



NYSE AMEX LLC

SPECIALIST/e-SPECIALIST APPLICATION

APPLICATION FOR SPECIALIST/e-SPECIALIST REGISTRATION

EXPLANATION OF TERMS & PROCESSES

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

Allocation - on a form or forms prescribed by the Exchange, a registered Specialist/e-Specialist must apply for an Allocation, having the obligations hereunder, and of Rule 927NY, in one or more option classes.

Applicant - the Broker-Dealer applying as a registered Specialist/e-Specialist or amending this form to become a registered Specialist/e-Specialist.

Appointment - on a form or forms prescribed by the Exchange, a registered Specialist/e-Specialist must apply for a Primary Appointment, having the obligations hereunder, and of Rule 927NY, in one or more option classes.

Associated Person - a person who is a partner, officer, director, member of a LLC, trustee of a Business Trust, or employee of an ATP Holder or any person directly or indirectly controlling, controlled by or under common control with an ATP Holder.

Control - (as defined on Form BD) the power, directly or indirectly, to direct the management or policies of a company, whether through ownership of securities, by contract or otherwise. Any person that (1) is a director, general partner or officer exercising executive responsibility (or having similar status or functions); (2) directly or indirectly has the right to vote 25% or more of a class of voting security or has the power to sell or direct the sale of 25% or more of a class of voting securities; or (3) in the case of a partnership, has the right to receive upon dissolution, or has contributed, 25% or more of the capital, is presumed to control that company.

Central Registration Depository System ("Web CRD®") - A centralized electronic registration system maintained by FINRA 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 AMEX, Inc. is a participant of this system.

Designated Examining Authority ("DEA") - the SEC will designate one Self-Regulatory Organization ("SRO") to be a registered 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.

Direct Owners/Executive Officers - Allied Persons and Approved Persons, as those terms are defined by NYSE Amex Rule 0, respectively, and generally refer to (1) a director, general partner or officer exercising executive responsibility (or having similar status or function); (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.

Eligible Issues - an Specialist/e-Specialist may be allocated any one or more of the options issues opened for trading at the Exchange.

e-Specialist - an individual or entity that has been deemed qualified by the Exchange for the purpose of making transactions on the Exchange in accordance with the provisions of Rules 927.4NY-927.6NY. Each e-Specialist must be registered with the Exchange as a Market Maker.

Financial Arrangement - (1) the direct financing of an ATP Holder's dealings upon the Exchange; (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.

Specialist - an individual or entity that has been deemed qualified by the Exchange for the purpose of making transactions on the Exchange in accordance with the provisions of Rule 920NY, and who meets the qualification requirements of Rule 927NY(b). Each Specialist must be registered with the Exchange as a Market Maker. Any ATP Holder registered as a Market Maker with the Exchange is eligible to be qualified as a Specialist.

Remote Market Maker ("RMM") - a Remote Market Maker is an ATP Holder who is registered with the Exchange for the purpose of making transactions as dealer-specialist from a location off the Floor of the Exchange. Transactions of Remote Market Makers that are executed through the facilities of the Exchange, in accordance with the rules of the Exchange, are deemed to be Market Maker transactions for purposes of Rule 920NY.

Floor Market Maker ("FMM") - a Floor Market Maker is a registered Market Maker who makes transactions as a dealer-specialist while on the Floor of the Exchange and provides quotations: (A) manually, by public outcry, and (B) electronically through an auto-quoting device.

Market Maker - a Market Maker shall refer to an ATP Holder that acts as a Market Maker pursuant to Rule 920NY.

Market Maker Authorized Trader ("MMAT") - a Market Maker Authorized Trader shall mean an authorized trader who performs market making activities pursuant to Rule 920NY on behalf of an ATP Holder registered as a Market Maker.

NYSE AMEX LLC ("NYSE AMEX", the "Exchange", or the "Corporation") - a Delaware limited liability corporation and the parent company of the NYSE Euronext Exchange. The Exchange offers an options trading platform under the brand name NYSE Amex Options. NYSE Amex is a national securities exchange as that term is defined by Section 6 of the Securities Exchange Act of 1934, as amended. NYSE Amex, Inc. is also a Self-Regulatory Organization.

NYSE Amex Options - "NYSE Amex Options" shall refer to those aspects of the Self-Regulatory Organization and the Trading Facilities business of NYSE Amex licensed to trade Options by the Exchange. The terms "NYSE Amex Options" and "NYSE Amex" shall have the same meaning as "Exchange" as that term is defined in Rule 900.2NY.

Quotations - ATP Holders who are registered as Specialist/e-Specialists are required by Rule 925.1NY to generate and automatically update two-sided market quotations throughout the trading day in each of their appointed issues for 90% of the time the Exchange is open for trading in each issue.

Self-Regulatory Organization (“SRO”) - each national securities exchange or national securities association is an SRO. Each SRO must have rules that provide for the expulsion, suspension and other discipline of member Broker-Dealers for violation of the SRO’s rules.

APPLICATION FOR SPECIALIST REGISTRATION

APPLICATION PROCESS

Filing Requirements

Prior to submitting the Application to become a Specialist/e-Specialist, an applicant Broker-Dealer must have completed the Amex Trading Permit (“ATP”) application, identifying “Specialist” or “e-Specialist” as a business to be conducted on NYSE Amex Options. A firm will not be eligible for approval as a Specialist/e-Specialist until after their ATP application, with this indication, is approved.

Checklist

Applicant ATP must complete and submit all materials as required in the Application Checklist (page 4) to:

NYSE Amex Options
Attn: Client Relationship Services
220 Montgomery Street, Suite 200
San Francisco, CA 94104

or

CRS@nyx.com

If you have questions regarding the application, you may direct them to Client Relationship Services:

Email: CRS@nyx.com; Phone: (415) 393-5946 or 1-888-689-7739

Application Process

- Following submission of the Specialist/e-Specialist Application, payment for applicable fees, and supporting documents, NYSE Amex Options will review the application for completeness, assess the firm’s capital sufficiency, review registration and disclosure information for the Applicant and each listed Specialist/e-Specialist, and review the Applicant’s information barrier procedures.
- Applicant is required to consult with an NYSE Amex Options representative to determine the most beneficial connectivity option. NYSE Amex Options will then coordinate the connectivity between the Applicant Broker Dealer and the Exchange.
- If review of Statutory Disqualification Disclosure information and/or a background investigation indicates that the applicant Broker-Dealer has an associated person(s) with a possible statutory disqualification, NYSE Amex Options will contact the representative of the applicant Broker-Dealer to discuss the statutory disqualification process.
- If it appears that the Applicant has outstanding debt, civil judgment actions and/or regulatory disciplinary actions, the applicant Broker-Dealer will be contacted by NYSE Amex Options for further information.
- Applicants who have completed and returned all documents without indication of a statutory disqualification, outstanding debt, civil judgment actions and/or regulatory disciplinary actions will be presented to NYSE Amex Options for approval or disapproval without delay.
- NYSE Amex Options will promptly notify the Applicant in writing of their decision.
- Upon approval and once connectivity is established, your NYSE Amex Options representative will inform you of your ability to trade.
- In the event an applicant Broker-Dealer is disapproved by NYSE Amex Options, the applicant Broker-Dealer has an opportunity to be heard upon the specific grounds for the disapproval, in accordance with the provisions of NYSE Amex Section 9A Rule 475. A disapproved applicant desiring an opportunity to be heard shall file a written application with the Secretary of the Corporation within thirty (30) calendar days after such action has been taken.

APPLICATION CHECKLIST AND FEES – NEW NYSE AMEX OPTIONS SPECIALIST/e-SPECIALIST

CHECKLIST FOR BROKER-DEALERS TO BECOME A SPECIALIST/e-SPECIALIST

- Approved Amex Trading Permit (“ATP”) application
- Application for Specialist/e-Specialist, Sections 1 through 5
- Form U4 and fingerprint cards for each Specialist/e-Specialist listed in Section 3 are available on Web CRD®
- Proof of successful completion of NYSE Amex Options Market Maker Examination within the previous five (5) years for each Specialist/e-Specialist listed in Section 3; or
- Request for Waiver has been granted.
- Copy of the Applicant’s Written Supervisory Procedures (“WSPs”) for Specialist/e-Specialist activities on NYSE Amex Options.
- Copy of the “Information Barrier” procedures required by NYSE Amex Options Rule 927.3NY
- Financial Documentation
 - Four (4) Most Recent FOCUS Reports¹ and Most Recent Audited Financial Statements, if applicable
 - Most Recent Balance Sheet and Capital Computation²
 - Six Month Profit/Loss Projection²
 - Subordination Agreements, if applicable²
- All examination reports and corresponding responses from the Applicant Broker-Dealer for the previous two (2) years
- Organizational Documents: Articles of Incorporation and Bylaws; Partnership Agreement; Limited Liability Company (“LLC”) Agreements; Operating Agreement; or similar documentation
- Copy of Written Supervisory Procedures, Anti-Money Laundering Procedures, and Insider Trading Act Procedures (if separate)

¹ Applicants must demonstrate that they have current net capital of 140% of their minimum net capital requirement or \$20,000 in excess of their minimum dollar net capital requirement, **whichever is greater**. If the Broker-Dealer has reported net losses for the period reviewed, the Firm’s financial statements must demonstrate that its excess net capital can withstand six (6) consecutive months of average losses. Applicant Broker-Dealers that do not have the requested financial information available are required to submit Pro Forma Financial statements for the most recent six (6) months or since inception, whichever is less.

² Required for NYSE Amex -DEA Broker-Dealers only

APPLICATION FOR SPECIALIST/e-SPECIALIST REGISTRATION**SECTION 1 – ORGANIZATIONAL PROFILE**

Date: _____ SEC No: _____ CRD No.: _____

 APPLICATION AMENDMENT**GENERAL INFORMATION**

Name of Applicant ATP Firm: _____

Business Address: _____

City: _____ State: _____ Zip Code: _____

Business Phone: _____ Fax: _____

Contact Name: _____ Title: _____

Phone: _____ Fax: _____

Email Address: _____

ATP APPROVAL STATUS

- Applicant organization is currently an approved Amex Trading Permit Holder and Market Maker with NYSE Amex Options.*
 * All Specialist/e-Specialist applicants must be approved ATP Holders and Market Makers with NYSE Amex Options.

NET CAPITAL

Amount: _____ As of Date: _____ Focus Report Line Item*: _____

Source of Net Capital (check all that apply)

- Long Proprietary Positions Interest/Dividends/Commissions Secured Demand Note Cash
 Subordinated Loan Clearing/Good Faith Deposits Other _____

*Submitting the firm's most recent Quarterly FOCUS report and highlighting the Net Capital is an alternative to completing this section.

SECURITIES

Estimate the number of issues in which the Applicant intends to become registered as a Specialist/e-Specialist: _____

OTHER BUSINESS ACTIVITIES

Check all that apply

- Investment Banking Public Securities Business Proprietary Trading
 Equities Market Maker Other _____

APPLICATION FOR SPECIALIST/e-SPECIALIST REGISTRATION

SECTION 2 - OTHER AFFILIATIONS

Is the Applicant a Dealer/Specialist/e-Specialist or Market Maker on a registered national securities exchange(s) or association?
 Yes No

If yes, provide the following information:

SRO: _____

Operating Capacity: _____

List Securities: _____

SRO: _____

Operating Capacity: _____

List Securities: _____

SRO: _____

Operating Capacity: _____

List Securities: _____

APPLICATION FOR SPECIALIST/e-SPECIALIST REGISTRATION

SECTION 4 – INFORMATION FOR SPECIALISTS/e-SPECIALISTS

Specialist/e-Specialists are subject to all applicable State and Federal Laws, and the rules promulgated thereunder, as well as the Rules of NYSE Amex. To ensure compliance, please consult your compliance department and/or legal counsel to determine the rules that are applicable, including, but not limited to, those referenced below. In particular, you should determine whether Rule 927NY applies to your firm, including the Information Barrier and reporting requirements.

NYSE Amex Rule 927NY(b): Qualification of Specialists

(1) Qualification of Specialists. The qualification of Specialists shall be conducted by the Exchange. The Specialist Qualification Process is as follows:

(A) Applications for qualification as a Specialist shall be general and shall not specify a particular option issue or issues. Applicants for qualification as a Specialist may present any matter they wish the Exchange to consider in conjunction with its decision. The Exchange may require that presentation to be solely or partially in writing, and may require the submission of additional information from an applicant, ATP Holder, or any person associated with an ATP Holder.

(B) The Exchange may also specify one or more conditions on the applicant with respect to any representations made in the application process, including but not limited to representations regarding capital operations, personnel or technical resources.

NYSE Amex Rule 927NY(c): Obligations of Specialists

Each Specialist must meet the following obligations:

- (1) Assure that disseminated market quotations are accurate;
- (2) Honor guaranteed markets, including markets required by Rule 970NY and any better markets pledged during the allocation process;
- (3) Generate and automatically update two-sided market quotations with size in all appointed series through the Specialists own proprietary autoquoting system;
- (4) Fulfill general Market Maker obligations under Rules 925NY and 925.1NY;
- (5) With respect to trading as a Market Maker, effect trades that have a high degree of correlation with the overall pattern of trading for each series in the option issues involved;
- (6) Participate at all times in any automated execution system that is in effect in designated option issues;
- (7) Make FLEX Quotes in response to a specific Request for Quotes in appointed classes of FLEX Equity Options whenever in the opinion of the FLEX Post Official the interests of a fair, orderly and competitive market are best served by such action.
- (8) Maintain communications with member firms in order to respond to suggestions and complaints;
- (9) Respond to competition by offering competitive markets and competitively-priced services.
- (10) Maintain a cash or liquid asset position of at least \$1,000,000. In the event that two or more Specialists are associated with each other and deal for the same Specialist account, this requirement will apply to such Specialists collectively, rather than to each Specialist individually;
- (11) Fully satisfy conditions of appointments pursuant to Subsection (b)(1)(B) of this Rule;
- (12) Promptly inform the Exchange of any material change in financial or operational condition or in personnel.

NYSE Amex Rule 927.3NY: Limitations on Dealings of Specialists

(a) No ATP Holder, other than a Specialist acting pursuant to Rule 927NY, limited partner, officer, employee, approved person, or party approved, who is affiliated with a Specialist or ATP Holder, shall, during the period of such affiliation, purchase or sell any option in which such Specialist is appointed for any account in which such person or party has a direct or indirect interest. Any such person or party may, however, reduce or liquidate an existing position in an option in which such Specialist is appointed provided that such orders are (i) identified as being for an account in which such person or party has a direct or indirect interest; (ii) approved for execution by a Trading Official; and (iii) executed by the Specialist in a manner reasonably calculated to contribute to the maintenance of price continuity with reasonable depth. No order entered pursuant to this Subsection (a) shall be given priority over, or parity with, any order represented in the market at the same price.

(b) Notwithstanding the provisions of Rule 927NY, an approved person or ATP Holder that is affiliated with a Specialist shall not be subject to Rule 927.3NY(a), provided it has obtained Exchange approval of procedures restricting the flow of material non-public corporate or market information between itself and the Specialist and any ATP Holder, officer, or employee associated therewith.

(c) For such ATP Holder that controls, is controlled by, or is under common control with another organization, the exemption provided in Subsection (b) of Rule 927.3NY shall be available to it only where the Exchange has determined that the relationship between the Specialist, each person associated therewith, and such other organization satisfies all the conditions specified in the Exemption Guidelines..

(d) The procedures referred to in Subsection (b) of Rule 927.3NY shall comply with such guidelines as are promulgated by the Exchange.

APPLICATION FOR SPECIALIST/e-SPECIALIST REGISTRATION

SECTION 4 (continued) – INFORMATION FOR SPECIALISTS/e-SPECIALISTS

NYSE Amex Rule 927.4(a) – e-Specialist

(a) *Designation as an e-Specialist.* The Exchange may designate e-Specialists in an options class to fulfill certain obligations required of Specialists. The Exchange shall determine the appropriate number of approved e-Specialists per option class. Factors to be considered in approving e-Specialists include any one or more of the following:

- (i) adequacy of resources including capital, technology, and personnel;
- (ii) history of stability, superior electronic capacity, and superior operational capability;
- (iii) market making and/or specialist experience in a broad array of securities;
- (iv) ability to interact with order flow in all types of markets;
- (v) existence of order flow commitments.
- (vi) willingness to accept allocation as an e-Specialist in options in at least 400 underlying securities; and
- (vii) willingness and ability to make competitive markets on the Exchange and to promote the Exchange in a manner that is likely to enhance the ability of the Exchange to compete successfully for order flow in the options it trades.

In selecting an applicant for approval as an e-Specialist, the Exchange may place one or more conditions on the approval concerning the operations of the applicant and the number of option classes which may be allocated to the applicant.

Each e-Specialist shall retain its approval to act as an e-Specialist until the Exchange relieves the e-Specialist of its approval and obligations to act as an e-Specialist or the Exchange terminates the e-Specialist's approval to act as an e-Specialist pursuant to Exchange Rules. An e-Specialist may not transfer its approval to act as an e-Specialist unless approved by the Exchange.

NYSE Amex Rule 927.5 – e-Specialist Obligations

Each e-Specialist shall fulfill all of the obligations of a Market-Maker and of a Specialist under the Rules and shall satisfy each of the following requirements:

- (a) meet the quoting obligations of Rule 925NY and 925.1NY(b);
- (b) assure that its market quotations are accurate;
- (c) continue to act as an e-Specialist and to fulfill all of the e-Specialist's obligations as an e-Specialist until the Exchange relieves the e-Specialist of its approval and obligations to act as an e-Specialist;
- (d) make competitive markets on the Exchange and otherwise to promote the Exchange in a manner that is likely to enhance the ability of the Exchange to compete successfully for order flow in the classes it trades;
- (e) immediately notify the Exchange of any material operational or financial changes to the e-Specialist organization as well as obtain the Exchange's approval prior to effecting changes to the ownership, capital structure, voting authority, distribution of profits/losses, or control of the e-Specialist organization;
- (f) maintain information barriers that are reasonably designed to prevent the misuse of material, non-public information with any affiliates that may conduct a brokerage business in option classes allocated to the e-Specialist or act as specialist or Market-Maker in any security underlying options allocated to the e-Specialist, and otherwise comply with the requirements of NYSE Amex LLC Rule 3(j) and 3(l) regarding the misuse of material non-public information.

APPLICATION FOR SPECIALIST/e-SPECIALIST REGISTRATION

SECTION 5 – REQUIRED INFORMATION & ACKNOWLEDGEMENT

The undersigned, applying for registration as a Specialist/e-Specialist, accepts full responsibility for having knowledge of and adhering to all applicable rules and regulations governing the trading facility of NYSE Amex Options, including its subsidiaries and affiliates. The undersigned acknowledges the following requirements:

1. Maintain the net capital requirements as prescribed by SEC Rule 15c3-1, whichever is greater. The net capital requirements apply only to the registered Specialist/e-Specialist firm rather than to each SPECIALIST/E-SPECIALIST individually.
2. Maintain a cash or liquid asset position of at least \$1,000,000. In the event that two or more Specialists/e-Specialists are associated with each other and deal for the same Specialist/e-Specialist account, this requirement will apply to such Specialist/e-Specialists collectively, rather than to each Specialist/e-Specialist individually.
3. The Specialist/e-Specialist’s clearing firm will provide daily equity information to the Financial and Operational Compliance Department for Specialist/e-Specialist cash or liquid asset position review.
4. Provide monthly financial statements consisting of FOCUS Form X-17A-5 to NYSE Amex Options’s Financial & Operational Compliance Department (“FOCD”) for Market Maker capital compliance review.
5. Provide detailed financial reports and such other operational reports to NYSE Amex Options’s FOCD as it may require.
6. Disclose promptly any material change in financial or operational condition, or in personnel in accordance with the rules and procedures of NYSE Amex Options.
7. Establish, maintain, and enforce written procedures to supervise the business in which it engages and to supervise the activities of its associated persons that are reasonably designed to ensure compliance with applicable federal securities laws and regulations and NYSE Amex rules. Such written procedures shall at all times be available for inspection by NYSE Amex Options staff.
8. Be responsible for designating an approved Specialist/e-Specialist to act as a backup Specialist/e-Specialist in our absence and notify the Corporation of such designation, pursuant to rule 927NY. The designated backup Specialist/e-Specialist must be an approved Specialist/e-Specialist in good standing and have sufficient capital to meet the capital requirements of the Specialist/e-Specialist being backed up, as well as their own. If necessary, more than one Specialist/e-Specialist may be needed or selected to act as an appropriate backup.

ADDITIONAL REQUIRED DOCUMENTS

In addition to the information requested in the ATP Application, the Applicant is requested to provide the following information, if it has not already done so:

- A copy of the Applicant’s written supervisory procedures for Specialist/e-Specialist activities on NYSE Amex Options.
- A copy of the “Information Barrier” procedures required in NYSE Amex Rule 927NY
- A list of any other communication equipment that Specialist/e-Specialists can access to route orders in securities to other markets for execution. Provide the location of such terminal(s) and a description of the use of the terminal(s) and the business transmitted through it.

AUTHORIZED ACKNOWLEDGEMENT OF THE CONTENTS HEREIN

The undersigned attests that the contents submitted on behalf of the Applicant are complete and agrees to update information as required. Further, the Applicant will abide by all rules of the Exchange, as may be amended from time to time.

Signature of authorized Officer, Partner,
Managing Member, or Sole Proprietor

Date

Print Name

Title

AUTHORIZED ACKNOWLEDGEMENT OF THE APPLICANT’S CLEARING FIRM

Signature of authorized Clearing Firm
Representative

Date

Print Name

Title

Clearing Firm

Clearing No.