



# **NYSE Arca, Inc.**

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***Sponsored Participant Application and Contracts***

## EXPLANATION OF TERMS

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

**Associated Person** - a person who is a partner, officer, director, member of a LLC, 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.

**Authorized Trader** – a person who may submit orders to NYSE Arca, Inc.'s trading facilities on behalf of his or her OTP Firm or Sponsored Participant.

**Clearing Member** - an Exchange OTP Firm or OTP Holder which has been admitted to membership in the Options Clearing Corporation pursuant to the provisions of the Rules of the Options Clearing Corporation.

**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 a 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 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. (represented as “PCX”) 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.

**Designated Supervisor** – refers to any person that is a partner, director, or officer exercising executive responsibility (or having similar status or functions) for supervising Authorized Trader(s) (“AT”) (as defined in NYSE Arca Rule 6.1A(a)(1)).

**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.

**Echo and Echo Equivalent** – real time, or near real time, electronic “echo” messages that include, at a minimum, copies of all a Sponsored Participant’s orders, cancels, cancel/replaces, rejects and executions, all of which allows a Sponsoring Participant to supervise order flow of a Sponsored Participant intraday.

**Financial Arrangement** – (1) the direct financing of an OTP Firm’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.

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

**OTP** – an Options Trading Permit (“OTP”) 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, LLC or other organization which is a registered Broker or Dealer, pursuant to Section 15 of the Securities Exchange Act of 1934, as amended, and which has been approved by the Corporation.

**OTP Firm** – a sole proprietorship, partnership, corporation, limited liability company or other organization in good standing who holds an OTP.

**Person** - a natural person, corporation, partnership, limited liability company, association, joint stock company, trustee of a trust fund, or any organized group of persons whether incorporated or not.

**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 discipline of member Broker-Dealers for violation of the SRO’s rules.

**Sponsored Participant** - a person which has entered into a sponsorship arrangement with a Sponsoring OTP Firm pursuant to Rule 6.2A.

**Sponsoring OTP Firm** – an approved OTP Firm with NYSE Arca that has entered into an agreement with a Sponsored Participant and agrees to be responsible for activity of such Sponsored Participant, in accordance with the rules of the Exchange, as amended.

**User** - any OTP Holder, OTP Firm or Sponsored Participant that is authorized to obtain access to NYSE Arca pursuant to Rule 6.2A.

## APPLICATION PROCESS

### Filing Requirements

Prior to submitting the Sponsored Participant Application, the Sponsoring OTP Firm must be an approved Options Trading Permit ("OTP") Holder in good standing with NYSE Arca, Inc. Additionally, a Sponsored Participant that is a broker-dealer must file a Uniform Application for Broker-Dealer Registration (Form BD) with the Securities and Exchange Commission and register with the Central Registration Depository ("Web CRD®") maintained by the National Association of Securities Dealers, Inc.

### Checklist

The Sponsoring OTP Firm and the Sponsored Participant must complete and submit all applicable materials addressed in the application checklist below, along with any applicable fees to:

NYSE Arca, Inc.  
Attn: Client Relationship Services  
100 South Wacker Drive, Suite 1800  
Chicago, IL 60606

Fax: (312) 960-9647

Note: All application materials sent to NYSE Arca will be reviewed by NYSE Arca's Client Services Department for completeness. All applications are deemed confidential and are handled in a secure environment at NYSE Arca. NYSE Arca may request applicants to submit documentation in addition to what is listed in the Application Checklist during the application review process, pursuant to NYSE Arca Rule 2.4. If you have questions on completing the application, you may direct them to: Client Services: [crs@nyse.com](mailto:crs@nyse.com) or (888) 689-7739, option 3.

### Application Process

- Following submission of the Sponsored Participant Application, fees and supporting documents to NYSE Arca, the application will be reviewed for accuracy, completeness, and regulatory or other disclosures.
- The Sponsoring OTP Firm and the Sponsored Participant are required to consult with an NYSE Arca Representative to determine the most beneficial connectivity option. NYSE Arca will then coordinate the connectivity between the Sponsored Participant and the Exchange.
- NYSE Arca will promptly notify the Sponsoring OTP Firm and the Sponsored Participant, in writing, of their decision.
- Once connectivity is established, an NYSE Arca Representative will inform the Sponsoring OTP Firm and the Sponsored Participant of the Sponsored Participant's ability to trade.

## DOCUMENTATION CHECKLIST

- Approved NYSE Arca Options Trading Permit for Sponsoring OTP Firm
- Section 1 – Signed Sponsoring OTP Firm Consent and Acknowledgement
- Section 4 – Signed Sponsored Participant Consent
- Section 5 - Sponsored Participants List of Authorized Traders, signed by Sponsoring Participant

**SECTION 1 – SPONSORING OTP FIRM CONSENT and ACKNOWLEDGMENT**

To be completed by the approved NYSE Arca OTP Firm that intends to act as a Sponsoring OTP Firm (see NYSE Arca Rule 6.2A for definition and requirements).

**On behalf of the approved NYSE Arca OTP Firm, the undersigned hereby notifies NYSE Arca that it intends to act as a Sponsoring OTP Firm for the following Sponsored Participant:**

Name of Sponsored Participant: \_\_\_\_\_  
CRD No.: \_\_\_\_\_  
Contact Name and Title: \_\_\_\_\_  
Business Address: \_\_\_\_\_  
Phone: \_\_\_\_\_ Fax: \_\_\_\_\_ Email: \_\_\_\_\_  
List all securities exchanges for which the Sponsored Participant is presently a member: \_\_\_\_\_

**We are an OTP Firm in good standing, or hereby make application to become an OTP Holder and have been designated by the Sponsored Participant to be responsible for executing, clearing and settling transactions resulting on or through NYSE Arca, Inc.**

**We acknowledge and agree that any orders entered into NYSE Arca, Inc by the Sponsored Participant or any person acting on behalf of or in the name of the Sponsored Participant that identify us as the Sponsoring OTP Firm and any execution occurring as a result of such orders are binding in all respects on us. In that regard, we acknowledge and agree that we are responsible for all related contractual and regulatory obligations. We hereby acknowledge and agree that we are responsible for any and all actions taken by the Sponsored Participant or any person acting on behalf of or in the name of the Sponsored Participant on or through NYSE Arca, Inc.**

**We further represent and certify:**

**That we shall provide NYSE Arca, LLC with a list of the Sponsored Participant’s proposed Authorized Traders, pursuant to NYSE Arca Rule 6.2A(c)(2)(C);**

**That we shall supervise the orders of the Sponsored Participant and shall maintain adequate and appropriate written supervisory procedures related to the supervision of the Sponsored Participant’s orders, pursuant to NYSE Arca Rule 6.2A(c);**

**That we shall maintain an Anti-Money Laundering Compliance Program pursuant to and in accordance with Rule 11.19; and**

**That we have or will have upon commencement of trading by the Sponsored Participant real or near real time electronic records (i.e., Echo or an Echo equivalents) of the Sponsored Participant’s order activity, pursuant to NYSE Arca Rule 6.2A(c)(2)(A)(ii).**

\_\_\_\_\_  
Name of Sponsoring Options Trading Permit Firm

\_\_\_\_\_  
CRD #

\_\_\_\_\_  
Signature of Authorized Officer, Partner, Managing Member, or Sole Proprietor

\_\_\_\_\_  
Date

\_\_\_\_\_  
Print Name of Authorized Officer, Partner, Managing Member, or Sole Proprietor

\_\_\_\_\_  
Phone Number of Authorized Officer, Partner, Managing Member, or Sole Proprietor

\_\_\_\_\_  
Signature of Sponsoring Firm’s Chief Compliance Officer or Designee

\_\_\_\_\_  
Date

\_\_\_\_\_  
Print Name of Sponsoring Firm’s Chief Compliance Officer or Designee

\_\_\_\_\_  
Phone Number of Sponsoring Firm’s Chief Compliance Officer or Designee

**AUTHORIZED ACKNOWLEDGEMENT OF THE SPONSORING OTP FIRM'S CLEARING MEMBER**

\_\_\_\_\_  
Signature of Authorized Clearing Member

\_\_\_\_\_  
Date

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

\_\_\_\_\_  
Title

\_\_\_\_\_  
Clearing Member

\_\_\_\_\_  
Clearing No.

**SECTION 2 - SPONSORED PARTICIPANT PROVISIONS**  
**PROVISIONS OF THE SPONSORED PARTICIPANT AGREEMENT**

On behalf of the Sponsored Participant, the undersigned agrees to comply with the Exchange's Certificate of Incorporation, Bylaws, Rules and procedures with regard to the Exchange, as if Sponsored Participant were an OTP Firm. These requirements include, but shall not be limited to, the items listed below.

The Sponsored Participant:

- Shall maintain, keep current and provide to the Sponsoring OTP Firm a list of Authorized Traders who may obtain access to NYSE Arca or its facilities on behalf of the Sponsored Participant;
- Shall familiarize its Authorized Traders with all of the Sponsored Participant's obligations under Rule 6.2A and will assure that they receive appropriate training prior to any use or access to NYSE Arca or its facilities;
- May not permit anyone other than Authorized Traders to use or obtain access to NYSE Arca or its facilities;
- Shall take reasonable security precautions to prevent unauthorized use or access to NYSE Arca or its facilities, including unauthorized entry of information into NYSE Arca or its facilities, or the information and data made available therein. Sponsored Participant understands and agrees that Sponsored Participant is responsible for any and all orders, trades and other messages and instructions entered, transmitted or received under identifiers, passwords and security codes of Authorized Traders, and for the trading and other consequences thereof;
- Acknowledges its responsibility to establish adequate procedures and controls that permit it to effectively monitor its employees', agents', and customers' use and access to NYSE Arca or its facilities for compliance with the terms of this agreement and NYSE Arca Rules. Accordingly, the sponsored Participant must provide or authorize provision of real or near real time records (i.e., Echo or Echo Equivalent) of the Sponsored Participant's order activity. NYSE Arca Echoes may be obtained by contacting NYSE Arca Client Services. If the Sponsored Participant and its Sponsoring OTP Firm choose to use an Echo Equivalent, the specifications and a sample of the data may be requested by NYSE Arca to determine suitability and effectiveness; and
- Shall pay when due all amounts, if any, payable to Sponsoring OTP Firm, the Exchange or any other third parties that arise from the Sponsored Participant's access to and use of NYSE Arca or its facilities. Such amounts include, but are not limited to applicable Exchange and regulatory fees.

**SECTION 3 - SPONSORED PARTICIPANT USER AGREEMENT**  
**DISCLAIMER OF WARRANTY**

NYSE Arca IS MADE AVAILABLE "AS IS" AND WITHOUT WARRANTY OF ANY KIND. ALL WARRANTIES, CONDITIONS, REPRESENTATIONS, INDEMNITIES AND GUARANTEES WITH RESPECT TO THE NYSE Arca AND ANY DATA, SOFTWARE OR INFORMATION MADE AVAILABLE THEREIN BY NYSE Arca, OR ITS LICENSORS, WHETHER EXPRESS, IMPLIED, OR STATUTORY, ARISING BY LAW, CUSTOM, PRIOR ORAL OR WRITTEN STATEMENTS BY

NYSE Arca, OR ITS AGENTS, AFFILIATES, LICENSORS OR OTHERWISE (INCLUDING, BUT NOT LIMITED TO ANY WARRANTY OF SATISFACTORY QUALITY, ACCURACY, UNINTERRUPTED USE, TIMELINESS, TRUTHFULNESS, SEQUENCE, COMPLETENESS, MERCHANTABILITY, FITNESS FOR PARTICULAR PURPOSE OR NON-INFRINGEMENT AND ANY IMPLIED WARRANTIES ARISING FROM TRADE USAGE, COURSE OF DEALING OR COURSE OF PERFORMANCE) ARE HEREBY OVERRIDDEN, EXCLUDED AND DISCLAIMED.

**NO LIABILITY FOR TRADES.**

USER UNDERSTANDS AND AGREES THAT (I) NYSE Arca IS NOT DIRECTLY OR INDIRECTLY A PARTY TO OR A PARTICIPANT IN ANY TRADE OR TRANSACTION ENTERED INTO OR OTHERWISE CONDUCTED THROUGH NYSE Arca, AND (II) NYSE Arca IS NOT LIABLE IN ANY MANNER TO ANY PERSON (INCLUDING WITHOUT LIMITATION THE USER AND ANY PERSON FOR WHOM THE USER IS AUTHORIZED TO TRADE OR ACT) FOR THE FAILURE OF ANY PERSON ENTERING INTO A TRADE OR TRANSACTION BY MEANS OF NYSE Arca TO PERFORM SUCH PERSON'S SETTLEMENT OR OTHER OBLIGATIONS UNDER SUCH TRADE OR TRANSACTION. NYSE Arca, OR ITS AGENTS, AFFILIATES OR LICENSORS WILL NOT BE LIABLE FOR ANY LOSSES, DAMAGES, OR OTHER CLAIMS, ARISING OUT OF NYSE Arca OR ITS USE. ANY LOSSES, DAMAGES, OR OTHER CLAIMS, RELATED TO A FAILURE OF NYSE Arca TO DELIVER, DISPLAY, TRANSMIT, EXECUTE, COMPARE, SUBMIT FOR CLEARANCE AND SETTLEMENT, OR OTHERWISE PROCESS AN ORDER, MESSAGE, OR OTHER DATA ENTERED INTO, OR CREATED BY, NYSE Arca WILL BE ABSORBED BY THE USER OR THE OTP HOLDER SPONSORING THE USER, THAT ENTERED THE ORDER, MESSAGE OR OTHER DATA INTO NYSE Arca. IF THIS SECTION IS DEEMED TO CONFLICT WITH ANY OTHER SECTION OF THIS USER AGREEMENT, THIS SECTION WILL SUPERCEDE SUCH OTHER SECTION.

**NO CONSEQUENTIAL DAMAGES.**

UNDER NO CIRCUMSTANCES WILL NYSE Arca, OR ITS AGENTS, AFFILIATES OR LICENSORS BE LIABLE FOR ANY LOSS, DAMAGE, CLAIM OR EXPENSE, INCLUDING WITHOUT LIMITATION ANY DIRECT, CONSEQUENTIAL, INDIRECT, SPECIAL, PUNITIVE OR INCIDENTAL DAMAGES OR LOST PROFITS, WHETHER FORESEEABLE OR UNFORESEEABLE, BASED ON USER'S CLAIMS OR THE CLAIMS OF ITS CUSTOMERS, EMPLOYEES OR AGENTS (INCLUDING, BUT NOT LIMITED TO, CLAIMS FOR LOSS OF DATA, GOODWILL, USE OF MONEY OR USE OF NYSE Arca, INTERRUPTION IN USE OR AVAILABILITY NYSE Arca, STOPPAGE OF OTHER WORK OR IMPAIRMENT OF OTHER ASSETS), ARISING OUT OF BREACH OR FAILURE OF EXPRESS OR IMPLIED WARRANTY, BREACH OF CONTRACT, MISREPRESENTATION, NEGLIGENCE, STRICT LIABILITY IN TORT OR OTHERWISE. THIS SECTION WILL NOT APPLY ONLY WHEN AND TO THE EXTENT THAT APPLICABLE LAW SPECIFICALLY REQUIRES LIABILITY, DESPITE THE FOREGOING EXCLUSION AND LIMITATION.

**SECTION 4 – SPONSORED PARTICIPANT CONSENT**  
**AUTHORIZED ACKNOWLEDGEMENT OF THE SPONSORED PARTICIPANT**

The undersigned, as a duly appointed Officer, Partner, Managing Member, or Sole Proprietor of the applicant Sponsored Participant, does hereby acknowledge and agree to the terms and provisions as stated within Section 2 and Section 3 of this application, and shall comply with the Exchange's Certificate of Incorporation, Bylaws, Rules and procedures, as amended.

**Accepted on behalf of User:**

**Accepted on behalf of NYSE Arca, Inc.:**

\_\_\_\_\_  
(Print Company Name)

By (Signature): \_\_\_\_\_

By (Signature): \_\_\_\_\_

Name: \_\_\_\_\_

Name: \_\_\_\_\_

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

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

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

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

**With Notices To:**

User Name: \_\_\_\_\_

NYSE Arca, Inc.

Contact Name: \_\_\_\_\_

Attention: Client Relationship Services

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

100 S. Wacker Drive, Suite 1800

City, State, Zip: \_\_\_\_\_

Chicago, IL 60606

**SECTION 5 – SPONSORED PARTICIPANT – LIST OF AUTHORIZED TRADERS**

Provide the names of all Authorized Traders in the area below: (A typed attachment with the same information will also suffice)

**AUTHORIZED TRADER**

Name: \_\_\_\_\_ CRD: \_\_\_\_\_

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

Phone: \_\_\_\_\_ Fax: \_\_\_\_\_ Email: \_\_\_\_\_

**AUTHORIZED TRADER**

Name: \_\_\_\_\_ CRD: \_\_\_\_\_

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

Phone: \_\_\_\_\_ Fax: \_\_\_\_\_ Email: \_\_\_\_\_

**AUTHORIZED TRADER**

Name: \_\_\_\_\_ CRD: \_\_\_\_\_

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

Phone: \_\_\_\_\_ Fax: \_\_\_\_\_ Email: \_\_\_\_\_

**AUTHORIZED TRADER**

Name: \_\_\_\_\_ CRD: \_\_\_\_\_

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

Phone: \_\_\_\_\_ Fax: \_\_\_\_\_ Email: \_\_\_\_\_

Additional Authorized Traders are submitted in a separate document attached hereto.

**Signature by the Designated Supervisor of the Sponsoring OTP Firm:** \_\_\_\_\_

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

**NYSE ARCA USE ONLY:**

Receipt Of Application Confirmed By: \_\_\_\_\_ Date: \_\_\_\_\_

Application Approved By: \_\_\_\_\_ Date: \_\_\_\_\_