

SECURITIES AND EXCHANGE COMMISSION  
(Release No. 34-66482; File No. SR-NYSEAMEX-2012-013)

February 28, 2012

Self-Regulatory Organizations; NYSE Amex LLC; Notice of Filing and Immediate Effectiveness of Proposed Rule Change filing the content outline and selection specifications for the Proprietary Traders Qualification Examination (“Series 56”) program

Pursuant to Section 19(b)(1)<sup>1</sup> of the Securities Exchange Act of 1934 (the “Act”)<sup>2</sup> and Rule 19b-4 thereunder,<sup>3</sup> notice is hereby given that on February 14, 2012, NYSE Amex LLC (the “Exchange” or “NYSE Amex”) filed with the Securities and Exchange Commission (the “Commission”) the proposed rule change as described in Items I, II, and III below, which Items have been prepared by the self-regulatory organization. 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 the Substance of the Proposed Rule Change

The Exchange proposes to file the content outline and selection specifications for the Proprietary Traders Qualification Examination (“Series 56”) program. The text of the proposed rule change is available at the Exchange, the Commission’s Public Reference Room, and [www.nyse.com](http://www.nyse.com).

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 self-regulatory organization 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 those statements may be examined at the places

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

<sup>2</sup> 15 U.S.C. 78a.

<sup>3</sup> 17 CFR 240.19b-4.

specified in Item IV below. The Exchange has prepared summaries, set forth in sections A, B, and C below, of the most significant parts of such statements.

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

1. Purpose

Recently, the Exchange filed a proposed rule change to recognize a new category of limited representative registration for proprietary traders.<sup>4</sup> Specifically, the Exchange will recognize the new registration category, “Proprietary Trader,” and the new examination, the Series 56. The new Proprietary Trader category will be limited to persons engaged solely in proprietary trading.

The Exchange has been working with the Financial Industry Regulatory Authority (“FINRA”) and certain other exchanges, many of which have recently enhanced their registration requirements to require the registration of associated persons,<sup>5</sup> to develop the content outline and qualification examination that would be applicable to proprietary traders. The Series 56 examination program is shared by the Exchange and the following self-regulatory organizations (“SROs”): Boston Options Exchange; C2 Options Exchange, Incorporated; Chicago Board Options Exchange, Incorporated; Chicago Stock Exchange, Incorporated; International Securities Exchange, LLC; The NASDAQ Stock Market, NASDAQ OMX BX, Inc.; NASDAQ OMX PHLX LLC; National Stock Exchange, Incorporated; New York Stock Exchange LLC; and NYSE Arca, Inc. Upon request by the SROs referenced above, FINRA staff convened

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<sup>4</sup> See SR-NYSEAmex-2012-11 (filed February 9, 2012).

<sup>5</sup> 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).

committee of industry representatives, Exchange staff and staff from the other SROs referenced above to develop the criteria for the Series 56 examination program. Certain exchanges have submitted filings to the Commission to utilize the Series 56.<sup>6</sup>

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.<sup>7</sup>

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, nine questions; Markets, Market Participants, Exchanges, and SROs, eight 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 SROs 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 SROs 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 Web CRD and

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<sup>6</sup> See *e.g.*, Securities Exchange Act Release No. 64699 (June 17, 2011), 76 FR 36945 (June 23, 2011) (SR-CBOE-2011-056).

<sup>7</sup> Proprietary trading firms do not have customers.

notification to its membership.

## 2. Statutory Basis

The Exchange believes that its proposal is consistent with Section 6(b) of the Securities Exchange Act of 1934 (the “Act”)<sup>8</sup> in general, and furthers the objectives of Section 6(c)(3)(B) of the Act,<sup>9</sup> 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 the Exchange believes establishes the appropriate qualifications for this new registration category because it tests the knowledge generally applicable to proprietary trading.

### 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 that is 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 solicited or received with respect to the proposed rule change.

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

The Exchange has filed the proposed rule change pursuant to Section 19(b)(3)(A)(iii) of the Act<sup>10</sup> and Rule 19b-4(f)(6) thereunder.<sup>11</sup> Because the proposed rule change does not: (i) significantly affect the protection of investors or the public interest; (ii) impose any significant

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

<sup>9</sup> 15 U.S.C. 78f(c)(3)(B).

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

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

burden on competition; and (iii) become operative prior to 30 days from the date on which it was filed, or such shorter time as the Commission may designate, if consistent with the protection of investors and the public interest, the proposed rule change has become effective pursuant to Section 19(b)(3)(A) of the Act and Rule 19b-4(f)(6)(iii) thereunder.

A proposed rule change filed under Rule 19b-4(f)(6)<sup>12</sup> normally does not become operative prior to 30 days after the date of the filing. However, pursuant to Rule 19b-4(f)(6)(iii),<sup>13</sup> the Commission may designate a shorter time if such action is consistent with the protection of investors and the public interest. The Exchange has asked the Commission to waive the 30-day operative delay so that the proposal may become operative immediately upon filing.

The Commission believes that it is consistent with the protection of investors and the public interest to waive the 30-day operative delay. Waiver of the 30-day operative delay will allow persons engaged solely in proprietary trading to use the Proprietary Traders Qualification Examination (“Series 56”) as soon as it is available for NYSEAmex in Web CRD. Therefore, the Commission designates the proposal operative upon filing.<sup>14</sup>

At any time within 60 days of the filing of such 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.

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<sup>12</sup> 17 CFR 240.19b-4(f)(6).

<sup>13</sup> 17 CFR 240.19b-4(f)(6)(iii).

<sup>14</sup> For purposes only of waiving the 30-day operative delay, the Commission has considered the proposed rule’s impact on efficiency, competition, and capital formation. See 15 U.S.C. 78c(f).

#### IV. Solicitation of Comments

Interested persons are invited to submit written data, views and arguments concerning the foregoing, including whether the proposed rule change is consistent with the Act. Comments may be submitted by any of the following methods:

##### Electronic Comments:

- Use the Commission's Internet comment form (<http://www.sec.gov/rules/sro.shtml>); or
- Send an e-mail to [rule-comments@sec.gov](mailto:rule-comments@sec.gov). Please include File Number SR-NYSEAMEX-2012-013 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-NYSEAMEX-2012-013. 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 website (<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 a.m. and 3 p.m. Copies of such 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-NYSEAMEX-2012-013 and should be submitted on or before [insert date 21 days from publication in the Federal Register].

For the Commission, by the Division of Trading and Markets, pursuant to delegated authority.<sup>15</sup>

Kevin M. O'Neill  
Deputy Secretary

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<sup>15</sup> 17 CFR 200.30-3(a)(12).