - Understand the implications of corporate actions such as splits, mergers, dividends and their effect
-

3.1 Equity Securities

3.1.1 Common Stock

3.1.1.1 Ownership in a corporation

3.1.1.2 Rights of stockholders
Limited liability
Proportionate ownership
Transfer rights

3.1.1.3 Dividends
Record date
Payable date
Cash
Stock
Ex-dividend date

3.1.1.4 Voting Rights
Statutory voting rights
Cumulative voting rights
Contingent voting rights of preferred stockholders
Proxies
Voting trusts
Trustee
Voting trust certificates
Beneficial interests
Non-voting common stock

- 3.1.1.5 Corporate Actions
 - Splits
 - Reverse splits
 - Spin-offs
 - Tender offers
- 3.1.1.6 Contract Adjustments
 - BOX Trading Rules
 - Chapter IV, Section 7 — Adjustments
 - CBOE Rules
 - Rule 5.7 — Adjustments
 - ISE Rules
 - Rule 505 — Adjustments
 - NASDAQ Options Market Rules
 - Chapter IV — Section 7 — Adjustments
- 3.1.1.7 Stock terms and definitions
 - Authorized stock
 - Reasons for authorizing more stock than that issued
 - Issued stock
 - Outstanding stock
 - Treasury stock
 - Reasons for reacquiring issued stock
 - Par value
 - Stated value
 - Stock certificates
 - Escrow receipt
 - Transfer agent
 - Registrar
 - Endorsements
 - Transfer procedures
- 3.1.2 Preferred Stock**
 - 3.1.2.1 Dividends
 - Preference over common
 - Dividend stated as percentage of par
 - Dividend stated in dollars per share
 - Adjustable/variable rates of return
 - Right to dividend
 - Auction rate
 - 3.1.2.2 Asset preference of preferred over common
 - 3.1.2.3 Classes of preferred and degree of preference

- 3.1.2.4 Types of preferred stock
 - Cumulative
 - Non-cumulative
 - Participating
 - Non-participating
 - Convertible
 - Perpetual
 - Limited
 - Delayed
 - Callable
 - Adjustable rate
 - Sinking fund provisions

3.1.3 Rights

- 3.1.3.1 Definition and purpose
- 3.1.3.2 Rights terms
 - Stock appreciation rights (SAR)
 - Employee stock options
- 3.1.3.3 Origination and issuance
 - Value of subscription rights
 - Disposition of rights
 - Terms of offering
- 3.1.3.4 Exercise of rights

3.1.4 Warrants

- CSBX Rules
 - Rule 54.4 — Transactions in warrants
 - Rule 54.5 — Position, exercise and reportable limits in warrants
 - Rule 54.6 — Special requirements for stock index warrants, currency index warrants and currency warrants
- NASDAQ Stock Market Rules
 - Rule 2840 Series — Trading in index warrants, currency index warrants and currency warrants
 - Rule 2850 — Position limits
 - Rule 2851 — Exercise limits
 - Rule 2852 — Reporting requirements

NASDAQ OMX BX Rules

Rule 2840 — Trading in index warrants, currency index warrants and currency warrants

Rule 2850 — Position limits

Rule 2851 — Exercise limits

Rule 2852 — Reporting requirements

NYSE Arca Equities Rules

Rule 8, Section 1 — Trading in warrants, index warrants and currency warrants

3.1.4.1 Definition and purpose

3.1.4.2 Origination and purpose
Origination of warrants

3.1.4.3 Valuation and exercise of warrants
Exercise terms
Valuation of warrants
Warrant leverage
Relationship of underlying stock
Anti-dilution agreement
Expiration

3.1.5 Exchange Traded Funds (ETFs)

Creating
Redeeming
Narrow versus broad based
Guilds (GLDs)

3.1.6 Exchange Traded Notes (ETNs)

3.1.7 American Depositary Receipts (ADRs), American Depositary Shares (ADSs), Global Depositary Receipts (GDRs), and Global Depositary Shares (GDSs)

3.1.7.1 Definition and purpose
Sponsored vs. non-sponsored

3.1.7.2 Origin and nature of ADRs, ADSs, GDRs and GDSs

3.1.7.3 Duties of the issuing/depository bank
Converts and distributes cash dividend in U.S. currency
Converts and distributes rights offerings
Distributes information on non-U.S. corporate developments

3.1.7.4 Shareholders' rights to demand delivery of the underlying shares

3.1.7.5 Relationship to ordinary shares

3.1.8 International Securities

3.1.8.1 Securities denominated in foreign currency versus those denominated in U.S. dollars

3.1.8.2 Relationship to ADRs, ADSs, GDRs and GDSs

3.1.9 Initial Public Offerings

3.1.9.1 Registration of securities

Securities Act of 1933

Section 6 — Registration of securities

Regulation C — Registration

Regulation D — Offer and sale of securities without registration

3.1.9.2 Offer and sale of new issue securities — indications of interest

3.1.9.3 Stabilization

Maintained by managing underwriter in aftermarket at or below public offering price

Syndicate penalty bid

Purpose

Stabilizing bids

Pre-effective bids

Syndicate covering transactions

NASDAQ Stock Market Rules

Rule 4614 — Stabilizing bids

Rule 4624 — Penalty bids and syndicate covering transactions

NASDAQ OMX BX Rules

Rule 4614 — Stabilizing bids

Rule 4624 — Penalty bids and syndicate covering transactions

3.1.9.4 Hot Issues

3.1.9.5 SEC Regulation M

Rule 100 — Definitions

Rule 101 — Activities by distribution participants

Rule 102 — Activities by issuers and selling security holders during a distribution

Rule 104 — Stabilizing transactions and other activities in connection with an offering

Rule 105 — Short selling in connection with a public offering

3.1.10 Penny Stock Rules

- SEC Exchange Act of 1934

- Section 3(a)(51) — Definition of penny stock

- Rule 3a51-1 — Penny stock

- Rule 15g-1 — Exemptions for certain transactions

- Confirmations and other disclosures

- Rule 15g-3 — Broker or dealer disclosure of quotations and other information relating to the penny stock market

- Rule 15g-8 — Sales of escrowed securities of blank check companies

3.2 Listed Options**3.2.1 Equity Options**

- Underlying securities

- Selection/withdrawal process

- Exercise style

- American

- European

- Expiration cycles

- Daily, weekly, monthly, quarterly

- Cycles vary

- Long-term equity anticipation securities (LEAPs)

- Strike price intervals

- Dependent upon the price of the stock

- Adjustment to option terms

- Cash dividends

- Stock dividends

- Stock splits

- Spin-offs

- Premiums

- Premium increments

- Factors affecting option premiums

- Expiration date

- Gamma

- Delta

- Vega

- BOX Trading Rules

- Chapter I, Section 1— Definitions

- Chapter IV, Section 4 — Withdrawal of approval of underlying securities

- Chapter IV, Section 6 — Series of options contracts open for trading

- CBOE Rules

- Rule 1.1— Definitions

ISE Rules

Chapter 1 — Definitions

Rule 503 — Withdrawal of approval of underlying securities

Rule 504 — Series of options contracts open for trading

NASDAQ OMX PHLX Rules

Rule 1000 — Applicability, definitions and references

Rule 1010 — Withdrawal of approval of underlying securities

Rule 1012.05(a) — Series of options open for trading

NASDAQ Options Market Rules

Chapter I — Section 1 — Definitions

Chapter IV — Securities traded on NASDAQ options market

NYSE Amex Rules

Rule 900NY — Rules principally applicable to trading of options contracts

NYSE Arca Rules

Rule 6.1 — Rules principally applicable to trading of option contracts

3.2.2 Index Options

Broad-based index

Narrow-based index

Industry-based or sector-based index

Exercise style

By cash payment on the next business day

Settlement amount is the difference between strike price and index closing value

Expiration cycles

Cycles vary

LEAPs

Flexible Exchange Options (FLEX)

Strike price intervals

Premium increments

Expiration date

Exercise style

European

American

BOX Trading Rules

Chapter XIV — Index rules

CBOE Rules

Chapter XXIV — Index options

ISE Rules

Chapter 20 — Index options

NASDAQ OMX PHLX Rules

Rule 1000A — Trading of options on indices

Rule 1107A — Trading of options on indices

NASDAQ Options Market Rules

Chapter XIV — Index option rules

- NSX Rules
 - Rule 12.9 — Index options
- NYSE Amex Rules
 - Rule 900C — Stock index options
- NYSE Arca Rules
 - Rule 5.10 — Index options

3.2.3 Exchange Traded Fund (ETFs) Options

3.2.4 Foreign Currency Options

- Contract sizes
- Expiration cycles
- Expiration date
- Settlement style
 - American style
 - European style
- Trading hours
- Strike price intervals
- Premium increments

- ISE Rules
 - Chapter 22 — Rate-modified foreign currency options rules
- NASDAQ OMX PHLX Rules
 - Rule 1000(b)(13) — Definitions — Foreign currency
 - Rule 1012(a)(ii) — Foreign currency options series
 - Rule 1016 — Block transactions in foreign currency options
- NYSE Arca Rules
 - Rule 5.75 — Series of foreign currency options open for trading

3.3 Types of orders

- Market
- Limit
- Stipulation
 - Day
 - GTC
- Market not held
- Stop limit
- Spread
- Straddle
- Combination
- Contingency
- Immediate-or-cancel/Fill-and-kill
- At-the-close
- Manual
- All-or-none
- Reserve

Fill-or-kill
Discretionary
ISOs
On open
Complex
Stop loss

BOX Trading Rules

Chapter V, Section 4 — Order entry

Chapter V, Section 27 — Complex orders

CBOE Rules

Rule 6.53 — Certain types of orders defined

C2 Rules

Rule 6.10 — Order types defined

CBSX Rules

Rule 51.8 — Types of orders handled

CHX Rules

Article 1 — Rule 2 — Order types and conditions

ISE Rules

Rule 715 — Types of orders

Rule 722 — Complex orders

NASDAQ OMX PHLX Rules

Rule 1066 — Certain types of orders defined

Rule 1080 — PHLX XL and PHLX II

Rule 3305 (PSX) — Order entry parameters

NASDAQ Stock Market Rules

Rule 4755 — Order entry parameters

NASDAQ OMX BX Rules

Rule 4755 — Order entry parameters

NASDAQ Options Market Rules

Chapter VI — Section 1 — Definitions

NSX Rules

Rule 11.11 — Orders and modifiers

Rule 11.14 — Priority of orders

Rule 11.15 — Order execution

NYSE Amex Rules

Rule 900.3NY — Orders defined

NYSE Arca Rules

Rule 6.62 — Certain types of orders defined

Rule 7.31 — Orders and modifiers

3.4 Strategy Investment Posture for Various Market Scenarios

3.4.1 Equities

- Long
- Short sales
- Dividend

3.4.2 Options

3.4.2.1 Strategies for Using Puts or Calls

- Call buying strategies
 - Alternative to buying the underlying security
 - To lock-in a purchase price
 - To hedge a short sale
- Put buying strategies
 - To hedge a long position
 - Alternative to short sale
- Covered call writing concepts
 - Increase yield
 - Hedge a position
- Put writing concepts
 - Increase income
 - Acquire stocks below current prices
- Types of Spread
 - Bull spread
 - Bear spread
 - Time spread
 - Diagonal spread
 - Variable spread
 - Butterfly spread
 - Box spread
 - Condor spread
 - Iron Butterfly spread
- Straddle
 - In-the-money
 - Out-of-the-money
- Collars
- Naked calls
- Short equity call
- Strangle

3.4.2.2 Strategies Based on Market Outlook

Neutral

- Covered call writing (at market)
- Straddle writing
- Combination writing

Bullish

- Covered call writing (above market)
- Uncovered put writing
- Call purchasing
- Long stock/long put
- Bull spreading

Bearish

- Uncovered call writing
- Put purchasing
- Bear spreading

3.4.2.3 Other Strategy Considerations

Synthetic positions

- Long stock/short call = short put
- Short stock/long call = long put
- Short stock/short put = short call
- Long call/short put = long stock
- Long stock/long put = long call
- Short call/long put = short stock

3.4.2.4 Hedging with Futures

- Equity strategies
- Market neutrals
- Equity long/short
- Fundamental long/short
- Paired equities

3.5 Calculation of Profit, Loss, and Break-even

3.5.1 Ability to calculate profit, loss, and break-even limits, and amounts at expiration of aggregate positions relative to movements in the underlying security - percentage return (loss)

Limits will fluctuate from time of recommendation to time of close-out or expiration

4.0 Trading Practices and Prohibited Activities

- **Understand written supervisory procedures, application, and adherence thereto**
 - **Understand the mechanics and ramifications of the tendering of exercise notices for options; exercise by exception and same day exercise**
 - **Understand the effect of exercise prior to ex-dividend date**
 - **Understand OCC assignment procedure and firm/market maker assignment**
 - **Understand the compliance requirements for delivery, payment, and settlement**
 - **Understand relevant position/exercise limits**
 - **Understand reporting related to position limits**
-

4.1 Supervisory Procedures

Written policies and procedures

Maintain appropriate documentation in accordance with proper procedures

4.1.1 SRO Rules Regarding Supervisory Procedures

BOX Trading Rules

Chapter III, Section 1— Adherence to law

Chapter XI, Section 2 — Registration of options principals

Chapter XI, Section 9 — Opening of accounts

Chapter XI, Section 8 — Branch offices

Chapter XI, Section 10 — Supervision of accounts

CBOE Rules

Rule 4.2 — Adherence to law

Rule 15.8 — Risk analysis of market maker accounts

Rule 15A — Risk analysis of portfolio margin accounts

CHX Rules

Article 6 — Registration, supervision and training

ISE Rules

Rule 401 — Adherence to law

Rule 601 — Registration of options principals

Rule 608 — Opening of accounts

Rule 607 — Branch offices

Rule 609 — Supervision of accounts

NASDAQ OMX PHLX Rules

Rule 748 — Supervision

Rule 761 — Supervisory procedures

Rule 1025 — Supervision of accounts

NASDAQ Stock Market Rules

Rule 3010 — Supervision

Rule 3012 — Supervisory control system

NASDAQ OMX BX Rules

Rule 3010 — Supervision

Rule 3012 — Supervisory control system

NASDAQ Options Market Rules

Chapter XI — Section 8 — Supervision of accounts

NSX Rules

Rule 5.1 — Written procedures

Rule 5.2 — Responsibility of ETP holders

Rule 5.3 — Records

Rule 5.4 — Review of activities and annual inspection

Rule 5.7 — Annual certification of compliance and supervisory processes

NYSE Amex Rules

Rule 921(g) — Written procedures

Rule 922(a) — Duty to supervise, designation of supervisory personnel

Rule 922 — Commentary .01— Supervision of accounts

Rule 991 — Communications to customers

NYSE Arca Rules

Rule 9.1(c) — Office supervision

Rule 11.18 — Supervision

4.1.2 Options Price Reporting Authority**4.2 Applicable Federal Regulations****4.2.1 Securities Exchange Act of 1934**

4.2.1.1 Section 3 — Definitions and Application of Title

Exchange

Member

Broker

Dealer

Issuer

Security

Equity security

Buy-Purchase

Sale-sell

Clearing agency

4.2.1.2 Section 9 – Prohibition Against Manipulation of Security Prices

- Section 9(a)(1) — Misleading appearance of active trading
- Section 9(a)(2) — Inducing purchase or sale by others
- Section 9(a)(3) — Dissemination of information as to rise or fall of securities prices
- Section 9(a)(4) — Making false or misleading statements
- Section 9(a)(5) — Dissemination of information for consideration
- Section 9(a)(6) — Pegging, fixing or stabilizing prices
- Section 9(b) — Options disclosure document
- Section 9(e) — Liability for unlawful acts or transactions

4.2.1.3 Section 10(b)—Use or Employment of Deceptive Devices

- Rule 10b-3 — Employment of manipulative and deceptive devices by brokers or dealers
- Rule 10b-5 — Employment of manipulative and deceptive devices
- Rule 10b-18 — Purchases of certain equity securities by the issuer and others

4.2.1.4 Regulation 14E — Tender offers

- Rule 14e-4 — Prohibited transactions in connection with partial tender offers

4.2.1.5 Regulation FD — Fair disclosure

- Requirement that when an issuer discloses material nonpublic information to certain persons (such as, securities market professionals and holders of the issuer's securities who may well trade on the basis of the information), it must make public disclosure of that information
- Enhancement of existing prohibitions against insider trading

4.3 Prohibited Activities

4.3.1 Anti-Manipulation Rules

- BOX Trading Rules
 - Chapter II, Section 3 — Rumors
 - Chapter V, Section 1(b)(vi) — Access to and conduct on the BOX market
- CBOE Rules
 - Rule 4.7 — Manipulation
- CHX Rules
 - Article 9 — Rule 9 — Fictitious transactions
 - Article 9 — Rule 11 — Price manipulation
 - Article 9 — Rule 12 — Manipulative operations
- ISE Rules
 - Rule 405 — Manipulation
- NASDAQ OMX PHLX Rules
 - Rule 782 — Manipulative operations
- NASDAQ Stock Market
 - Rule 2120 — Use of manipulative, deceptive or other fraudulent devices

NASDAQ OMX BX Rules

Rule 2120 — Use of manipulative, deceptive or other fraudulent devices

NSX Rules

Rule 12.1 — Market manipulation

Rule 12.2 — Fictitious transactions

Rule 12.3 — Excessive sales by and ETP holder

Rule 12.4 — Manipulative transactions

Rule 12.5 — Dissemination of false information

Rule 12.8 — Influencing the consolidated tape

NYSE Amex Rules

Rule 4 — Manipulation

NYSE Arca Rules

Rule 11.5 — Manipulation

Securities Exchange Act of 1934

Rule 15c1-2 — Fraud and misrepresentation

Rule 15c1-3 — Misrepresentation by brokers, dealers and municipal
Securities dealers as to registration

Regulation M — Anti-manipulation Rules Concerning Securities Offerings

Rule 101 — Activities by distribution participants

Rule 102 — Activities by issuers and selling security holders during a
distribution

Rule 103 — NASDAQ passive market making

Rule 104 — Stabilizing and other activities in connection with an offering

Rule 105 — Short selling in connection with a public offering

4.3.2 Anti-Money Laundering Rules

BOX Trading Rules

Chapter VIII, Section 7 — Anti-money laundering compliance program

CBOE Rules

Rule 4.20 — Anti-money laundering compliance program

CHX Rules

Article 6, Rule 12 — Anti-money laundering compliance program

ISE Rules

Rule 420 — Anti-money laundering compliance program

NASDAQ OMX PHLX Rules

Rule 757 — Anti-money laundering compliance program

NASDAQ Stock Market Rules

Rule 3011 — Anti-money laundering compliance program

NASDAQ OMX BX Rules

Rule 3011 — Anti-money laundering compliance program

NASDAQ Options Market Rules

Chapter IX — Section 7 — Anti-money laundering compliance program

NSX Rules

Rule 5.6 — Anti-money laundering compliance program

NYSE Amex Rules

Rule 432 — Anti-money laundering compliance program

NYSE Arca Rules

Rule 6.17 — Anti-money laundering compliance program

Rule 11.19 — Anti-money laundering compliance program

4.3.3 Insider Trading

BOX Trading Rules

Chapter III, Section 4 — Prevention of the misuse of material, non-public information

CBOE Rules

Rule 4.18 — Prevention of misuse of material, nonpublic information

C2 Rules

Rule 6.55 — Trading on knowledge of imminent undisclosed solicited transaction

CHX Rules

Article 9, Rule 17 — Personal selling and purchasing prohibited

Insider Trading and Securities Fraud Enforcement Act of 1988

Section 3 — Civil penalties of controlling persons for illegal insider trading by controlled persons

ISE Rules

Rule 408 — Prevention of the misuse of material, nonpublic information

NASDAQ OMX PHLX Rules

Rule 761 — Supervisory procedures relating to Insider Trading and Securities Fraud Enforcement Act of 1988

NASDAQ Options Market Rules

Chapter III — Section 4 — Prevention of misuse of material non-public information

NSX Rules

Rule 5.5 — Chinese Wall procedures

NYSE Amex Rules

Rule 4 — Manipulation

NYSE Arca Rules

Rule 6.3 — Prevention of the misuse of material, non-public information

Rule 11.3 — Prevention of misuse of material, non-public information

Securities Exchange Act of 1934

Section 15(f) — Registration and regulation of brokers and dealers —
Written policies and procedures relating to misuse of material, non-public information

Rule 10b-5 — Employment of manipulative and deceptive devices

Rule 10b5-1 — Trading on the basis of material nonpublic information in insider trading cases

Rule 10b5-2 — Duties of trust or confidence in misappropriation insider trading cases

4.3.4 Anti-Competitive Trading Practices

Collusion
 Price/size/spread convention
 Intimidation
 Harassment

CBOE Rules

Rule 4.19 — Prohibition against harrassment

NASDAQ Stock Market Rules

IM-2110-5 — Anti-intimidation/coordination

NASDAQ OMX BX Rules

IM-2110-5 — Anti-intimidation/coordination

NASDAQ OMX PHLX Rules

Rule 707.01 — Just and equitable principles of trade

NYSE Arca Rules

Rule 11.2 — Prohibited acts

NYSE Amex Rules

Rule 16 — Business conduct

4.3.5 Additional Prohibited Activities

Front running
 Marking-the-close
 Painting-the-tape
 Spreading market rumors
 Wash sale rules
 Information barriers
 Breach of information barriers
 Lack of information barriers
 Trade shredding
 Pre-arranged trading
 Trading ahead

BOX Trading Rules

Chapter III, Section 3 — Rumors

CBOE Rules

Rule 4.7 — Manipulation

Rule 4.8 — Rumors

Rule 6.73 — Responsibilities of floor brokers

CHX Rules

- Article 8, Rule 2 — Acts detrimental to interest or welfare of exchange
- Article 8, Rule 3 — Fraudulent acts
- Article 9, Rule 2 — Just and equitable trade principles
- Article 9, Rule 9 — Fictitious transactions
- Article 9, Rule 10 — Pre-arranged trades
- Article 9, Rule 11 — Price manipulation
- Article 9, Rule 12 — Manipulative operations

ISE Rules

- Rule 400 — Just and equitable principles of trade
- Rule 405 — Manipulation
- Rule 408 — Prevention of the misuse of material, non-public information
- Rule 810 — Limitations in dealings

NASDAQ OMX PHLX Rules

- Rule 707.02 — Just and equitable principles of trade

NASDAQ Stock Market Rules

- Rule 2110 — Standards of commercial honor and principles of trade
- IM-2110-2 — Trading ahead of customer limit orders (Manning interpretation)
- IM-2110-3 — Front running policy
- Rule 2111 — Trading ahead of customer market orders

- Rule 3351 — Trading practices

NASDAQ OMX BX Rules

- Rule 2110 — Standards of commercial honor and principles of trade
- IM-2110-2 — Trading ahead of customer limit orders (Manning interpretation)
- Rule 2111 — Trading ahead of customer market orders

NASDAQ Options Market Rules

- Chapter III, Section 3 — Rumors

NSX Rules

- Rule 5.5 — Chinese wall procedures
- Rule 12.5 — Consumer priority

NYSE Amex Rules

- Rule 3 — General prohibitions
- Rule 995NY — Prohibited conduct

NYSE Arca Rules

- Rule 11.4 — Rumors
- Rule 11.5 — Manipulation
- Rule 11.6 — Front-running of block transactions

4.3.6 Short Sales and Mandatory Buy-Ins

CBSX Rules

Rule 53.5 — Long, short, and short exempt sales

CHX Rules

Article 9, Rule 23 — Short sales

NASDAQ OMX PHLX Rules

Rule 455 — Short sales

NASDAQ Stock Market Rules

Rule 11810 Series — Buying-in

NASDAQ OMX BX Rules

Rule 4763 — Short sale price test pursuant to Rule 201 of Regulation SHO

Rule 11810 Series — Buying-in

NSX Rules

Rule 11.21 — Short sales

NYSE Amex Rules

Rule 7 — Short sales

NYSE Arca Rules

Rule 7.16 — Short sales

Securities Exchange Act of 1934

Rule 15c3-3(h) — Customer protection — Reserves and custody of securities

4.3.6.1 Regulation SHO — Short Sales

Aggregation unit requirements

Marking requirements

Locate requirements

Close-out requirements

Short sale trading restrictions

Threshold securities

Regulation SHO

Rule 200 — Definition of “short sale” and marking requirements

Rule 201 — Circuit breakers

Rule 203 — Borrowing and delivery requirements

Rule 204 — Close-out requirement

4.4 Trading Practices

4.4.1 Terms and Definitions

- Program trading
- Best execution
- Allocation of trades
- Unlisted Trading Privilege (UTP)
- Priority
 - Price
 - Time
 - Customer
 - Pro rata
- Do-Not-Trade Lists

BOX Trading Rules

- Chapter V, Section 14 — Order entry
- Chapter V, Section 16 — Execution and price/time priority
- Chapter V, Section 17 — Customer orders and order flow providers

CBOE Rules

- Rule 6.24 — Required order information
- Rule 6.45 — Priority of bids and offers — Allocation of trades
- Rule 8.51 — Firm disseminated market quotes
- Rule 8.87 — Participation entitlements of DPMS and e-DPMs

C2 Rules

- Rule 6.12 — Order execution and priority

CBSX Rules

- Rule 52.1 — Matching algorithm/priority

CHX Rules

- Article 22, Rule 5 — Unlisted trading privileges
- Article 17, Rule 3 — Institutional broker responsibilities

ISE Rules

- Rule 713 — Priority of quotes and orders

NSX Rules

- Rule 1.5 — Definitions
- Rule 11.11 — Orders and modifiers
- Rule 11.14 — Priority of orders
- Rule 11.15 — Order executions

NYSE Amex Rules

- Rule 964NY — Display, priority and order allocation

NYSE Arca Rules

- Rule 6.76 — Order ranking and display
- Rule 6.76A — Order execution

4.4.2 Position and Exercise Limits

- Hedge exemptions

 - Delta hedging

- BOX Trading Rules

 - Chapter III, Section 7 — Position limits

 - Chapter III, Section 9 — Exercise limits

 - Chapter XIV, Section 5 — Position limits for broad-based index options

 - Chapter XIV, Section 6 — Position limits for industry index options

 - Chapter XIV, Section 8 — Exercise limits

 - Chapter XIV, Section 13 — Exercise of American style index options

- CBOE Rules

 - Rule 4.11 — Position limits

 - Rule 4.12 — Exercise limits

 - Rule 24.4 — Position limits for broad-based index options

 - Rule 24.4A — Position limits for industry index options

 - Rule 24.5 — Exercise limits

 - Rule 24.18 — Exercise of American style index options

- ISE Rules

 - Rule 412 — Position limits

 - Rule 414 — Exercise limits

 - Rule 2004 — Position limits for broad-based index options

 - Rule 2005 — Position limits for industry index options

 - Rule 2007 — Exercise limits

 - Rule 2012 — Exercise of American style index options

 - Rule 2208 — Position limits for foreign currency options

 - Rule 2209 — Exercise limits for foreign currency options

- NASDAQ OMX PHLX Rules

 - Rule 1001 — Position limits

 - Rule 1001A — Position limits — options on indices

 - Rule 1002 — Exercise limits

 - Rule 1002A — Exercise limits (index options)

- NASDAQ Options Market Rules

 - Chapter III — Section 7 — Position limits

 - Chapter III — Section 8 — Exemptions

 - Chapter III — Section 9 — Exercise limits

 - Chapter III — Section 10 — Reports

NYSE Amex Rules

- Rule 904 — Position limits
- Rule 904C — Position limits — Stock index options
- Rule 904D — Position limits — T-Bill options
- Rule 904D — Exercise limits — T-Bill options
- Rule 905 — Exercise limits
- Rule 905C — Exercise limits — Stock index options
- Rule 906G — Position limits — Flexible exchange options
- Rule 907G — Exercise limits — Flexible exchange options
- Rule 980 — Exercise of options contracts

NYSE Arca Rules

- Rule 6.8(a) — Options trading, position limits
- Rule 6.9 — Options trading, exercise limits
- Rule 6.11 — Exercise of options contracts

4.4.3 Cabinet trading

Supervision of specialist/OBO

.01 per lot

Time priority

Not reported to vendors

Off-floor accommodations

BOX Trading Rules

Chapter V, Section 28 — Accommodation liquidations (cabinet trades)

CBOE Rules

Rule 6.54 — Accommodation liquidations

ISE Rules

Rule 718 — Accommodation transactions (cabinet trades)

NASDAQ OMX PHLX Rules

Rule 1059 — Accommodation transactions

NYSE Amex Rules

Rule 968NY — Cabinet trades (accommodation transactions)

NYSE Arca Rules

Rule 6.80 — Accommodation transactions (cabinet trades)

4.5 Regulation NMS — Regulation of the National Market System

- Rule 600 — NMS security designation and definitions
- Rule 602 — Dissemination of quotations in NMS securities
- Rule 604 — Display of customer limit orders
 - Specialist and OTC market makers
- Rule 605 — Disclosure of order execution information
- Rule 606 — Disclosure of order routing information
- Rule 610 — Access to quotations
- Rule 611 — Order protection rule
- Rule 612 — Minimum price increments

4.6 Third Party Trades

- Step out
- Give-up (clearing)
- Prime broker

4.7 Exercise/Assignment of Options**4.7.1 Tender of Exercise Notices**

- Equity options
 - Effect of exercise prior to ex-dividend date
 - Time limitations
 - Same day exercise
 - Exercise by exception
- Index options
- Foreign currency options
 - BOX Trading Rules
 - Chapter VII, Section 1 — Exercise of options contracts
 - CBOE Rules
 - Rule 11.1 — Exercise of option contracts
 - ISE Rules
 - Rule 1100 — Exercise of option contracts
 - NASDAQ OMX PHLX Rules
 - Rule 1042 — Exercise of equity option contracts
 - Rule 1042A — Exercise of option contracts — Options on indices
 - NASDAQ Options Market Rules
 - Chapter VIII — Section 1 — Exercise of option contracts
 - NSX Rules
 - Rule 12.9 — Options
 - NYSE Amex Rules
 - Rule 980 — Exercise of options contracts
 - NYSE Arca Rules
 - Rule 5.24 — Exercise of options contracts

4.7.2 Assignment of Exercise Notices

- Effect of assignment on ex-dividend date of equities
- OCC assignment procedure
- Firm/market maker/customer assignment
- Acceptable procedures for allocating customer assignments
- Allocation methods
- Delivery and payment /settlement date
- Work papers and documentary materials regarding assignment notices

- BOX Trading Rules
 - Chapter VII, Section 2 — Allocation of exercise notices
 - Chapter VII, Section 3 — Delivery and payment
- CBOE Rules
 - Rule 11.2 — Allocation of exercise notices
 - Rule 11.3 — Delivery and payment
- ISE Rules
 - Rule 1101 — Allocation of exercise notices
 - Rule 1102 — Delivery and payment
- NASDAQ OMX PHLX Rules
 - Rule 1043 — Allocation of exercise notices
 - Rule 1044 — Delivery and payment
- NASDAQ Options Market Rules
 - Chapter VIII — Section 2 — Allocation of exercise notices
 - Chapter VIII — Section 3 — Delivery and payment
- NYSE Amex Rules
 - Rule 981 — Allocation of exercise notices
 - Rule 982 — Delivery and payment
- NYSE Arca Rules
 - Rule 6.25 — Allocation of exercise assignment

4.8 Clearance, Transaction Review, and Settlement Procedures

4.8.1 Clearance and Settlement

- BOX Trading Rules
 - Chapter V, Section 23(a) — Submission for clearance
- CBOE Rules
 - Rule 6.50 — Submission for clearance
 - Rule 6.51 — Reporting duties
 - Rule 6.58 — Submission of trade information to the Exchange
- C2 Rules
 - Rule 6.31 — Rules reporting of matched trades to clearing corporation
 - Rule 6.37 — Reporting of trade information
- CHX Rules
 - Article 21 — Clearance and settlement
- ISE Rules
 - Rule 712(b) — Clearance of transactions
- NASDAQ OMX PHLX Rules
 - Rule 1051 — General comparison and clearance rule
 - Rule 3218 (PSX) — Clearance and settlement
- NASDAQ Stock Market Rules
 - Rule 4618 — Clearance and settlement
- NASDAQ OMX BX Rules
 - Rule 4618 — Clearance and settlement

- NASDAQ Options Market Plus
 - Chapter VI — Section 15 — Submission for clearance
- NYSE Amex Rules
 - Rule 960 — General comparison and clearance rule
- NYSE Arca Rules
 - Rule 6.14 — General comparison and clearance rule
 - Rule 6.79 — Submission for clearance
 - Rule 7.14 — Clearance and settlement
 - Rule 7.41 — Clearance and settlement
- Securities and Exchange Commission Rules
 - Rule 15c6-1 — Settlement cycle

4.8.2 Leverage and Associated Risk

- Risk based haircuts
- Portfolio margining

4.8.3 Account Designations

- Position transferring
- Customer/market maker/firm capital treatment
- Joint back office (JBO)

CBOE Rules

- Rule 6.49A — Transfer of positions

CHX Rules

- Article 7 — Rule 3A — Joint back office participants

NASDAQ OMX PHLX Rules

- Rule 703 (a)(vi) — Financial responsibility and reporting

NASDAQ Options Market Rules

- Chapter XIII, Section 5 — Joint back office participants
- Chapter VII, Section 9 — Financial requirements for market makers

4.9 Transaction Review

- Position adjustments
 - Trade adjustments form
 - Unmatched adjustment report
 - Types of errors
 - Account type errors (firm/customer)
 - Trade type error (open/close)
 - Clearly erroneous trades
 - Obvious error
 - Daily position reports
 - Trade blotters
-
- BOX Trading Rules
 - Chapter V, Section 21 — Transaction price binding

CBOE Rules

- Rule 6.25 — Nullification and adjustment of options transactions
- Rule 6.52 — Price binding despite erroneous report
- Rule 6.60 — Unmatched trade reports
- Rule 6.61 — Reconciliation and resolution of unmatched trades

C2 Rules

- Rule 6.15 — Obvious error and catastrophic errors
- Rule 6.1.6 — Price binding despite erroneous report

CBSX Rules

- Rule 52.4 — Clearly erroneous policy

CHX Rules

- Article 20 — Rule 9 — Cancellation of transactions
- Article 20 — Rule 10 — Handling of clearly erroneous transactions

ISE Rules

- Rule 719 — Transaction price binding

NASDAQ OMX PHLX Rules

- Rule 128 — Price of execution binding
- Rule 1092 — Obvious errors and catastrophic errors
- Rule 3312 (PSX) — Clearly erroneous transactions

NASDAQ Stock Market Rules

- Rule 11890 — Clearly erroneous transactions

NASDAQ OMX BX Rules

- Rule 11890 — Clearly erroneous transactions

NASDAQ Options Market Rules

- Chapter V — Section 6 — Obvious error
- Chapter VI — Section 13 — Transaction price binding

NSX Rules

- Rule 11.19 — Clearly Erroneous Executions

NYSE Amex Rules

- Rule 958NY — Price binding despite erroneous report
- Rule 970 — Comparison of option transactions excluded from clearance

NYSE Arca Rules

- Rule 6.70 — Price binding despite erroneous report

4.10 Order Tickets**BOX Trading Rules**

- Chapter III, Section 4 — Automated submission of trade data

CBOE Rules

- Rule 6.2.4 — Required order information

CHX Rules

- Article 11 — Rule 1 — Furnishing of records
- Article 11 — Rule 2 — Maintenance of books and records
- Article 11 — Rule 3 — Records of orders and executions
- Article 11 — Rule 4 — Participant communications

- ISE Rules
 - Rule 1404 — Automated submission of trade data
- NASDAQ OMX PHLX Rules
 - Rule 3404 — Recording of order information
 - Rule 3405 — Order data transmission requirements
- NASDAQ Stock Market Rules
 - Rule 6954 — Recording of information
- NASDAQ OMX BX Rules
 - Rule 6954 — Recording of information
- NASDAQ Options Market Rules
 - Chapter IX, Section 4 - Automated submission of trade data
 - Chapter V, Section 7 – Audit Trail
- NSX Rules
 - Rule 3.8 — The prompt receipt and delivery of securities
 - Rule 4.2 — Furnishing of records
- NYSE Amex Rules
 - Rule 924(d) — Record of transactions
 - Rule 957NY — Reporting duties
- NYSE Arca Rules
 - Rule 6.68 — Record of orders
 - Rule 6.69 — Reporting duties
- Securities Exchange Act of 1934
 - Rule 17a-3 — Records to be made by certain exchange members, brokers, and dealers

4.11 Settlement Practices

4.11.1 Settlement and Delivery Requirements

- Fails-to-deliver
- Cash settlement

- BOX Trading Rules
 - Chapter VII, Section 3 — Delivery and payment
- CBOE Rules
 - Rule 11.3 — Delivery and payment
- CHX Rules
 - Article 21 — Clearance and settlement
- ISE Rules
 - Rule 1102 — Delivery and payment
- NASDAQ OMX PHLX Rules
 - Rule 1044 — Delivery and payment
 - Rule 3218 (PSX) — Clearance and settlement
- NASDAQ Stock Market Rules
 - Rule 4618 — Clearance and settlement
 - Rule 11300 Series — Delivery of securities

NASDAQ OMX BX Rules

Rule 4618 — Clearance and settlement

NASDAQ Options Market Rules

Chapter VIII — Section 3 — Delivery and payment

NSX Rules

Rule 11.17 — Clearance and settlement

Rule 13.1 — Comparison and settlement requirements

Rule 13.2 — Failure to deliver and failure to receive

NYSE Amex Rules

Rule 765 — Assignment by member organizations

Rule 774 — Signature guarantee

Rule 775 — Legal assignments

Rule 776 — Book-entry settlement of transactions

Rule 831 — Buyer entitled to dividend

Rule 882 — Due-bills on failures to deliver

Rule 982 — Delivery and payment

NYSE Arca Rules

Rule 3.7 — Assignment

Rule 6.26 — Settlement and payment

4.11.2 Clearance Procedures

OCC

DTCC

NSCC

OCC By-Laws

Article V — Clearance of exchange transactions

OCC Rules

Chapter IV — Trade reporting and matching

Chapter V — Daily cash settlement

Chapter IX — Delivery of underlying securities and payment

5.0

Display, Execution and Trading Systems

- Understand priority of orders
 - Understand time priority
 - Understand the correct input and handling of orders
 - Understand settlement procedures
 - Understand off-floor accommodations and the necessary reporting obligations
 - Understand when and why a trading rotation and fast markets will be utilized
-

5.1 Order Entry Parameters

BOX Trading Rules

Chapter V, Section 14 — Order entry

Chapter V, Section 15 — Audit trail

CBOE Rules

Rule 6.53 — Certain types of orders defined

Rule 6.53C — Complex orders on the hybrid system

C2 Rules

Rule 6.10 — Order types defined

ISE Rules

Rule 712(a) — Order identification

NASDAQ OMX PHLX Rules

Rule 1080 — PHLX XL and PHLX XL II

Rule 3305 (PSX) — Order entry parameters

NASDAQ Stock Market Rules

Rule 4755 — Order entry parameters

NASDAQ OMX BX Rules

Rule 4755 — Order entry parameters

NASDAQ Options Market Rules

Chapter VI — Section 7 — Entry and display of orders

NYSE Amex Rules

Rule 955NY — Order format and system entry requirements

NYSE Arca Rules

Rule 6.67 — Order format and system entry requirements

5.1.1 Entry and Display of Quotes and Orders

- Entry of quotes and orders
- Display of quotes and orders
- Non-displayed orders
- Quoting obligations of market makers
- Handling of large orders
 - Reserve size
- Trading in actual shares
 - Round lots
 - Odd lots
 - Mixed lots
- Locked and crossed markets

BOX Trading Rules

- Chapter VI, Section 5 — Obligations of market makers
- Chapter XII — Order protection; locked and crossed markets

CBOE Rules

- Rule 6.13 — CBOE hybrid system automatic execution feature
- Rule 6.41 — Meaning of premium bids and offers
- Rule 6.42 — Minimum increments for bids and offers
- Rule 6.43 — Manner of bidding and offering
- Rule 8.51 — Firm disseminated market quotes
- Rule 8.7 — Obligations of market-makers
- Rule 8.18 — Quote risk monitor mechanism
- Rule 8.85 — DPM obligations
- Rule 6.81 — Order protection
- Rule 6.82 — Locked and crossed markets

C2 Rules

- Rule 6.2 — Unit of trading
- Rule 6.3 — Meaning of premium bids and offers
- Rule 6.4 — Minimum increments for bids and offers
- Rule 6.50 — Contract made on acceptance of bid or offer
- Rule 8.5 — Obligations of market-makers
- Rule 8.6 — Market-maker firm quotes

CBSX Rules

- Rule 52.6 — Processing of round lot orders
- Rule 52.7 — Sweeping – Trading through away markets
- Rule 52.8 — Processing of odd lots
- Rule 52.12 — Locking or crossing quotations in NMS stocks
- Rule 52.13 — Firm quotations

CHX Rules

- Article 20 — Rule 4 — Eligible orders
- Article 20 — Rule 5 — Prevention of trade throughs
- Article 20 — Rule 6 — Locked and crossed markets

ISE Rules

- Rule 711—Acceptance of quotes and orders
- Rule 713 — Priority of quotes and orders
- Rule 717 — Limitations on orders
- Rule 803 — Obligations of market makers
- Rule 904 — Market maker quotes and orders
- Rule 1901 — Order protection
- Rule 1902 — Locked and crossed markets

NASDAQ OMX PHLX Rules

- Rule 1014 — Obligations and restrictions applicable to registered options traders and specialists
- Rule 1082 — Firm quotations
- Rule 1083 — Order protection; locked and crossed markets
- Rule 3213 (PSX) — Orders and locked and crossed markets
- Rule 3306 (PSX) — Entry and display of orders

NASDAQ Stock Market Rules

- Rule 4613 — Market maker obligations
- Rule 4756 — Entry and display of quotes and orders

NASDAQ OMX BX Rules

- Rule 4756 — Entry and display of quotes and orders

NASDAQ Options Market Rules

- Chapter VI, Section 7 — Entry and display of orders
- Chapter VII — Section 5 — Obligations of market makers
- Chapter XII — Options order protection and locked and crossed markets

NYSE Amex Rules

- Rule 935NY— Order exposure requirements
- Rule 964NY — Display, priority and order allocation

NYSE Arca Rules

- Rule 6.76 — Order taking and display
- Rule 6.95 — Locked and crossed markets
- Rule 7.36 — Order ranking and display

5.1.2 Trading Rotation

Opening

Closing

Business day prior to expiration

Intra-day

Re-open after halt

BOX Trading Rules

Chapter V, Section 9 — Opening the market

Chapter XIV, Section 9 — Trading sessions

CBOE Rules

Rule 6.2 — Trading rotations

Rule 6.2B — Hybrid Opening System (“HOSS”)

C2 Rules

- Rule 6.11 — Openings (and sometimes closings)

CBSX Rules

- Rule 52.2 — Opening procedures

ISE Rules

- Rule 701 — Trading rotations

NASDAQ OMX PHLX Rules

- Rule 1017 — Openings in options

- Rule 1047 — Trading rotations, halts and suspensions

- Rule 3302 (PSX) — Opening process

NASDAQ Stock Market Rules

- Rule 4752 — Opening Process

- Rule 4753 — NASDAQ halt and imbalance crosses

- Rule 4754 — NASDAQ closing cross

NASDAQ OMX BX Rules

- Rule 4752 — Opening Process

NASDAQ Options Market Rules

- Chapter VI — Section 8 — NASDAQ opening cross

NSX Rules

- Rule 12.10 — Best execution

- Rule 12.11 — Trading suspensions

NYSE Amex Rules

- Rule 952NY — Trading auctions

NYSE Arca Rules

- Rule 6.64 — Trading auctions

5.1.3 Fast Markets and Trading Halts

BOX Trading Rules

- Chapter V, Section 10 — Trading halts

- Chapter V, Section 11 — Resumption of trading after a halt

- Chapter V, Section 12 — Trading halts due to extraordinary market volatility

CBOE Rules

- Rule 6.3 — Trading halts

- Rule 6.3B — Market-wide trading halts due to extraordinary market volatility

- Rule 6.6 — Unusual market conditions

C2 Rules

- Rule 6.32 — Trading halts

- Rule 6.33 — Authority to take action under emergency conditions

CBSX Rules

- Rule 52.3 — Unusual market conditions

CHX Rules

- Article 20 — Rule 2 — Trading halts due to extraordinary market volatility

ISE Rules

- Rule 702 — Trading halts

- Rule 703 — Trading halts due to extraordinary market volatility

NASDAQ OMX PHLX Rules

- Rule 133 — Trading halts due to extraordinary market volatility
- Rule 136 — Trading halts in certain exchange traded funds
- Rule 1047 — Trading rotations, halts and suspensions
- Rule 1047A (index options) — Trading rotations, halts or re-openings
- Rule 1080 — PHLX XL and PHLX II
- Rule 3100 (PSX) — Trading halts on PSX

NASDAQ Stock Market Rules

- Rule 4120 — Trading halts
- Rule 4121 — Market closings

NASDAQ OMX BX Rules

- Rule 4120 — Trading halts
- Rule 4121 — Market closings

NASDAQ Options Market Rules

- Chapter V — Section 3 — Trading halts
- Chapter V — Section 4 — Resumption of trading after a halt
- Chapter V — Section 5 — Unusual market conditions

NSX Rules

- Rule 11.20 — Trading halts and pauses

NYSE Amex Rules

- Rule 953NY — Trading halts and suspensions

NYSE Arca Rules

- Rule 6.65 — Trading halts and suspensions

5.1.4 Book Processing

- Quote decrementation
- Order execution algorithm
 - Price/time

CBOE Rules

- Rule 6.45 — Priority of bids and offers — Allocation of trades
- Rule 6.81 — Order protection
- Rule 7.4 — Obligations for orders
- Rule 7.7 — Displaying bids and offers in the book

ISE Rules

- Rule 713 — Priority of bids and offers

NASDAQ OMX PHLX Rules

- Rule 1014 — Restrictions and obligations applicable to specialists and registered options traders
- Rule 1019 — Precedence accorded to orders entrusted to specialists
- Rule 1080 — PHLX XL and PHLX XL II
- Rule 1082 — Firm quotations

NASDAQ Stock Market Rules

- Rule 4757 — Book processing

NASDAQ Options Market

- Chapter VI, Sec. 10 — Book processing

NASDAQ OMX BX Rules

Rule 4757 — Book processing

NYSE Amex Rules

Rule 964NY — Display, priority and order allocation

NYSE Arca Rules

Rule 6.75 — Priority and order allocation procedures

Rule 6.76 — Order ranking and display

5.1.5 Market Hours

Normal Business Hours

Pre-market hours

Extended hours

BOX Trading Rules

Chapter V, Section 3 — Days and hours of business

Chapter XIV, Section 9 — Trading sessions

CBOE Rules

Rule 6.1 — Days and hours of business

C2 Rules

Rule 6.1 — Days and hours of business

CBSX Rules

Rule 51.2 — Days and hours of business

CHX Rules

Article 20, Rule 1 — Trading sessions

ISE Rules

Rule 700 — Days and hours of business

NASDAQ OMX PHLX Rules

Rule 101 — Hours

Rule 3217 (PSX) — Normal business hours

NASDAQ Stock Market Rules

Rule 4617 — Normal business hours

NASDAQ OMX BX Rules

Rule 4617 — Normal business hours

NASDAQ Options Market Rules

Chapter XIV — Section 10 — Trading sessions

NSX Rules

Rule 11.1 — Hours of trading

NYSE Amex Rules

Rule 901NY — Trading sessions

NYSE Arca Rules

Rule 5.20 — Trading sessions

Rule 5.79 — Trading sessions

Rule 7.1 — Trading sessions

Rule 7.1 — Hours of business

Rule 7.34 — Trading sessions

5.1.6 Order Routing

- BOX Trading Rules
 - Chapter XII, Section 5 — Order routing to away exchanges
- CBOE Rules
 - Rule 6.53 — Certain types of orders defined
 - Rule 6.53C — Complex orders on the hybrid system
- C2 Rules
 - Rule 6.10 — Order types defined
- CBSX Rules
 - Rule 52.10 — Order routing to other trading centers
- CHX Rules
 - Article 1, Rule 2 — Order types and conditions
- ISE Rules
 - Rule 803(c)(2) — Obligations of primary market makers
- NASDAQ OMX PHLX Rules
 - Rule 1080(m)
- NASDAQ Stock Market Rules
 - Rule 4758 — Order routing
- NASDAQ Options Market Rules
 - Chapter VI — Section 11 — Order routing
- NYSE Amex Rules
 - Rule 900.3NY — Orders defined
- NYSE Arca Rules
 - Rule 6.62 — Certain types of orders defined
 - Rule 6.76A — Order execution

5.1.7 Anonymity

- CBOE Rules
 - Rule 7.8 — Disclosure of orders
- NASDAQ OMX PHLX Rules
 - Rule 3310 (PSX) — Anonymity
- NASDAQ Stock Market Rules
 - Rule 4760 — Anonymity
- NASDAQ OMX BX Rules
 - Rule 4760 — Anonymity
- NASDAQ Options Market
 - Chapter VI, Section 12 — Anonymity

5.1.8 Adjustment of Open Quotes and/or Orders

- CBOE Rules
 - Rule 6.25 — Nullification and adjustment of options transactions
- C2 Rules
 - Rule 6.15 — Obvious error and catastrophic errors
 - Rule 6.16 — Price binding despite erroneous report

NASDAQ OMX PHLX Rules

Rule 1038 — Open orders on “ex” date

Rule 1092 — Obvious and catastrophic errors

NASDAQ Stock Market Rules

Rule 4761 — Adjustment of open quotes and/or orders

NASDAQ OMX BX Rules

Rule 3220 — Adjustment of open orders

NASDAQ Options Market Rules

Chapter IV, Section 7 — Adjustments

Chapter V, Section 6 — Obvious errors

NYSE Amex Rules

Rule 132 — Price adjustment of open orders of “ex” date

NYSE Arca Rules

Rule 6.12 — Open orders on “ex” date

5.2 Alternative Trading Systems

CBOE Rules

Rule 8.15 — Lead market-makers and supplemental market-makers in hybrid 3.0 classes

Rule 6.16 — Back-up trading arrangements

Rule 6.17 — Authority to take action under emergency conditions

Rule 6.18 — Disaster recovery facility

5.2.1 SEC Regulation ATS

Rule 300 — Definitions

Rule 301 — Requirements for alternative trading systems

Rule 302 — Recordkeeping requirements for alternative trading systems

Rule 303 — Record preservation requirements for alternative trading systems

5.3 Trade Reporting Facilities

5.3.1 Function of the Trade Reporting Facility

5.3.2 Trade Reporting Participation Requirements

Mandatory participation for clearing agency members

Participant obligations

Access

System participant obligations

Clearing broker obligations

5.3.3 When and How Transactions are Reported

Hours for trade reporting

Capacity

5.3.4 Which Party Reports a Transaction

Executing party standards

5.3.5 Information to be Reported**5.3.6 Procedures for Reporting Price and Volume**

BOX Trading Rules

Chapter V, Section 3 — Days and hours of business

CBOE Rules

Rule 6.1 — Days and hours of business

Rule 6.52 — Reporting duties

Rule 6.58 — Submission of trade information to the exchange

C2 Rules

Rule 6.1 — Days and hours of business

Rule 6.37 — Reporting of trade information

CHX Rules

Article 11, Rule 3 — Records of orders and executions

Article 11, Rule 4 — Participant communications

NSX Rules

Rule 11.16 — Trade execution and reporting

5.3.7 Trade Report Processing

Trade-by-trade match

Trade acceptance

Aggregate volume match

T+N trade processing

CBOE Rules

Rule 6.50 — Submission for clearance

Rule 6.60 — Unmatched trade reports

Rule 6.61 — Reconciliation and resolution of unmatched trades

Rule 6.63 — Reporting of matched trades to clearing corporation

C2 Rules

Rule 6.37 — Reporting of trade information

5.3.8 Order Audit Trail System (OATS)

NASDAQ OMX PHLX Rules

Rule 3400 (PSX) — Order Audit Trail System

NASDAQ Stock Market Rules

Rule 6950 — Order Audit Trail System

NASDAQ OMX BX Rules

Rule 6950 — Order Audit Trail System

5.3.9 Consolidated Options Audit Trail (COATS)

5.3.10 Best Execution and Inter-positioning

CBOE Rules

- Rule 6.45 — Priority of bids and offers — Allocation of trades
- Rule 6.81 — Order protection
- Rule 6.82 — Locked and crossed markets
- Rule 8.51 — Firm disseminated market quotes

C2 Rules

- Rule 6.12 — Order execution and priority
- Rule 6.50 — Order exposure requirement
- Section E – Inter-market linkage

NASDAQ OMX PHLX Rules

- Rule 764 — Best execution and inter-positioning

NASDAQ Stock Market Rules

- Rule 2320 — Best execution and inter-positioning

NASDAQ OMX BX Rules

- Rule 2320 — Best execution and inter-positioning

NSX Rules

- Rule 12.6 — Customer policy
- Rule 12.10 — Best execution

NYSE Amex Rules

- Rule 995NY — Prohibited conduct

NYSE Arca Rules

- Rule 6.47 — Crossing orders
- Rule 6.2 — Prohibited acts

5.3.11 Prohibition on Payments for Market Making

- Payment for order flow
- Liquidity rebates
- Rebates for market making

5.3.12 Order Entry and Execution Practices

CBOE Rules

- Rule 6.24 — Required order information
- Rule 6.25 — Nullification and adjustment of options transactions
- Rule 6.45 — Priority of bids and offers – Allocation of trades
- Rule 6.45A — Priority and allocation of equity option trades on the CBOE hybrid system
- Rule 6.45B — Priority and allocation of trades in index options and options on ETFs on the CBOE hybrid system
- Rule 6.74 — Crossing orders
- Rule 6.74A — Automated Improvement Mechanism (AIM)
- Rule 6.74B — Solicitation auction mechanism
- Rule 6.9 — Solicited transactions
- Rule 8.87 — Participation entitlements of DPMs and e-DPM

C2 Rules

- Rule 6.12 — Order execution and priority
- Rule 6.13 — Complex order execution
- Rule 6.14 — SAL
- Rule 6.15 — Obvious error and catastrophic error
- Rule 6.50 — Order exposure requirement
- Rule 6.51 — Automated Improvement Mechanism (AIM)
- Rule 6.52 — Solicitation auction mechanism

ISE Rules

- Rule 711 — Acceptance of quotes and orders
- Rule 713 — Priority of quotes and orders
- Rule 717 — Limitations on orders

NASDAQ OMX PHLX Rules

- Rule 1080 — PHLX XL and PHLX XL II
- Rule 3305 (PSX) — Order entry parameters

NASDAQ Stock Market Rules

- Rule 3380 — Order entry and execution practices

NASDAQ OMX BX Rules

- Rule 3380 — Order entry and execution practices

NASDAQ Options Market Rules

- Chapter VI, Section 6 — Acceptance of quotes and orders
- Chapter VI, Section 10 — Book processing

NSX Rules

- Rule 11.11 — Orders and modifiers
- Rule 11.13 — Proprietary and agency orders; modes of order interaction
- Rule 11.14 — Priority of orders
- Rule 11.15 — Order execution

NYSE Amex Rules

- Rule 955NY — Order format and system entry requirements

NYSE Arca Equities Rules

- Rule 7.32 — Order entry

NYSE Arca Options Rules

- Rule 6.67 — Order format and system entry requirements