



**NYSE Arca, Inc.**

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**NOMINEE APPLICATION**

## EXPLANATION OF TERMS

*For purposes of this application, the following terms shall have the following meanings:*

**Applicant Nominee** – the Nominee applying to be an OTP Holder or amending this form.

**Associated Person** - a person who is a partner, officer, director, member of a Limited Liability Company, trustee of a Business Trust, or employee of an OTP Firm or any person directly or indirectly controlling, controlled by or under common control with an OTP Firm.

**Central Registration Depository (“Web CRD®”)** – A centralized electronic registration system maintained by NASD which provides information on registered representatives and principals for members of participant organizations. This database contains employment history, exam scores, licensing information, disciplinary actions, fingerprint results, and other related registration information. NYSE Arca, Inc. is a participant of this system.

**Clearing Member** – an Exchange OTP Firm which has been admitted to membership in the Options Clearing Corporation pursuant to the provisions of the rules of the Options Clearing Corporation. A broker-dealer who receives and executes customers’ instructions, prepares trade confirmations, sends money related to trades, arranges for physical movement of securities, and shares responsibility with the introducing broker for compliance with regulatory requirements.

**Control** – the power, directly or indirectly, to direct the management or policies of a company, whether through ownership of securities, by contract or otherwise. A person shall be presumed to control another person if such person: (i) is a director, general partner or officer exercising executive responsibility (or having similar status or functions); (ii) directly or indirectly has the right to vote 25% or more of a class of a voting security or has the power to sell or direct the sale of 25% or more of a class of voting securities; or (iii) is entitled to receive 25% or more of the net profits; or (iv) in the case of a partnership, has the right to receive upon dissolution, or has contributed, 25% or more of the capital of the other person.

**Designated Examining Authority (DEA)** – the SEC will designate one SRO to be a broker-dealer’s examining authority, when the broker-dealer is a member of more than one SRO. Every broker-dealer is assigned a DEA, who will examine the broker-dealer for compliance with financial responsibility rules. The SEC will make the DEA assignment based on the SRO examination program and the broker-dealer’s primary business location.

**Direct Owners/Executive Officers** – Allied Persons and Approved Persons, as those terms are defined by NYSE Arca Rules 1.1(b) and 1.1(c), respectively, and generally refer to (1) a director, general partner or officer exercising executive responsibility (or having similar status or function); or (2) directly or indirectly has the right to vote 5% or more of a class of voting security or has the power to sell or direct the sale of 5% or more of a class of voting securities; (3) is entitled to receive 5% or more of the net profits; (4) in the case of a partnership, all general partners and those limited and special partners that have the right to receive upon dissolution or have contributed, 5% or more of the capital; or (5) in the case of a LLC, those members that have the right to receive upon dissolution, or have contributed, 5% or more of the LLC’s capital, and if managed by elected managers, all elected managers.

**Financial Arrangement** - 1) the direct financing of a Member’s dealings upon the Exchange, or 2) any direct equity investment or profit sharing arrangement, or 3) any consideration over the amount of \$5,000.00 including, but not limited to, gifts, loans, annual salaries or bonuses.

**Firm Proprietary and/or Trading** – an OTP Firm engaging in off-floor trading that is unrelated to the performance of that OTP Firm’s registered market maker or floor broker functions.

**Floor Broker** – an individual who is registered with the Exchange for the purpose, while on the Exchange Floor, of accepting and executing options orders received from OTP Holders and OTP Firms.

**Market Maker** - an individual who is registered with the Exchange for the purpose of making transactions as a dealer-specialist on the Floor of the Exchange.

**Market Maker Authorized Trader** – an individual registered with the Exchange for the purpose of entering quotes and orders remotely through the facilities of the Exchange for the account of an OTP Holder registered as a Market Maker with which the Market Maker Authorized Trader is associated.

**Nominee** – an individual who is authorized by an OTP Firm, in accordance with NYSE Arca Rule 2.4, to conduct business on the Exchange’s Trading Facilities and to represent such OTP Firm in all matters relating to the Exchange. A Nominee shall agree to be bound by the Bylaws and Rules of the Exchange, and by all applicable rules and regulations of the Securities and Exchange Commission.

**NYSE Arca, Inc. (“NYSE Arca”, the “Exchange”, or the “Corporation”)** – a Delaware corporation as described in the company’s Certificate of Incorporation and Bylaws. The NYSE Arca, Inc. is a national securities exchange as that term is defined by Section 6 of the Securities Exchange Act of 1934, as amended. NYSE Arca, Inc. is also a Self-Regulatory Organization.

**Authorized Trader** - a person who is directly or indirectly compensated by a NYSE Arca OTP Firm or who is any other associated person of a NYSE Arca OTP Firm and who trades, makes trading decisions with respect to, or otherwise engages in the proprietary and/or agency trading of securities from off NYSE Arca floor.

**Office Nominee** - a Nominee for an OTP Firm that is an order service firm, off-floor trading firm, or provides clearing services on the Exchange and is not conducting market maker or floor broker activities.

## **EXPLANATION OF TERMS (continued)**

**OTP** – an Options Trading Permit issued by the Exchange for effecting approved securities transactions on the Exchange’s Trading Facilities. An OTP may be issued to a sole proprietor, partnership, corporation, limited liability company or other organization which is a registered broker-dealer pursuant to Section 15 of the Securities Exchange Act of 1934, as amended, and which has been approved by the Exchange.

**OTP Firm** – a sole proprietor, partnership, corporation, limited liability company or other organization in good standing who holds an OTP or upon whom an individual OTP Holder has conferred trading privileges on the Exchange’s Trading Facilities. An OTP Firm shall agree to be bound by the Certificate of Incorporation, Bylaws and Rules of the Exchange, and by all applicable rules and regulations of the Securities and Exchange Commission.

**OTP Holder** – a natural person who has been issued an OTP, or has been named as a Nominee of an OTP Firm.

**Self-Regulatory Organization (SRO)** - Each exchange or national securities association is an SRO. Each SRO must have rules that provide for the expulsion, suspension and other disciplining of member broker-dealers for conduct inconsistent with just and equitable principles of trade.

## NOMINEE APPLICATION PROCESS

### Checklist

Applicant Nominees must complete and submit all materials addressed in the Application Checklist along with applicable fees\*.

### Application Process

- Following submission of the Nominee Application, fees and supporting documents to the Client Relationship Services Department, the application will be reviewed for accuracy and regulatory or other disclosures. For NYSE Arca-DEA applicants, an investigation may be conducted by an independent entity. This process generally requires two to four weeks.
- In consideration for approved by the Exchange, the applicant Nominee must complete NYSE Arca Orientation Program and take a written qualification exam. NYSE Arca will provide orientation materials upon receipt of the Orientation Fee (see fees below). Office Nominees are not subject to this requirement.
- If review of Statutory Disqualification Disclosure information and/or the background investigation indicates that the applicant has a possible statutory disqualification, the Client Relationship Services Department will contact the applicant to discuss the statutory disqualification process. Client Relationship Services will consult with NYSE Arca Legal Department regarding matters involving statutory disqualification.
- If it appears that the applicant Nominee has outstanding debt, civil judgment actions and/or regulatory disciplinary actions the applicant will be contacted by the Client Relationship Services Department for further information.
- Applicants who have completed and returned all documents to the Client Relationship Services Department without indication of a statutory disqualification, outstanding debt, civil judgment actions and/or regulatory disciplinary actions will be reviewed by NYSE Arca staff. The applicant Nominee will be posted in NYSE Arca Weekly Bulletin for a period of three business days.
- The Client Relationship Services Department will notify the applicant Nominee, in writing, promptly of the Exchange's decision.
- A Nominee must activate within six months of Exchange approval. Applicant Nominees that have been approved by the Exchange are not considered active until becoming an OTP Holder (i.e., the applicant Nominee's broker-dealer has assigned an OTP in the Nominee's name).
- In the event an applicant is disapproved by the Exchange, the applicant will have an opportunity to be heard upon the specific grounds for the disapproval, in accordance with the provisions of NYSE Arca Rule 10.14. A disapproved applicant desiring to be heard must, within thirty calendar days of the applicant's receipt of notice of disapproval, notify NYSE Arca by certified mail and file with NYSE Arca a Petition for Review of such disapproval

### Activation of Nominee

The applicant Nominee achieves "active" status by becoming an OTP Holder on behalf of an OTP Firm.

## NOMINEE APPLICATION CHECKLIST

- Completed Nominee Application
- Uniform Application for Securities Industry Registration or Transfer (Form U-4) and Fingerprint Cards have been submitted to Web CRD® for the applicant Nominee

## NOMINEE APPLICATION FEES \*

- \$500 Orientation and Testing Fee – not applicable to Office Nominees
- \$125 Investigation Fee (will be assessed if the applicant Nominee's registration and/or fingerprint information is not available on Web CRD® or through another SRO)

OTP Firms may be assessed fees by NASD for posting of registration and fingerprint information to the Web CRD® system. OTP Firms should monitor their Web CRD® Daily Account to ensure adequate funds are available in order to avoid delays in processing.

**\* For a list of all fees, please review the "Schedule of Fees and Charges for Exchange Services" found at <http://www.nyse.com/productservices/nysearcaoptions/1147128317287.html>. Additional fees to those listed within this application may apply.**

## SECTION 1 – OTP NOMINEE AGREEMENT

Applicant Nominee has read, understands and agrees to abide by the Bylaws and Rules of NYSE Arca as they now exist and may from time to time be amended, and all circulars, notices, interpretations, directives or decisions adopted by NYSE Arca. Applicant also agrees to comply with all rules, regulations, directives or other actions of the Securities and Exchange Commission.

Applicant Nominee authorizes any SRO, commodities exchange, governmental agency or similar entity to furnish to NYSE Arca, upon its request, any information that such person may have concerning the character, ability, business activities and reputation of the applicant Nominee, and releases such person or entity from any and all liability in furnishing such information. Applicant Nominee authorizes NYSE Arca to make available to any governmental agency, SRO, commodities exchange or similar entity, any information it may have concerning the applicant Nominee and releases NYSE Arca from any and all liability in furnishing such information. Applicant Nominee authorizes NYSE Arca to make available to the applicant's prospective OTP Firm information relating to processed fingerprint cards and/or such other records.

Applicant Nominee acknowledges his/her obligation to update any and all information contained in any part of this application, including amending any and all disclosures listed on Form U-4 that may arise during applicant's active status with NYSE Arca. In such cases, applicant Nominee understands that NYSE Arca may require additional information.

Applicant Nominee understands and agrees that if he/she is found to be in violation of a NYSE Arca rule (other than a minor rule violation), the applicant Nominee will be required to file an amendment to Form U-4 listing such violation(s).

Applicant Nominee agrees that at any time, upon request of any committee or department of NYSE Arca, he/she will appear before such committee or department and give evidence upon any subject under investigation by such committee or department and that the applicant will produce, upon request of NYSE Arca, all records or documents relative to any inquiry being made by NYSE Arca

Applicant Nominee agrees to immediately notify NYSE Arca if he/she becomes subject to any of the following:

- Investigation or proceeding by any governmental, or securities or commodities industry self-regulatory body;
- Litigation or arbitration alleging violations of any provisions of any securities or commodities industry self-regulatory body's constitution, by-laws, or rules or any securities or commodities law or regulation;
- Material allegation that the applicant has acted in a way which may be inconsistent with a just and equitable principle or established practice of NYSE Arca;
- Violations of NYSE Arca Bylaws, any rule adopted by NYSE Arca's Board of Directors, any securities law or regulation, or any agreement with NYSE Arca;
- Refusal of registration, or injunction, censure, suspension, expulsion or other disciplinary action by any governmental, or securities or commodities industry self-regulatory body;
- Major complaint by a customer of an OTP Firm or by a broker-dealer in securities or commodities;
- Bankruptcy or contempt proceeding, cease and desist order, injunction or civil judgment; or
- Conviction for criminal offenses by applicant Nominee.

If, during the one year period immediately following NYSE Arca's receipt of written notice of the applicant Nominee's permanent termination of association with an OTP Firm, NYSE Arca gives written notice to applicant Nominee and/or that person's associated OTP Firm that NYSE Arca is making an inquiry into any specified matter or matters occurring prior to such termination, the applicant Nominee agrees to thereafter comply with any request by NYSE Arca for testimony, submission of records, response to written requests and attendance at hearings with respect to the matter or matters specified in such notice, in accordance with the Bylaws, Rules and policies by NYSE Arca, in the same manner and to the same extent as would have been required prior to such termination. If applicant Nominee refuses to accept such written notice, or after having been served with such notice, refuses or fails to comply with any such request of NYSE Arca, applicant Nominee agrees that such refusal or failure may, at the discretion of NYSE Arca, act as a bar to future NYSE Arca approval of association with an OTP Firm until such time as NYSE Arca has completed its investigation into the matter or matters specified in such notice and has determined whether a sanction or penalty shall be imposed; and applicant Nominee further acknowledges that such bar shall continue in effect until such penalty or sanction, if any, has been carried out and any fine(s) have been paid.

**SECTION 1 – OTP NOMINEE AGREEMENT (continued)**

Failure to comply with any of the terms and conditions of this OTP Agreement, or the accompanying Nominee Application may be cause for termination of applicant Nominee’s approval or association with an OTP Firm.

The undersigned applicant Nominee represents that the information and statements contained herein, including the attachments hereto, and other information filed herewith, all of which are parts hereof, are current, true and complete.

\_\_\_\_\_  
Signature of Applicant Nominee

\_\_\_\_\_  
Date

\_\_\_\_\_  
Print Name

\_\_\_\_\_  
Title

## SECTION 2 – CERTIFICATE OF RESOLUTION

This form must be submitted for all Nominee Applicants associated with an OTP Firm. It must be completed by an officer, general partner, or managing member (as appropriate) of the OTP Firm with whom Nominee applicant will be associated.

The undersigned hereby certifies that he/she is an \_\_\_\_\_ Officer \_\_\_\_\_ General Partner \_\_\_\_\_ Manager of \_\_\_\_\_ (“OTP Firm”).

The undersigned hereby certifies that OTP Firm has adopted resolutions that:

1. Authorize \_\_\_\_\_ (“Applicant”) to enter into contracts and agreements with NYSE Arca, or to otherwise make representations to NYSE Arca, for and on behalf of the OTP Firm.
2. Authorize Applicant to obligate the OTP Firm to pay and discharge all obligations arising from any such contracts or agreements.
3. Provide that the OTP Firm shall be liable for all dues, fees, charges and assessments levied by or due to NYSE Arca in connection with OTPs issues by NYSE Arca to an OTP Firm and associated OTP Holders.
4. Provide that the OTP Firm shall be subject to the jurisdiction of, and will abide by all applicable provisions of, the Bylaws and Rules of NYSE Arca, as now in affect and as the same may be hereinafter amended.

The undersigned further certifies that the OTP Firm resolved that the above-described resolutions shall remain in full force and effect until notice of modification or repeal thereof has been given in writing to NYSE Arca’s Client Relationship Services Department.

\_\_\_\_\_  
Name of Officer, General Partner or LLC Manager Member

\_\_\_\_\_  
Title

\_\_\_\_\_  
Signature

\_\_\_\_\_  
Date

**SECTION 3 – NOMINEE PROFILE**

Date: \_\_\_\_\_

 APPLICATION AMENDMENT**GENERAL INFORMATION**

First Name: \_\_\_\_\_ Middle Name: \_\_\_\_\_ Last Name: \_\_\_\_\_

Date of Birth (MM/DD/YYYY): \_\_\_\_\_ CRD No.: \_\_\_\_\_

Business Address: \_\_\_\_\_

City: \_\_\_\_\_ State: \_\_\_\_\_ Zip Code: \_\_\_\_\_

Business Phone Number: \_\_\_\_\_ Business Fax Number: \_\_\_\_\_

Supervisor: \_\_\_\_\_ Title: \_\_\_\_\_

Supervisor's Phone Number: \_\_\_\_\_ Supervisor's Fax Number: \_\_\_\_\_

Home Address: \_\_\_\_\_

City: \_\_\_\_\_ State: \_\_\_\_\_ Zip Code: \_\_\_\_\_

Home Phone Number: \_\_\_\_\_ Home Fax Number: \_\_\_\_\_

Email Address: \_\_\_\_\_

**OTP FIRM AFFILIATION**

Name of OTP Firm with which applicant Nominee is affiliated: \_\_\_\_\_

**TYPE OF BUSINESS ACTIVITY TO BE CONDUCTED AT NYSE Arca (Check all that apply) [CRD Registration Category]**
 Market Maker (Floor)[MM]     Market Maker Authorized Trader [MM]     Floor Broker [FB]  
 Authorized Trader [OT]     Office Nominee     Other \_\_\_\_\_
**OTHER BUSINESS ACTIVITIES CONDUCTED BY APPLICANT NOMINEE (Check all that apply)**
 Investment Banking     Public Customer Business     Proprietary and/or Agency Trading  
 Other \_\_\_\_\_
**OTHER SELF-REGULATORY ORGANIZATION MEMBERSHIPS (Check all that apply)**
 American Stock Exchange (AMEX)     Boston Stock Exchange (BSE)     Chicago Board Options Exchange (CBOE)  
 Chicago Stock Exchange (CHX)     National Stock Exchange (NSX)     International Securities Exchange (ISE)  
 Financial Industry Regulatory Authority (FINRA)     New York Stock Exchange (NYSE)  
 Philadelphia Stock Exchange (PHLX)

**SECTION 3 – NOMINEE PROFILE (continued)**

**CLEARING ARRANGEMENT**

Broker-dealer is self-clearing                       Broker-dealer is not self-clearing

If broker-dealer is not self-clearing, please indicate NYSE Arca Clearing Member that will be issuing a Market Maker Guarantee and/or Floor Broker Authorization: \_\_\_\_\_

Options Clearing Corporation (OCC) Number: \_\_\_\_\_

**APPLICANT NOMINEE AFFILIATIONS**

Are you currently affiliated with any other broker-dealer (U.S. or otherwise)?                       yes     no

If yes, please list the names of all broker-dealer affiliations

Broker-dealer: _____	Title/Affiliation: _____
Broker-dealer: _____	Title/Affiliation: _____
Broker-dealer: _____	Title/Affiliation: _____
Broker-dealer: _____	Title/Affiliation: _____
Broker-dealer: _____	Title/Affiliation: _____

**SECTION 4 – NOMINEE FINANCIAL DISCLOSURE**

**FINANCIAL OR CONTROLLING INTERESTS**

Do you have a financial or controlling interest (through direct or indirect stocks, bond, outstanding loans, or otherwise) in any organization engaged in a securities, financial or related business?

- Yes (Explain below)                       No

**FINANCIAL ARRANGEMENT**

Do you have a financial arrangement with a current NYSE Arca OTP Firm or OTP Holder?

- Yes (Explain below)                       No

Type of Arrangement:     Direct Equity Investment                       Any consideration over \$5,000                       Profit Sharing  
    Direct Financing     Other: \_\_\_\_\_

Terms of Arrangement (include the names of all participants and the nature and terms of the arrangement):

**SUBORDINATED LOANS**

Did you (or will you) make a subordinated loan to the broker-dealer with which you will be affiliated?

- Yes (Explain below)     No

Did you (or will you be) a contributor to a Secured Demand Note?     Yes (Explain below)     No

**OUTSTANDING DEBT (Check all that apply)**

Do you owe funds to any of the following?

- Any NYSE Arca OTP Firm or OTP Holder
- Any other national securities or commodities exchange or national securities association
- A member of any other national securities or commodities exchange or national securities association

Explain to whom funds are owed and the dollar amount. Attach a copy of arrangements made for repayment of this debt and evidence of an agreement of repayment.

- No, I do not owe funds to any of the above referenced persons or entities.

**SECTION 5 – INSIDER TRADING AND SECURITIES FRAUD ENFORCEMENT ACT OF 1988**

**ITSFEA COMPLIANCE ACKNOWLEDGMENT**

**INSIDER TRADING AND SECURITIES FRAUD ENFORCEMENT ACT OF 1988 (ITSFEA)**

I understand that should I acquire material, non-public information concerning a corporation whose securities are publicly traded, it may be a serious violation of NYSE Arca Rules and Federal securities laws for me or my OTP Firm to misuse such information or trade any securities issued by the corporation, or any options or other derivative securities based thereon, while such information remains non-public.

I understand that should I obtain material, non-public information concerning the market in a security or group of securities, neither I nor my OTP Firm may make improper use of such information in connection with trading in the security, group of securities or any option or other derivative based thereon.

I understand that it may be a serious violation of NYSE Arca Rules and Federal securities laws for me or my OTP Firm to disclose to another person any non-public, material corporate or market information that I may acquire regarding a publicly traded security or group of securities.

To the best of my knowledge and belief, I have not misused, made improper use of, or disclosed non-public, material information and I believe myself to be in full compliance with NYSE Arca Rule 11.3 regarding the prevention of insider trading.

\_\_\_\_\_  
Signature of Applicant Nominee

\_\_\_\_\_  
Date