



DATE: December 18, 2015

TO: MIAX Members

FROM: MIAX Regulatory Department

RE: Securities Trader Registration Categories and Qualification Exam for Proprietary Trading

Overview

Effective January 4, 2016, MIAX ("MIAX" or "the Exchange"), in consultation with FINRA and other exchanges, is establishing a new Securities Trader registration category ("TD") and qualification examination (Series 57) for persons engaged in proprietary trading on the Exchange. MIAX is also establishing a new Securities Trader Principal registration category ("TP") applicable to persons responsible for supervision of persons engaged in proprietary trading. The Series 57 qualification examination will replace the proprietary trader qualification examination (Series 56), and the S101 Continuing Education ("CE") Program will replace the S501 CE Program as the CE Program applicable to proprietary traders.

Representative Registration as a TD

The SEC recently published MIAX's rule filing (SR-MIAX-2015-71) to establish the Securities Trader or TD registration category and Series 57 as the qualification examination for Securities Traders.

MIAX Rule 203(d) will require Members that are individuals and associated persons of Members to register with the Exchange as a TD if, with respect to transactions in equity, preferred or convertible debt securities, or foreign currency options on the Exchange, such person is engaged in proprietary trading, the execution of transactions on an agency basis, or the direct supervision of such activities.¹ In order to register as a TD, a person will need to pass the new Series 57 Securities Trader qualification examination as per amended MIAX Rule 1302(e). A person registered as a Securities Trader will not be qualified to function in any other registration category, unless also qualified and registered in such other registration category.

Member Impact: An individual who is currently registered as a Proprietary Trader ("PT") in the Central Registration Depository ("CRD") system will automatically receive the new TD registration on January 4, 2016. The individual will not have to request the position or take any additional exams to receive the TD.

Action Needed: A person engaged in proprietary trading who currently meets MIAX qualification requirements as a General Securities Representative (Series 7), will need to manually check the PT position on Form U4 *no*

¹ The registration requirement does not apply to any person associated with a Member whose trading activities are conducted principally on behalf of a registered investment company that controls, is controlled by or is under common control with the Member. See Exchange Rule 203(d)(1).

later than December 28, 2015 in order to be grandfathered into the new TD registration category effective January 4, 2016. The individual will not have to take any additional exams to receive the TD.

TP Principal Registration

MIAX is also establishing a Securities Trader Principal or TP registration category. MIAX Rule 203(c) will require Options Principals who will have supervisory responsibility over the securities trading activities described in Rule 203(d) to qualify and register as a TP. To qualify for registration as a TP, a person will need to be registered as a TD and pass the General Securities Principal qualification examination (Series 24). A person registered as a TP may only supervise the activities specified in Rule 203(d), unless the person is separately qualified and registered in another appropriate principal registration category.

Member Impact: An individual who is currently registered as a Proprietary Trader Principal in the CRD system will maintain the TP registration category, which will be renamed the Securities Trader Principal. The individual will not have to take any additional exams.

Action Needed: A person associated with a proprietary trading firm who currently meets MIAX qualification requirements as a General Securities Principal will need to manually check the TP position on Form U4 *no later than December 28, 2015* in order to be grandfathered into the TP registration category effective on January 4, 2016. The individual will not have to take any additional exams to receive the TP.

Continuing Education

On or after January 4, 2016, all individuals who hold the TD position will be subject to the personalized S101 CE Program as per amended MIAX Rule 1304(a). As a result of the introduction of the new Securities Trader registration category, the S501 Proprietary Trader CE Program will be retired. MIAX Rule 1304(a) will also provide for Web-based delivery of the CE Regulatory Element for registered persons commencing on or after January 4, 2016.

For additional information, please see:

- FINRA Regulatory Notice 15-45 - http://www.finra.org/sites/default/files/notice_doc_file_ref/Regulatory-Notice-15-45.pdf
- FINRA Information Notice 11/4/15 – <http://www.finra.org/sites/default/files/Information-Notice-110415.pdf>
- FINRA website Series 57 page - <http://www.finra.org/industry/series57>

For a complete description of this filing, please see [SR-MIAX-2015-71](#).

Regulatory inquiries should be directed to Regulatory@miaxoptions.com or (609) 897-7309.