

Note: Proposed new language is underlined. Proposed deletions are enclosed in [brackets].

Rules of BATS Y-Exchange, Inc.

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CHAPTER II. MEMBERS OF THE EXCHANGE

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Rule 2.5. Restrictions

(a)–(e) (No changes.)

Interpretations and Policies

.01 Proficiency Examinations:

(a)–(b) (No changes.)

(c) The Exchange requires the General Securities Representative Examination (“Series 7”) or an equivalent foreign examination module approved by the Exchange[] in qualifying persons seeking registration as general securities representatives, including as Authorized Traders on behalf of Members. For those persons seeking limited registration as Proprietary Traders as described in paragraph (f) below, the Exchange requires the Proprietary Traders Qualification Examination (“Series 56”). The Exchange uses the Uniform Application for Securities Industry Registration or Transfer (“Form U4”) as part of its procedure for registration and oversight of Member personnel.

(d) The Exchange requires each Member other than a sole proprietorship or a proprietary trading firm with 25 or fewer Authorized Traders (“Limited Size Proprietary Firm”) to register at least two Principals with the Exchange. A Limited Size Proprietary Firm is required to register at least one Principal with the Exchange. In addition, the Exchange may waive the two Principal requirement in situations that indicate conclusively that only one Principal associated with the Member should be required. For purposes of this paragraph (d), a “Principal” shall be any individual responsible for supervising the activities of a Member’s Authorized Traders and each person designated as a Chief Compliance Officer on Schedule A of Form BD. Each Principal is required to successfully complete the General Securities Principal Examination (“Series 24”). The Exchange uses Form U4 as part of its procedure for registration and oversight of Member personnel.

The Exchange will accept the New York Stock Exchange Series 14 Compliance Official Examination in lieu of the Series 24 to satisfy the above requirement for any person designated as a Chief Compliance Officer. Individuals that supervise the activities of General Securities Representatives must successfully complete the Series 7 or an equivalent foreign examination module as a prerequisite to the Series 24 or Series 14 and

shall be referred to as General Securities Principals. The Exchange will permit the Series 56 as a prerequisite to the Series 24 or Series 14 for those Principals whose supervisory responsibilities are limited to overseeing the activities of proprietary traders, as defined in paragraph (f) below. These limited representative Principals shall be referred to as Proprietary Trader Principals.

(e) (No changes.)

(f) The Exchange permits the Series 56 examination for proprietary traders that engage solely in proprietary trading on the Exchange, subject to the following conditions. For the purposes of this Rule, an Authorized Trader of a Member shall be considered a proprietary trader if:

(1) the Authorized Trader’s activities in the investment banking or securities business are limited solely to proprietary trading;

(2) the Authorized Trader passes the Series 56; and

(3) the Authorized Trader is an associated person of a proprietary trading firm as defined in paragraph (g) below.

[(f)](g) For purposes of paragraphs (d) and (f) above, a “proprietary trading firm” shall mean a Member that trades its own capital, that does not have customers, and that is not a member of the Financial Industry Regulatory Authority. In addition, to qualify for this definition, the funds used by a proprietary trading firm must be exclusively firm funds, all trading must be in the firm’s accounts, and traders must be owners of, employees of, or contractors to the firm.

(h) Principals responsible for supervising the activities of General Securities Representatives must successfully complete the Series 7 or an equivalent foreign examination module in addition to the Series 24.

(i) The following sets forth the qualification requirements for each of the registration categories described above:

<u>CATEGORY OF REGISTRATION</u>	<u>QUALIFICATION EXAMINATION</u>	<u>ALTERNATIVE ACCEPTABLE QUALIFICATIONS</u>
<u>General Securities Representative</u>	<u>Series 7</u>	<u>Equivalent foreign examination module (Series 17 or Series 37/38)</u>
<u>Proprietary Trader¹</u>	<u>Series 56</u>	<u>N/A</u>
<u>General Securities Principal</u>	<u>Series 24</u>	<u>Compliance Official Examination (Series 14)²</u>
<u>Proprietary Trader</u>	<u>Series 24</u>	<u>Compliance Official</u>

<u>Principal</u>		<u>Examination (Series 14)²</u>
<u>Financial/Operations</u>		<u>Other examination acceptable</u>
<u>Principal</u>	<u>Series 27</u>	<u>to designated examining</u>
		<u>authority³</u>

¹ Proprietary traders that have completed the Series 7 should register as General Securities Representatives.

² The Exchange will only permit the Series 14 for those designated as Chief Compliance Officers on Schedule A of Form BD.

³ An examination acceptable to the Member’s designated examining authority is only acceptable to the Exchange if the Exchange waives the requirements of paragraph (e).

.02 Continuing Education Requirements:

(a) No Member shall permit any Authorized Trader, Principal, or Financial/Operations Principal (each a “Registered Representative”) to continue to, and no Registered Representative shall continue to, perform duties as a Registered Representative on behalf of such Member, unless such person has complied with the continuing education requirements in this Rule[of this paragraph (a)]. Each Registered Representative shall complete the Regulatory Element of the continuing education program on the occurrence of their second registration anniversary date and every three years thereafter or as otherwise prescribed by the Exchange. On each occasion, the Regulatory Element must be completed within 120 days after the person’s registration anniversary date. A person’s initial registration date, also known as the “base date,” shall establish the cycle of anniversary dates for purposes of this Rule. The content of the Regulatory Element of the program shall be determined by the Exchange for each registration category of persons subject to the Rule. A person qualified solely as a Proprietary Trader shall comply with the continuing education requirements appropriate for the Series 56. All other Registered Representatives shall comply with the continuing education requirements applicable to their particular registration.

(b)–(d) (No changes.)

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

<u>CATEGORY OF REGISTRATION</u>	<u>REGULATORY ELEMENT</u>
<u>General Securities Representative</u>	<u>S101 General Program</u>
<u>Proprietary Trader</u>	<u>S501 Series 56 Proprietary Trader</u> <u>Continuing Education Program</u>

General Securities Representative
Principal

Proprietary Trader Principal

Financial/Operations Principal

S201 Supervisor Program

S201 Supervisor Program

S201 Supervisor Program

.03-.04 (No changes.)

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CHAPTER XI. TRADING RULES

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Rule 11.4. Authorized Traders

(a)–(d) No changes.

(e) To be eligible for registration as an AT of a Member a person must successfully complete the General Securities Representative Examination (Series 7 or equivalent foreign examination module approved by the Exchange) or the Proprietary Traders Qualification Examination (Series 56), as appropriate, and any other training and/or certification programs as may be required by the Exchange.

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