

NYSE Arca Options

Lead Market Maker Application

EXPLANATION OF TERMS

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

Applicant – the Broker-Dealer applying as a registered Lead Market Maker or amending this form to become a registered Lead Market Maker.

Appointment - on a form or forms prescribed by the Exchange, a registered Market Maker must apply for a Primary Appointment, having the obligations hereunder, and of Exchange Rule 6.37-O, 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 Options Trading Permit (“OTP”) Firm or any person directly or indirectly controlling, controlled by or under common control with an OTP Firm.

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 Arca, Inc. is a participant of this system.

Designated Examining Authority (“DEA”) – the SEC will designate one Self-Regulatory Organization (“SRO”) to be a Broker-Dealer’s examining authority, when the Broker-Dealer is a Member or OTP Firm 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 – refers 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.

Eligible Issues – an LMM may be allocated any one or more of the options issues opened for trading at the Exchange.

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.

Lead Market Maker (“LMM”) – 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 Exchange Rule 6.82-O. Each LMM or nominee thereof must be registered with the Exchange as a Market Maker. Any OTP Holder or OTP Firm registered as a Market Maker with the Exchange is eligible to be qualified as an LMM.

Lead Market Maker OTP – an approved Lead Market Maker with the Exchange eligible to act as an LMM in options classes.

Market Maker (“MM”) – an OTP Holder approved by the Corporation to act as a Market Maker pursuant to Exchange Rule 6-O.

Market Maker Authorized Trader (“MMAT”) – an authorized individual who performs market-making activities pursuant to Exchange Rule 6-O, on behalf of a OTP Firm or OTP Holder registered as a Market Maker or Lead Market Maker.

NYSE Arca, Inc. (“NYSE Arca” or the “Exchange”) – a Delaware corporation as described in the company’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.

Quotations – OTP Holders who are registered as Lead Market Makers are required by Exchange Rule 6.37-O and 6.82-O to generate and automatically update two-sided market quotations throughout the trading day in each of their appointed series for 90% of the time the Exchange is open for trading in each series.

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 conduct inconsistent with just and equitable principles of trade.

APPLICATION PROCESS

Filing Requirements:

Prior to submitting the Application to become a Lead Market Maker, an applicant must have completed the Options Trading Permit (“OTP”) application, identifying “Market Maker” as a business to be conducted on the Exchange.

Checklist:

Applicant must complete and submit all materials as required in the Application Checklist (page 3) to crs@nyse.com.

If you have questions regarding the application, you may direct them to Client Relationship Services (“CRS”):

Email: crs@nyse.com ; Phone: 212-896-2830, Option 5.

Application Process:

- Following submission of the Lead Market Maker Application, and supporting documents, the Exchange will review the application for completeness prior to submission to FINRA for review.
- If review of Statutory Disqualification Disclosure information and/or a background investigation indicates that the Applicant has an associated person(s) with a possible statutory disqualification, the Exchange or FINRA on behalf of the Exchange, will contact the representative of the Applicant 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 will be contacted by the Exchange or FINRA on behalf of the Exchange for further information.
- The Exchange will notify the Applicant in writing of their decision.
- In the event an applicant Broker-Dealer is disapproved by the Exchange, the Applicant has an opportunity to be heard upon the specific grounds for the disapproval, in accordance with the provisions of the rules of the Exchange. 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

CHECKLIST FOR BROKER-DEALERS TO BECOME A LEAD MARKET MAKER

- | |
|--|
| <input type="checkbox"/> Approved OTP Application |
| <input type="checkbox"/> Application for LMM, (all Sections) |
| <input type="checkbox"/> Copy of the Applicant's Written Supervisory Procedures ("WSPs") |
| <input type="checkbox"/> Financial Documentation <ul style="list-style-type: none">• Four (4) Most Recent FOCUS Reports¹ and the Most Recent Audited Financial Statements, if applicable• Most Recent Balance Sheet and Capital Computation• Six Month Profit/Loss Projection• Subordination Agreements, if applicable² |
| <input type="checkbox"/> Organization Documents: Articles of Incorporation and Bylaws; Partnership Agreement; Limited Liability Company ("LLC") Agreements; Operating Agreement; or similar documentation |
| <input type="checkbox"/> All examination reports and corresponding responses from the Applicant for the previous two (2) years |

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 Applicant 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. Applicants 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 Arca-DEA Broker-Dealers only

SECTION 1 – ORGANIZATIONAL PROFILE

Date: _____ SEC #: _____ CRD #: _____ LEI #: _____

 Application Amendment**GENERAL INFORMATION**

Name of Applicant OTP Firm: _____

Business Address: _____

City: _____ State: _____ Zip Code: _____

Business Phone: _____

Contact Name: _____ Title: _____

Phone: _____ Email: _____

OTP APPROVAL STATUS Applicant OTP Firm is currently an approved Options Trading Permit Holder and Market Maker with the Exchange. *

* All LMM applicants must be approved OTP Holders and Market Makers with the Exchange.

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 Fait 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 LMM: _____

OTHER BUSINESS ACTIVITIES

Check all that apply:

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

SECTION 2 – INFORMATION FOR LMMs

LMMs are subject to all applicable State and Federal Laws, and the rules promulgated thereunder, as well as the Rules of the Exchange. 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 Exchange Rule 6.82-O applies to your firm, including reporting requirements.

Exchange Rule 6.82(b)-O: Qualification of LMMs

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

(A) Applications for qualification as an LMM shall be general and shall not specify a particular option issue or issues. Applicants for qualification as an LMM 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 or any person associated with an Applicant.

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

Exchange Rule 6.82-O(c): Obligations of LMMs

Each LMM must meet the following obligations:

- (1) Assure that disseminated market quotations are accurate;
- (2) Honor guaranteed markets, including markets required by Exchange Rule 6.86-O and any better markets pledged during the allocation process;
- (3) Generate and automatically update two-sided market quotations with size in all appointed series in accordance with Rule 6.37B (b)-O through the LMMs own proprietary auto quoting system;
- (4) Fulfill general Market Maker obligations under Exchange Rule 6.37-O and 6.37A-O;
- (5) Be accessible throughout every business day. An LMM shall promptly notify a Trading Official if such LMM shall not be accessible at any time during the day. The Exchange may designate an approved LMM to act as a back-up LMM in the event such appointed LMM is not accessible;
- (6) 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;
- (7) Reserved
- (8) Reserved
- (9) Promote the Exchange as a marketplace by assisting in meeting and educating market participants and taking the time for travel related thereto;
- (10) Maintain communications with member firms in order to respond to suggestions and complaints;
- (11) Respond to competition by offering competitive markets and competitively-priced services;
- (12) Maintain a cash or liquid asset position of at least \$1,000,000. In the event that two or more LMMs are associated with each other and deal for the same LMM account, this requirement will apply to such LMMs collectively, rather than to each LMM individually;
- (13) Fully satisfy conditions of appointments pursuant to Subsection (b)(1)(B) of this Rule;
- (14) Promptly inform the Exchange of any material change in financial or operational condition or in personnel.

SECTION 3 – REQUIRED INFORMATION & ACKNOWLEDGEMENT

The undersigned Applicant, applying for registration as a LMM, accepts full responsibility for having knowledge of and adhering to all applicable rules and regulations governing the trading facility of the Exchange, including its subsidiaries and affiliates. The undersigned acknowledges the following requirements:

1. Maintain the net capital requirements as prescribed by Exchange Rule 4-O and SEC Rule 15c3-1, whichever is greater. The net capital requirements apply only to the registered LMM firm rather than to each MMAT individually.
2. Maintain a cash or liquid asset position of at least \$1,000,000. In the event that two or more LMMs are associated with each other and deal for the same LMM account, this requirement will apply to such LMMs collectively, rather than to each LMM individually.
3. The LMM's OTP Clearing Firm will provide daily equity information to FINRA, acting as agent for the Exchange, for LMM cash or liquid asset position review.
4. Provide monthly financial statements consisting of FOCUS Form X-17A-5 to FINRA, acting as agent for the Exchange, for Market Maker capital compliance review.
5. Provide detailed financial reports and such other operational reports to the Exchange or FINRA, acting as agent for the Exchange as may be required.
6. Disclose promptly any material change in financial or operational condition, or in personnel in accordance with the rules and procedures of the Exchange.
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 the rules of the Exchange. Such written procedures shall at all times be available for inspection by staff or agents of the Exchange

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.

Authorized signatory for OTP Firm

Date

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

Title

AUTHORIZED ACKNOWLEDGEMENT OF THE APPLICANT'S CLEARING FIRM

Authorized signatory for OTP Clearing Firm

Date

Print Name

Title

OTP Clearing Firm

Clearing No.