

**Exhibit 5**

Additions are underlined; deletions are bracketed.

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**Rule 1. Definitions**

The terms defined herein shall have the meanings specified herein for all purposes of Rules of the Board of Directors and of rules and regulations of Standing Committees of the Exchange, unless the context of a rule or regulation requires otherwise.

(a) - (bb) No Change.

**Representative**

(cc) The term "representative" means a member or an associated person of a registered broker or dealer, including assistant officers other than principals, who is engaged in the investment banking or securities business for the member organization including the functions of supervision, solicitation or conduct of business in securities or who is engaged in the training of persons associated with a broker or dealer for any of these functions. To the extent required by the provisions of Rule [604] 613, all representatives are required to be registered with the Exchange, and representatives that are so registered are referred to herein as "Registered Representatives."

(dd) - (jj) No Change.

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**Rule 604. Reserved [Registration and Termination of Registered Persons**

(a) Every qualified Registered Representative of a member organization must be registered with and approved by the Exchange. Members and member and participant organizations must use Web CRD to submit Form U4, Uniform Application for Securities Industry Registration or Transfer filings on behalf of Registered Representatives. Members and member organizations shall amend Form U4 filings not later than thirty (30) days after the filer knew or should have known of the facts which gave rise to the amendment. No member organization shall permit any natural persons to conduct a public business or duties customarily performed by a Registered Representative unless such person is registered and qualified as a Registered Representative, except in accordance with Rule 1024.

(i) To satisfy the registration requirement of this Rule, a qualified Registered Representative must be registered as a "PHLX" registrant on Form U4.

(ii) For the purposes of this Rule, a person is deemed to be a qualified Registered Representative if he or she maintains an effective Series 7 General Securities Registered Representative Examination registration or an equivalent predecessor of this examination/registration.

(b) Members and member organizations must use Web CRD to submit Form U5, Uniform Termination Notice for Securities Industry Registration on behalf of the qualified Registered Representative. Members and member organizations shall amend Form U5 filings not later than thirty (30) days after the filer knew or should have known of the facts which gave rise to the amendment.

(c) Reserved

(d) Every person who is compensated directly or indirectly by a member organization for which the Exchange is the Designated Examining Authority ("DEA") for the solicitation or handling of business in securities, including trading securities for the account of the member or participant organization, whether such securities are those dealt in on the Exchange or those dealt in over-the-counter, who is not otherwise required to register with the Exchange by paragraph (a) of this Rule or another rule shall file Form U4, Uniform Application for Securities Industry Registration or Transfer, in a manner prescribed by the Exchange.

(e)(i) Every person who is compensated directly or indirectly by a member organization for which the Exchange is the DEA, or any other associated person of such member organization, and who executes, makes trading decisions with respect to, or otherwise engages in proprietary or agency trading of securities, including, but not limited to, equities, preferred securities, convertible debt securities or options off the floor of the Exchange ("off-floor traders"), must successfully complete the Series 7 General Securities Registered Representative Examination.

(ii) The requirement to successfully complete the Series 7 examination applies to current off-floor traders as well as future off-floor traders who affiliate with members at a later date.

(iii) Any off-floor trader who (A) is currently a member in good standing of a national securities exchange or has ever been a member in good standing of a national securities exchange for not less than 12 consecutive years, (B) is a MMAT, or (C) solely handles and/or makes trading decisions regarding agency orders, and any bona fide errors related to those agency orders, shall be exempt from the examination requirements set forth in section (i) and (ii) hereof.

(f) All member organizations that are registered with the Exchange for the purpose of trading NMS Stocks through the facilities of the Exchange, and all members and other persons associated with such member organizations, must comply with paragraphs (g) and (h).

(g) Principal Registration.

(1) All persons engaged or to be engaged in the investment banking or securities business of a member organization who are to function as Principals shall be registered as such with the Exchange through WebCRD in the category of registration appropriate to the function to be performed as specified in this rule. Before their registration can become effective, they shall pass a Qualification Examination for Principals appropriate to the category of registration as specified in this Rule.

A member organization shall not maintain a Principal registration with the Exchange for any person (A) who is no longer active in the member organization's investment banking or securities business, (B) who is no longer functioning as a Principal, or (C) where the sole purpose is to avoid the examination requirement of this Rule. A member organization shall not make application for the registration of any person as Principal where there is no intent to employ such person in the member organization's investment banking or securities business. A member organization may, however, maintain or make application for the registration as a Principal of a person who performs legal, compliance, internal audit, back-office operations, or similar responsibilities for the member organization or a person engaged in the investment banking or securities business of a foreign securities affiliate or subsidiary of the member organization.

(2) Definition of Principal

Persons associated with a member organization, enumerated in subparagraphs (A) through (E) hereafter, who are actively engaged in the management of the member organization's investment banking or securities business, including supervision, solicitation, conduct of business or the training of persons associated with a member organization for any of these functions are designated as Principals. Such persons shall include:

(A) Sole Proprietors

(B) Officers

(C) Partners

(D) Managers of offices of supervisory jurisdiction, and

(E) Directors of Corporations.

"Office of supervisory jurisdiction" means any office of a member organization at which any one or more of the following functions takes place: order execution and/or market making; structuring of public offerings or private placements; maintaining custody of customers' funds and/or securities; final acceptance (approval) of new accounts on behalf of the member organization; review and endorsement of customer orders; final approval of advertising or sales literature for use by persons associated with the member organization, pursuant to Rule 605, except for an office that solely conducts final

approval of research reports; or responsibility for supervising the activities of persons associated with the member organization at one or more other branch offices of the member organization.

(3) Requirements for Examination on Lapse of Registration

Any person whose registration has been revoked by the Exchange as a disciplinary sanction or whose most recent registration as a Principal has been terminated for a period of two or more years immediately preceding the date of receipt by the Exchange of a new application shall be required to pass a Qualification Examination for Principals appropriate to the category of registration as specified in this Rule.

(4) Application for Principal Status

(A) Any person associated with a member organization as a Registered Representative whose duties are changed by the member organization so as to require registration in any Principal classification shall be allowed a period of 90 calendar days following the change in his or her duties during which to pass the appropriate Qualification Examination for Principals. Upon elevation, the member organization shall submit to the Exchange through WebCRD an amended "Uniform Application for Securities Industry Registration or Transfer" and any applicable fees. In no event may a person function as a Principal beyond the initial 90 calendar day period following the change in his or her duties without having successfully passed the appropriate Qualification Examination. This provision shall apply to (i) a person associated with a member organization of another registered national securities exchange or association who is required to register in a Principal classification under Exchange Rules but who is not required to be so registered under the rules of the other exchange or association, or (ii) a person associated with a member organization who was not required to register with the Exchange as a Principal prior to the adoption of this Rule 604(g) by the Exchange.

(B) Any person not presently associated with a member organization as a Registered Representative seeking registration as a Principal shall submit the appropriate application for registration and any required registration and examination fees. Such person shall be allowed a period of 90 days after all applicable prerequisites are fulfilled to pass the appropriate Qualification Examination for Principals. In no event may a person previously unregistered in any capacity applying for Principal status function as a Principal until fully qualified.

(5) Requirement of Two Registered Principals

(A) An Exchange member organization, except a sole proprietorship, shall have at least two officers or partners who are registered as Principals with respect to each aspect of the member organization's investment banking and securities business pursuant to the applicable provisions of Rule 604(g); provided, however, that a proprietary trading

firm with 25 or fewer registered representatives shall only be required to have one officer or partner who is registered as a Principal.

The term "proprietary trading firm" means a member organization or applicant with the following characteristics:

- (i) The applicant is not required by Section 15(b)(8) of the Exchange Act to become a FINRA member but is a member of another registered securities exchange not registered solely under Section 6(g) of the Exchange Act.
  - (ii) All funds used or proposed to be used by the applicant for trading are the applicant's own capital, traded through the applicant's own accounts.
  - (iii) The applicant does not, and will not have customers.
  - (iv) All Principals and Representatives of the applicant acting or to be acting in the capacity of a trader must be owners of, employees of, or contractors to the applicant.
- (B) The Exchange may waive the provisions of subparagraph (A) in situations that indicate conclusively that only one person should be required to register as a Principal.
- (C) In addition to the provisions of subparagraph (A) above, an applicant for membership shall have at least one person qualified for registration as a Limited Principal - Financial and Operations, pursuant to Supplementary Material .02(a) below.

(h) Representative Registration

- (1) All persons engaged or to be engaged in the investment banking or securities business of a member organization who are to function as representatives shall be registered as such with the Exchange through WebCRD in the category of registration appropriate to the function to be performed as specified in Supplementary Material .04. Before their registration can become effective, they shall pass the Series 7 examination.

A member organization shall not maintain a representative registration with the Exchange for any person (A) who is no longer active in the member organization's investment banking or securities business, (B) who is no longer functioning as a representative, or (C) where the sole purpose is to avoid the examination requirement prescribed in this rule. A member organization shall not make application for the registration of any person as representative where there is no intent to employ such person in the member organization's investment banking or securities business. A member may, however, maintain or make application for the registration as a representative of a person who performs legal, compliance, internal audit, back-office operations, or similar responsibilities for the member organization, or a person who performs administrative support functions for registered personnel, or a person engaged in the investment

banking or securities business of a foreign securities affiliate or subsidiary of the member organization.

(2) Requirement for Examination on Lapse of Registration

Any person whose registration has been revoked by the Exchange as a disciplinary sanction or whose most recent registration as a Representative or Principal has been terminated for a period of two or more years immediately preceding the date of receipt by the Exchange of a new application shall be required to pass the Series 7 examination for Representatives appropriate to the category of registration as specified in this Rule.

(3) Qualification Requirements

No member organization shall permit any member or person associated with it to engage in the investment banking or securities business unless the member organization determines that such person satisfies the qualification requirements established by the Board and is not subject to statutory disqualification as defined in Section 3(a)(39) of the Act.

(i) Persons Exempt from Registration

(1) The following persons associated with a member organization are not required to be registered with the Exchange:

(A) persons associated with a member organization whose functions are solely and exclusively clerical or ministerial;

(B) persons associated with a member organization who are not actively engaged in the investment banking or securities business;

(C) persons associated with a member organization whose functions are related solely and exclusively to the member organization's need for nominal corporate officers or for capital participation; and

(D) persons associated with a member organization whose functions are related solely and exclusively to:

(i) effecting transactions on the floor of another national securities exchange and who are registered as floor members with such exchange;

(ii) transactions in municipal securities;

(iii) transactions in commodities;

- (iv) transactions in security futures, provided that any such person is registered with FINRA or a registered futures association;
  - (v) transactions in variable contracts and insurance premium funding programs and other contracts issued by an insurance company;
  - (vi) transactions in direct participation programs;
  - (vii) transactions in government securities; or
  - (viii) effecting sales as part of a primary offering of securities not involving a public offering pursuant to Section 3(b), 4(2), or 4(6) of the Securities Act of 1933 and the rules and regulations thereunder.
- (2) Member organizations, and persons associated with a member organization, may pay to nonregistered foreign persons transaction-related compensation based upon the business of customers they direct to member organizations if the following conditions are met:
- (A) the member organization has assured itself that the nonregistered foreign person who will receive the compensation (the "finder") is not required to register in the U.S. as a broker/dealer nor is subject to a disqualification as defined in Exchange Rules, and has further assured itself that the compensation arrangement does not violate applicable foreign law;
  - (B) the finders are foreign nationals (not U.S. citizens) or foreign entities domiciled abroad;
  - (C) the customers are foreign nationals (not U.S. citizens) or foreign entities domiciled abroad transacting business in either foreign or U.S. securities;
  - (D) customers receive a descriptive document, similar to that required by Rule 206(4)-3(b) of the Investment Advisers Act of 1940, that discloses what compensation is being paid to finders;
  - (E) customers provide written acknowledgment to the member organization of the existence of the compensation arrangement and that such acknowledgment is retained and made available for inspection by the Exchange;
  - (F) records reflecting payments to finders are maintained on the member organization's books and actual agreements between the member organization and persons compensated are available for inspection by the Exchange; and
  - (G) the confirmation of each transaction indicates that a referral or finders fee is being paid pursuant to an agreement.

(j) Waiver of Requirements. The Exchange may, in exceptional cases and where good cause is shown, waive the applicable Qualification Examination and accept other standards as evidence of an applicant's qualifications for registration. Advanced age or physical infirmity will not individually of themselves constitute sufficient grounds to waive a Qualification Examination. Experience in fields ancillary to the investment banking or securities business may constitute sufficient grounds to waive a Qualification Examination.

••• *Supplementary Material:* -----

### **.01 General Securities Principal**

(a) Each member and person associated with a member organization to which Rule 604(g) applies and who is included within the definition of Principal in Rule 604(g), and each person designated as a Chief Compliance Officer on Schedule A of Form BD of a member organization to which Rule 604(g) applies, shall be required to register with the Exchange as a General Securities Principal and shall pass the Series 24 examination before such registration may become effective, unless such person's activities are so limited as to qualify such person for one or more of the limited categories of Principal registration specified hereafter. A person whose activities in the investment banking or securities business are so limited is not, however, precluded from attempting to become qualified for registration as a General Securities Principal, and if qualified, may become so registered. Each person seeking to register and qualify as a General Securities Principal must, prior to or concurrent with such registration, become registered as a General Securities Representative. A person who has been designated as a Chief Compliance Officer on Schedule A of Form BD for at least two years immediately prior to January 1, 2002, and who has not been subject within the last ten years to any statutory disqualification as defined in Section 3(a)(39) of the Act; a suspension; or the imposition of a fine of \$5,000 or more for violation of any provision of any securities law or regulation, or any agreement with or rule or standard of conduct of any securities governmental agency, securities self-regulatory organization, or as imposed by any such regulatory or self-regulatory organization in connection with a disciplinary proceeding shall be required to register as a General Securities Principal, but shall be exempt from the requirement to pass the Series 24 examination.

(b) Except as provided in Rule 604(g)(3), a person who was registered with FINRA as a Principal, shall not be required to pass the Series 24 examination and shall be qualified as a General Securities Principal.

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



**.02 Limited Principal—Financial and Operations**

(a) Every member organization to which Rule 604(g) applies and that is operating pursuant to the provisions of SEC rule 15c3-1(a)(1)(ii), (a)(2)(i) or (a)(8) shall designate as Limited Principal—Financial and Operations those persons associated with it, at least one of whom shall be its chief financial officer, who performs the duties described in subparagraph (b) hereof. Each person associated with a member organization who performs such duties shall be required to register as a Limited Principal—Financial and Operations with the Exchange and shall pass the Series 27 examination before such registration may become effective.

(b) The term "Limited Principal—Financial and Operations" shall mean a person associated with a member organization whose duties include:

- (1) final approval and responsibility for the accuracy of financial reports submitted to any duly established securities industry regulatory body;
- (2) final preparation of such reports;
- (3) supervision of individuals who assist in the preparation of such reports;
- (4) supervision of and responsibility for individuals who are involved in the actual maintenance of the member organization's books and records from which such reports are derived;
- (5) supervision and/or performance of the member organization's responsibilities under all financial responsibility rules promulgated pursuant to the provisions of the Act;
- (6) overall supervision of and responsibility for the individuals who are involved in the administration and maintenance of the member organization's back office operations; or
- (7) any other matter involving the financial and operational management of the member organization.

(c) A person registered solely as a Limited Principal—Financial and Operations shall not be qualified to function in a Principal capacity with responsibility over any area of business activity not described in subparagraph (b) hereof.

**.03 Limited Principal—General Securities Sales Supervisor**

(a) Each person associated with a member organization to which Rule 604(g) applies and who is included in the definition of Principal in Rule 604(g) may register with the Exchange as a Limited Principal—General Securities Sales Supervisor if:

- (1) his or her supervisory responsibilities in the investment banking and securities business are limited to the securities sales activities of a member organization, including the training of sales and sales supervisory personnel and the maintenance of records of original entry and/or ledger accounts of the member organization required to be maintained in branch offices by SEC record keeping rules;
- (2) he or she is registered pursuant to Exchange Rules as a General Securities Representative; and
- (3) he or she is qualified to be so registered by passing the Series 9 or Series 10 examination.

(b) A person registered in this category solely on the basis of having passed the Series 9 or Series 10 examination for Limited Principal—General Securities Sales Supervisor shall NOT be qualified to:

- (1) function in a Principal capacity with responsibility over any area of business activity not described in paragraph (a)(1);
- (2) be included for purposes of the Principal numerical requirements of Rule 604(g)(5); or
- (3) perform for a member organization any or all of the following activities:
  - (A) supervision of the origination and structuring of underwritings;
  - (B) supervision of market making commitments;
  - (C) final approval of advertisements as these are defined in Rule 605;
  - (D) supervision of the custody of firm or customer funds and/or securities for purposes of SEC rule 15c3-3; or
  - (E) supervision of overall compliance with financial responsibility rules for broker/dealers promulgated pursuant to the provisions of the Act.

(c) Explanation of Category. Limited Principal—General Securities Sales Supervisor

Limited Principal—General Securities Sales Supervisor is an alternate category of registration designed to lessen the qualification burdens on Principals of general securities firms who supervise sales. Without this category of limited registration, such principals could be required to separately qualify pursuant to the rules of multiple exchanges. While persons may continue to separately qualify with all relevant self-regulatory organizations, the Limited Principal—General Securities Sales Supervisor Examination permits qualification as a supervisor of sales of all securities by one examination. Persons registered as Limited Principals—General Securities

Sales Supervisor may also qualify in any other category of Principal registration. Persons who are already qualified in one or more categories of principal registration may supervise sales activities of all securities by also qualifying as Limited Principals—General Securities Sales Supervisor.

Functions that may be performed by Limited Principals—General Securities Sales Supervisors. Any person required to be registered as a Principal who supervises sales activities in corporate, municipal and option securities, investment company products, variable contracts, direct participation programs, and security futures may be registered solely as a Limited Principal—General Securities Sales Supervisor. In addition to branch office managers, other persons such as regional and national sales managers may also be registered solely as Limited Principals—General Securities Sales Supervisor as long as they supervise only sales activities. Qualification as a General Securities Representative is a prerequisite for registration as a Limited Principal—General Securities Sales Supervisor.

Functions that may not be performed by Limited Principals—General Securities Sales Supervisors. Certain functions may not be performed by persons registered solely as Limited Principal—General Securities Sales Supervisor. These include supervisory responsibility for the origination and structuring of underwritings, market-making, final approval of advertising, custody of firm or customer funds and/or securities for purposes of SEC rule 15c3-3 and overall compliance with financial responsibility rules for broker/dealers. Persons responsible for any of these activities are still required to qualify in the appropriate categories of Principal registration. Moreover, persons qualified only as Limited Principals—General Securities Sales Supervisor are not included for purposes of the two Principal requirements of Rule 604.

#### **.04 Categories of Representative Registration - General Securities Representative**

Each member and each person associated with a member organization who is required to register with the Exchange as a General Securities Representative under Rule 604 shall pass the Series 7 examination before such registration may become effective.

••• *Supplementary Material:* -----

The exemption in Rule 604(e)(iii)(B) for MMATs is independent of the requirement in Rule 171(b)(5) on MMATs regarding the Series 7 Examination. MMATs must meet, if applicable, the requirements in both Rule 171(b)(5) and Rule 604(e)(i)-(ii).]

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### **Rule 611 Principal Registration Requirements**

(a) All persons engaged or to be engaged in the investment banking or securities business of a member organization who are to function as Principals shall be registered as such with the Exchange through WebCRD in the category of registration appropriate to the function to be performed as specified in this rule. Before their registration can become effective, they shall pass a Qualification Examination for Principals appropriate to the category of registration as specified in this rule.

A member organization shall not maintain a Principal registration with the Exchange for any person (A) who is no longer active in the member organization's investment banking or securities business, (B) who is no longer functioning as a Principal, or (C) where the sole purpose is to avoid the examination requirement of this rule. A member organization shall not make application for the registration of any person as Principal where there is no intent to employ such person in the member organization's investment banking or securities business. A member organization may, however, maintain or make application for the registration as a Principal of a person who performs legal, compliance, internal audit, back-office operations, or similar duties for the member organization or a person engaged in the investment banking or securities business of a foreign securities affiliate or subsidiary of the member organization.

(b) Definition of Principal. Persons associated with a member organization, enumerated in subparagraphs (i) through (v) hereafter, who are actively engaged in the management of the member organization's investment banking or securities business, including supervision, solicitation, conduct of business or the training of persons associated with a member organization for any of these functions are designated as Principals. Such persons shall include:

- (i) Sole Proprietors
- (ii) Officers
- (iii) Partners
- (iv) Managers of offices of supervisory jurisdiction, and
- (v) Directors of Corporations.

“Office of supervisory jurisdiction” means any office of a member organization at which any one or more of the following functions takes place: order execution and/or market making; structuring of public offerings or private placements; maintaining custody of customers' funds and/or securities; final acceptance (approval) of new accounts on behalf of the member organization; review and endorsement of customer orders; final approval of advertising or sales literature for use by persons associated with the member organization, pursuant to Rule 605, except for an office that solely conducts final approval of research reports; or responsibility for supervising the activities of persons associated with the member organization at one or more other branch offices of the member organization.

(c) Requirements for Examination on Lapse of Registration. Any person whose registration has been revoked by the Exchange as a disciplinary sanction or whose most recent registration as a

Principal has been terminated for a period of two or more years immediately preceding the date of receipt by the Exchange of a new application shall be required to pass a Qualification Examination for Principals appropriate to the category of registration as specified in this rule.

(d) Application for Principal Status

(i) Any person associated with a member organization as a Registered Representative whose duties are changed by the member organization so as to require registration in any Principal classification shall be allowed a period of 90 calendar days following the change in his or her duties during which to pass the appropriate Qualification Examination for Principals. Upon elevation, the member organization shall submit to the Exchange through WebCRD an amended "Uniform Application for Securities Industry Registration or Transfer" and any applicable fees. In no event may a person function as a Principal beyond the initial 90 calendar day period following the change in his or her duties without having successfully passed the appropriate Qualification Examination. This provision shall apply to (i) a person associated with a member organization of another registered national securities exchange or association who is required to register in a Principal classification under Exchange Rules but who is not required to be so registered under the rules of the other exchange or association, or (ii) a person associated with a member organization who was not required to register with the Exchange as a Principal prior to the adoption of this Rule 611 by the Exchange.

(ii) Any person not presently associated with a member organization as a Registered Representative seeking registration as a Principal shall submit the appropriate application for registration and any required registration and examination fees. Such person shall be allowed a period of 90 days after all applicable prerequisites are fulfilled to pass the appropriate Qualification Examination for Principals. In no event may a person previously unregistered in any capacity applying for Principal status function as a Principal until fully qualified.

(e) Requirement of Two Registered Principals

(i) An Exchange member organization, except a sole proprietorship, shall have at least two officers or partners who are registered as Principals with respect to each aspect of the member organization's investment banking and securities business pursuant to the applicable provisions of Rule 611; provided, however, that a proprietary trading firm with 25 or fewer registered representatives shall only be required to have one officer or partner who is registered as a Principal.

The term "proprietary trading firm" means a member organization or applicant with the following characteristics:

(A) The applicant is not required by Section 15(b)(8) of the Exchange Act to become a FINRA member but is a member of another registered securities exchange not registered solely under Section 6(g) of the Exchange Act.

(B) All funds used or proposed to be used by the applicant for trading are the applicant's own capital, traded through the applicant's own accounts.

(C) The applicant does not, and will not have customers.

(D) All Principals and Representatives of the applicant acting or to be acting in the capacity of a trader must be owners of, employees of, or contractors to the applicant.

(ii) The Exchange may waive the provisions of paragraph (e)(i) in situations that indicate conclusively that only one person should be required to register as a Principal.

(iii) In addition to the provisions of paragraph (e)(i) above, an applicant for membership shall have at least one person qualified for registration as a Limited Principal - Financial and Operations, pursuant to Rule 612(b)(i) below.

### **Rule 612 Categories of Principal Registration**

#### **(a) General Securities Principal**

Each member and person associated with a member organization to which Rule 611 applies and who is included within the definition of Principal in Rule 611, and each person designated as a Chief Compliance Officer on Schedule A of Form BD of a member organization to which Rule 611 applies, shall be required to register with the Exchange as a General Securities Principal and shall pass the Series 24 examination before such registration may become effective, unless such person's activities are so limited as to qualify such person for one or more of the limited categories of Principal registration specified hereafter in paragraphs (b) - (e). A person whose activities in the investment banking or securities business are so limited is not, however, precluded from attempting to become qualified for registration as a General Securities Principal, and if qualified, may become so registered. Each person seeking to register and qualify as a General Securities Principal must, prior to or concurrent with such registration, become registered as a General Securities Representative. A person who has been designated as a Chief Compliance Officer on Schedule A of Form BD for at least two years immediately prior to January 1, 2002, and who has not been subject within the last ten years to any statutory disqualification as defined in Section 3(a)(39) of the Act; a suspension; or the imposition of a fine of \$5,000 or more for violation of any provision of any securities law or regulation, or any agreement with or rule or standard of conduct of any securities governmental agency, securities self-regulatory organization, or as imposed by any such regulatory or self-regulatory organization in connection with a disciplinary proceeding shall be required to register as a General Securities Principal, but shall be exempt from the requirement to pass the Series 24 examination.

Except as provided in Rule 611(c), a person who was registered with FINRA as a Principal, shall not be required to pass the Series 24 examination and shall be qualified as a General Securities Principal.

A person registered solely as a General Securities Principal shall not be qualified to function as a Limited Principal—Financial and Operations or Limited Principal—General Securities Sales Supervisor.

**(b) Limited Principal—Financial and Operations**

(i) Every member organization to which Rule 611 applies and that is operating pursuant to the provisions of SEC Rule 15c3-1(a)(1)(ii), (a)(2)(i) or (a)(8) shall designate as Limited Principal—Financial and Operations those persons associated with it, at least one of whom shall be its chief financial officer, who perform the duties described in subparagraph (ii) hereof. Each person associated with a member organization who performs such duties shall be required to register as a Limited Principal—Financial and Operations with the Exchange and shall pass the Series 27 examination before such registration may become effective.

(ii) The term "Limited Principal—Financial and Operations" shall mean a person associated with a member organization whose duties include:

(A) final approval and responsibility for the accuracy of financial reports submitted to any duly established securities industry regulatory body;

(B) final preparation of such reports;

(C) supervision of individuals who assist in the preparation of such reports;

(D) supervision of and responsibility for individuals who are involved in the actual maintenance of the member organization's books and records from which such reports are derived;

(E) supervision and/or performance of the member organization's responsibilities under all financial responsibility rules promulgated pursuant to the provisions of the Act;

(F) overall supervision of and responsibility for the individuals who are involved in the administration and maintenance of the member organization's back office operations; or

(G) any other matter involving the financial and operational management of the member organization.

(iii) A person registered solely as a Limited Principal—Financial and Operations shall not be qualified to function in a Principal capacity with responsibility over any area of business activity not described in subparagraph (ii) hereof.

**(c) Limited Principal—General Securities Sales Supervisor**

(i) Each person associated with a member organization to which Rule 611 applies and who is included in the definition of Principal in Rule 611 may register with the Exchange as a Limited Principal—General Securities Sales Supervisor if:

(A) his or her supervisory responsibilities in the investment banking and securities business are limited to the securities sales activities of a member organization, including the training of sales and sales supervisory personnel and the maintenance of records of original entry and/or ledger accounts of the member organization required to be maintained in branch offices by SEC record keeping rules;

(B) he or she is registered pursuant to Exchange Rules as a General Securities Representative; and

(C) he or she is qualified to be so registered by passing the Series 9 or Series 10 examination.

(ii) A person registered in this category solely on the basis of having passed the Series 9 or Series 10 examination for Limited Principal—General Securities Sales Supervisor shall NOT be qualified to:

(A) function in a Principal capacity with responsibility over any area of business activity not described in paragraph (c)(i)(A);

(B) be included for purposes of the Principal numerical requirements of Rule 611(e); or

(C) perform for a member organization any or all of the following activities:

(1) supervision of the origination and structuring of underwritings;

(2) supervision of market making commitments;

(3) final approval of advertisements as these are defined in Rule 605;

(4) supervision of the custody of firm or customer funds and/or securities for purposes of SEC Rule 15c3-3; or

(5) supervision of overall compliance with financial responsibility rules for broker/dealers promulgated pursuant to the provisions of the Act.

(iii) Explanation of Category. Limited Principal—General Securities Sales Supervisor



- (A) Limited Principal—General Securities Sales Supervisor is an alternate category of registration designed to lessen the qualification burdens on Principals of general securities firms who supervise sales. Without this category of limited registration, such principals could be required to separately qualify pursuant to the rules of multiple exchanges. While persons may continue to separately qualify with all relevant self-regulatory organizations, the Limited Principal—General Securities Sales Supervisor Examination permits qualification as a supervisor of sales of all securities by one examination. Persons registered as Limited Principals—General Securities Sales Supervisor may also qualify in any other category of Principal registration. Persons who are already qualified in one or more categories of principal registration may supervise sales activities of all securities by also qualifying as Limited Principals—General Securities Sales Supervisor.
- (B) Functions that may be performed by Limited Principals—General Securities Sales Supervisors. Any person required to be registered as a Principal who supervises sales activities in corporate, municipal and option securities, investment company products, variable contracts, direct participation programs, and security futures may be registered solely as a Limited Principal—General Securities Sales Supervisor. In addition to branch office managers, other persons such as regional and national sales managers may also be registered solely as Limited Principals—General Securities Sales Supervisor as long as they supervise only sales activities. Qualification as a General Securities Representative is a prerequisite for registration as a Limited Principal—General Securities Sales Supervisor.
- (C) Functions that may not be performed by Limited Principals—General Securities Sales Supervisors. Certain functions may not be performed by persons registered solely as Limited Principal—General Securities Sales Supervisor. These include supervisory responsibility for the origination and structuring of underwritings, market-making, final approval of advertising, custody of firm or customer funds and/or securities for purposes of SEC Rule 15c3-3 and overall compliance with financial responsibility rules for broker/dealers. Persons responsible for any of these activities are still required to qualify in the appropriate categories of Principal registration. Moreover, persons qualified only as Limited Principals—General Securities Sales Supervisor are not included for purposes of the two Principal requirement of Rule 611.

**(d) Limited Principal—Registered Options Principal**

(i) Each person associated with a member organization to which Rule 611 applies and who is included in the definition of Principal in Rule 611 may register with the Exchange as a Limited Principal—Registered Options Principal if:

- (A) his or her supervisory responsibilities in the investment banking and securities business are limited exclusively to the options activities of a member organization.

(B) he or she is registered pursuant to Exchange Rules as a General Securities Representative; and

(C) he or she is qualified to be so registered by passing the Series 4 examination.

(ii) A person registered in this category solely on the basis of having passed the Series 4 examination for Limited Principal—Registered Options Principal shall NOT be qualified to function in a Principal capacity with responsibility over any area of business activity not described in paragraph (d)(i)(A).

**(e) Limited Principal—Proprietary Trader Principal**

(i) Each person associated with a member organization to which Rule 611 applies and who is included in the definition of Principal in Rule 611 may register with the Exchange as a Limited Principal—Proprietary Trader Principal if:

(A) his or her supervisory responsibilities in the investment banking and securities business are limited to the activities of a member organization that involve proprietary trading, market making and effecting transactions on behalf of broker-dealers;

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

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

(ii) A person registered in this category solely on the basis of having passed the Series 24 examination for Limited Principal—Proprietary Trader Principal shall NOT be qualified to function in a Principal capacity with responsibility over any area of business activity not described in paragraph (e)(i)(A).

**Rule 613 Representative Registration**

(a) Except members whose activities are limited to the Exchange's options trading floor and are registered pursuant to Rule 620(a) as well as associated persons whose activities are limited to the Exchange's options trading floor and are registered pursuant to Rule 620(b), all persons engaged or to be engaged in the investment banking or securities business of a member organization who are to function as representatives shall be registered as such with the Exchange through WebCRD under PHLX in the category of registration appropriate to the function to be performed as specified in paragraph (e) below. Before their registration can become effective, they shall pass the Series 7 examination.

(b) A member organization shall not maintain a representative registration with the Exchange for any person (A) who is no longer active in the member organization's investment banking or securities business, (B) who is no longer functioning as a representative, or (C) where the sole purpose is to avoid the examination requirement prescribed in this rule. A member organization

shall not make application for the registration of any person as representative where there is no intent to employ such person in the member organization's investment banking or securities business. A member may, however, maintain or make application for the registration as a representative of a person who performs legal, compliance, internal audit, back-office operations, or similar responsibilities for the member organization, or a person who performs administrative support functions for registered personnel, or a person engaged in the investment banking or securities business of a foreign securities affiliate or subsidiary of the member organization.

(c) Requirement for Examination on Lapse of Registration

Any person whose registration has been revoked by the Exchange as a disciplinary sanction or whose most recent registration as a Representative or Principal has been terminated for a period of two or more years immediately preceding the date of receipt by the Exchange of a new application shall be required to pass a qualification examination appropriate to the registration category, as prescribed by the Exchange.

(d) Qualification Requirements

No member organization shall permit any member or person associated with it to engage in the investment banking or securities business unless the member organization determines that such person satisfies the qualification requirements established by the Board and is not subject to statutory disqualification as defined in Section 3(a)(39) of the Act.

(e) Categories of Representative Registration - General Securities Representative

Each member and each person associated with a member organization who is required to register with the Exchange as a General Securities Representative under this rule shall pass the Series 7 examination before such registration may become effective.

(f) Categories of Representative Registration, Limited - Proprietary Trader.

Each member and each person associated with a member organization who is engaged solely in proprietary trading, market making or effecting transactions on behalf of a broker-dealer account may register with the Exchange as a Proprietary Trader and pass the Series 56 examination, in lieu of the requirements of subparagraph (e) above.

**Rule 614      Persons Exempt from Registration**

(a) The following persons associated with a member organization are not required to be registered with the Exchange:

- (i) persons associated with a member organization whose functions are solely and exclusively clerical or ministerial;
- (ii) persons associated with a member organization who are not actively engaged in the investment banking or securities business;
- (iii) persons associated with a member organization whose functions are related solely and exclusively to the member organization's need for nominal corporate officers or for capital participation; and
- (iv) persons associated with a member organization whose functions are related solely and exclusively to:
  - (A) effecting transactions on the floor of another national securities exchange and who are registered as floor members with such exchange;
  - (B) transactions in municipal securities;
  - (C) transactions in commodities;
  - (D) transactions in security futures, provided that any such person is registered with FINRA or a registered futures association;
  - (E) transactions in variable contracts and insurance premium funding programs and other contracts issued by an insurance company;
  - (F) transactions in direct participation programs;
  - (G) transactions in government securities; or
  - (H) effecting sales as part of a primary offering of securities not involving a public offering pursuant to Section 3(b), 4(2), or 4(6) of the Securities Act of 1933 and the rules and regulations thereunder.

(b) Member organizations, and persons associated with a member organization, may pay to nonregistered foreign persons transaction-related compensation based upon the business of customers they direct to member organizations if the following conditions are met:

- (i) the member organization has assured itself that the nonregistered foreign person who will receive the compensation (the "finder") is not required to register in the U.S. as a broker/dealer nor is subject to a disqualification as defined in Exchange Rules, and has further assured itself that the compensation arrangement does not violate applicable foreign law;

- (ii) the finders are foreign nationals (not U.S. citizens) or foreign entities domiciled abroad;
- (iii) the customers are foreign nationals (not U.S. citizens) or foreign entities domiciled abroad transacting business in either foreign or U.S. securities;
- (iv) customers receive a descriptive document, similar to that required by Rule 206(4)-3(b) of the Investment Advisers Act of 1940, that discloses what compensation is being paid to finders;
- (v) customers provide written acknowledgment to the member organization of the existence of the compensation arrangement and that such acknowledgment is retained and made available for inspection by the Exchange;
- (vi) records reflecting payments to finders are maintained on the member organization's books and actual agreements between the member organization and persons compensated are available for inspection by the Exchange; and
- (vii) the confirmation of each transaction indicates that a referral or finders fee is being paid pursuant to an agreement.

#### **Rule 615 Waiver of Requirements**

The Exchange may, in exceptional cases and where good cause is shown, waive the applicable Qualification Examination and accept other standards as evidence of an applicant's qualifications for registration. Advanced age or physical infirmity will not individually of themselves constitute sufficient grounds to waive a Qualification Examination. Experience in fields ancillary to the investment banking or securities business may constitute sufficient grounds to waive a Qualification Examination.

#### **Rule 616 Electronic Filing Requirements for Uniform Forms**

##### **(a) WebCRD Filing**

Forms required to be filed under the Rule 600 Series shall be filed electronically through WebCRD, FINRA's automated Central Registration Depository.

##### **(b) Form U4 and U5 Filing Requirements**

Initial filings and amendments of Forms U4 and U5 shall be submitted electronically. As part of the member organization's recordkeeping requirements, it shall retain such records for a period of not less than three years, the first two years in an easily accessible place, in accordance with Exchange Act Rule 17a-4, and make such records available promptly upon regulatory request.

Every application for registration filed with the Exchange shall be kept current at all times by supplementary amendments via electronic filing or such other process as the Exchange may prescribe. Such amendments shall be filed not later than 30 days after the applicant learns of the facts or circumstances giving rise to the need for the amendment.

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## **Rule 620. Trading Floor Registration**

(a) Trading Floor Member Registration - Each Floor Broker, Specialist and Registered Options Trader on [any] the Exchange trading floor must be registered [as such with the Exchange. Members, and member organizations must use Web CRD to submit Form U4, Uniform Application for Securities Industry Registration or Transfer filings on behalf of the Floor Broker, Specialist or Registered Options Trader and register] as “Member Exchange” (“ME”) under “PHLX” on Form U4, pursuant to Rule 616. [Members, and member organizations shall amend Form U4 filings not later than thirty (30) days after the filer knew or should have known of the facts which gave rise to the amendment.] In addition, each Floor Broker, Specialist and Registered Options Trader must successfully complete the appropriate floor trading examination(s), if prescribed by the Exchange, in addition to requirements imposed by other Exchange rules. The Exchange may also require periodic examinations due to changes in trading rules, products or automated systems. Following the termination of, or the initiation of a change in the trading status of any such member who has been issued an Exchange access card and a trading floor badge, the appropriate Exchange form must be completed, approved and dated by a firm principal, officer, or member of the firm with authority to do so, and submitted to the appropriate Exchange department as soon as possible, but no later than 9:30 A.M. the next business day by the member organization employer. Every effort should be made to obtain the person's access card and trading floor badge and to submit these to the appropriate Exchange department.

(b) Non-member/Clerk Registration-All trading floor personnel, including clerks, interns, stock execution clerks and any other associated persons, of a member organization not required to register pursuant to Rule 620(a) must: (i) register as such with the Exchange by completing the appropriate form(s) for non-registered persons (with periodic updates submitted by the member organization, as determined by the Exchange); and (ii) submit hard copy fingerprint cards or results of processed cards to the National Association of Securities Dealers, Inc. for processing] be registered as “Floor Employee” (“FE”) under “PHLX” on Form U4, pursuant to Rule 616. Further, the Exchange may require successful completion of an examination, in addition to requirements imposed by other Exchange rules. The Exchange may also require periodic examinations due to changes in trading rules, products or automated systems. Following the termination of, or the initiation of a change in the status of any such personnel of a member organization who has been issued an Exchange access card and a trading floor badge, the appropriate Exchange form must be completed, approved and dated by a member organization principal, officer, or member of the member organization with authority to do so, and submitted to the appropriate Exchange department as soon as possible, but no later than 9:30 A.M. the next

business day by the member organization employer. Every effort should be made to obtain the person's access card and trading floor badge and to submit these to the appropriate Exchange department.

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### **Rule 623. Fingerprinting**

(a) Members and member organizations are required to comply with Section 17(f) of the Securities Exchange Act of 1934 respecting the fingerprinting of required employees. Applicants for a permit must also be fingerprinted. Such fingerprints must be submitted to FINRA for identification and appropriate processing prior to any employee performing the functions listed in SEC rule 17f-2.

(b) Upon filing an electronic Form U4 pursuant to Rule 616 on behalf of a person applying for registration, a member organization shall promptly submit fingerprint information for that person. The Exchange may make a registration effective pending receipt of the fingerprint information.

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### **Rule 1090. Clerks**

The term "Clerk" means any registered on-floor person employed by or associated with a member or member organization who is not a member and is not eligible to effect transactions on the Options Floor as a Specialist, Registered Options Trader, or Floor Broker. For purposes of this Rule, an Inactive Nominee shall be deemed a Clerk.

(a) - (b) No Change.

**(c) Registration Requirements.** A member or member organization who employs a Clerk that performs any function other than a solely clerical or ministerial function shall, prior to the time such Clerk performs any function as a Clerk, (i) comply with the registration requirement(s) set forth in Exchange Rules [604] 611-616, where applicable; (ii) disclose in detail to the Exchange, on an annual basis, the specific nature of such additional function(s); and (iii) submit to the Exchange written supervisory procedures relating to such Clerk's activities in accordance with Exchange Rule 748.

(d) No Change.

Commentary:

**.01** No Change.

**.02 Specialist Clerks**

- (a) *Definition.* A Specialist Clerk is any on-floor Clerk, not a member of the Exchange, employed by or associated with a member or member organization registered as a specialist.
- (b) *Registration Requirements.* Any member or member organization that employs a Specialist Clerk shall register such Specialist Clerk with the Exchange's Membership Department. A Specialist Clerk that performs any function other than a solely clerical or ministerial function shall, prior to performing any function as a Specialist Clerk, (i) comply with the registration requirement(s) set forth in Exchange Rules [604] 611-616, where applicable; (ii) disclose in detail to the Exchange, on an annual basis, the specific nature of such additional function(s); and (iii) in accordance with Exchange Rule 748, submit to the Exchange written supervisory procedures relating to such Specialist Clerk's activities.
- (c) *Conduct on the trading floor.* A Specialist Clerk is permitted to communicate verbal market information (i.e., bid, offer, and size) in response to requests for such information, provided that such information is communicated under the direct supervision of his or her member employer. A Specialist Clerk may consummate electronic transactions under the express direction of his or her member employer by matching bids and offers. Such bids and offers and transactions effected under the supervision of a member employer are binding as if made by the member employer.

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**Rule 3202. Application of Other Rules of the Exchange**

The following Rules of the Exchange shall be applicable to market participants trading on PSX.

The Limited Liability Company Agreement of the Exchange

The By-Laws of the Exchange

Rule 1. Definitions

Rule 50. Failure to Pay Dues, Fees and Other Charges

Rule 52. Fees, Dues and Other Charges

Rule 53. Liability for Dues Until Transfer or Military Service

Rule 54. Service Fee

Rule 55. Claims by Former or Deceased Members

Rule 56. Effect of Suspension or Termination on Payment of Fees



Rule 57. Members' Contracts

Rule 58. Exchange Contracts

Rule 59. Deliveries through Registered Clearing Agencies

Rule 62. Disapproval of Business

Rule 63. Effect of Suspension or Termination

Rule 64. Office Vacated by Suspension or Termination

Rule 70. Suspension for Insolvency on Declaration

Rule 71. Suspension for Insolvency on Advice to Committee on Business Conduct

Rule 72. Investigation of Insolvency

Rule 73. Time for Settlement of Insolvent Member

Rule 74. Reinstatement of Insolvent Member

Rule 75. Disciplinary Measures During Suspension for Insolvency

Rule 76. Rights of Member Suspended for Insolvency

Rule 98. Emergency Committee

Rule 103. Dealings on the Exchange - Securities

Rule 112. Bids and Offers - "When Issued"

Rule 128. Price and Execution Binding

Rule 133. Trading Halts Due to Extraordinary Market Volatility

Rule 274. Payment on Delivery - Collect on Delivery

Rule 279. Book-Entry Settlement

Rule 431. Ex-dividend, Ex-rights

Rule 432. Ex-warrants

Rule 433. Buyer Entitled to Dividend, etc.

Rule 434. Claims for Dividend, etc.

Rule 451. Taking or Supplying Securities Named in Order

Rule 452. Limitations on Members' Trading Because of Customers' Orders

Rule 453. Successive Transactions by Members

Rule 455. Short Sales

Rule 600. Registration

Rule 601. Office, Other Than Main Offices

Rule 602. Status Verification

Rule 603. Control of Offices

[Rule 604. Registration and Termination of Registered Persons]

Rule 605. Advertisements, Market Letters, Research Reports and Sales Literature

Rule 607. Covered Sales Fee

Rule 610. Notification of Changes in Business Operations

Rule 611. Principal Registration Requirements

Rule 612. Categories of Principal Registration

Rule 613. Representative Registration

Rule 614. Persons Exempt from Registration

Rule 615. Waiver of Requirements

Rule 616. Electronic Filing Requirements for Uniform Forms

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**EQUITY FLOOR PROCEDURE ADVICES**

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**A-7 Failure to Timely Submit Amendments to Form U4, Form U5 and Form BD**

Any member, and member organization that is required to file Form U4, Form U5 or Form BD pursuant to Exchange Rules 600, [604,] 611-613, 616 or 620, or the Securities Exchange Act of 1934 and the rules promulgated thereunder, is required to amend the applicable Form U4, Form U5 or Form BD to keep such forms current at all times. Members, and member organizations shall amend Form U4, Form U5 or Form BD not later than thirty (30) days after the filer knew or should have known of the facts which gave rise to the need for the amendment.

FINE SCHEDULE (Implemented on a running 12 month period)

1st Occurrence	\$500.00
2nd Occurrence	\$1,000.00
3rd Occurrence	\$2,000.00
4th and Thereafter	Sanction is discretionary with Business Conduct Committee

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**OPTION FLOOR PROCEDURE ADVICES AND ORDER & DECORUM REGULATIONS**

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**F-34 Failure to Timely Submit Amendments to Form U4, Form U5 and Form BD**

Any member, and member organization that is required to file Form U4, Form U5 or Form BD pursuant to Exchange Rules 600, [604,] 611-613, 616, or 620, or the Securities Exchange Act of 1934 and the rules promulgated thereunder, is required to amend the applicable Form U4, Form U5 or Form BD to keep such forms current at all times. Members, and member and participant organizations shall amend Form U4, Form U5 or Form BD not later than thirty (30) days after the filer knew or should have known of the facts which gave rise to the need for the amendment.

FINE SCHEDULE (Implemented on a running 12 month period)

1st Occurrence	\$500.00
2nd Occurrence	\$1,000.00
3rd Occurrence	\$2,000.00

4th and Thereafter

Sanction is discretionary with Business Conduct  
Committee

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