

# **NYSE Arca, Inc.**

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## ***Application for Market Maker\* Registration***

\*Includes Market Maker & Lead Market Maker

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## **Application Process**

### **Filing Requirements**

Prior to submitting the Application to become a Market Maker, an applicant Broker-Dealer must have completed the Equity Trading Permit (“ETP”) application. A firm will not be eligible for approval as a Market Maker until after their ETP application is approved.

### **Checklist**

Applicant ETP must complete and submit all materials as required in this Application Checklist (page 4) to [crs@nyse.com](mailto:crs@nyse.com).

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

**Email: [crs@nyse.com](mailto:crs@nyse.com); Phone: (212) 896-2830, option 5.**

### **Application Process**

- Following submission of the Application for Market Maker Registration and supporting documents, NYSE Arca will review the application for completeness, assess the firm’s capital sufficiency, review registration and disclosure information for the Applicant and each listed Market Maker Authorized Trader, and review the Applicant’s written supervisory procedures.
- Applicant ETP Broker-Dealers must designate within Section 1 whether they are applying as a Market Maker ETP (“METP”), and/or as a Lead Market Maker ETP (“LETP”).
- 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 reviewed by NYSE Arca for approval or disapproval.
- NYSE Arca will notify the applicant Broker-Dealer in writing of their decision.
- In the event an applicant Broker-Dealer is disapproved by NYSE Arca, the applicant Broker-Dealer has 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 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.

### **Approved Lead Market Maker ETP Firms:**

Approved LETP firms will receive all Green Sheet postings via e-mail and may apply to become the LMM in a particular security with NYSE Arca as its primary listing venue by completing the LMM Registration Application. Eligible LETP firms may be selected as the LMM for a particular security based on input by the listing company, or may be selected randomly from a list of LETPs who have submitted their LMM application for that security. LMM selection based on input by the listing company will require interviews between the LMM applicant(s) and the listing company.

## APPLICATION CHECKLIST & FEES – NEW NYSE ARCA MARKET MAKER APPLICANTS

- Approved Equity Trading Permit (“ETP”) application (or in process)
- Application for Market Maker Registration, Sections 1 through 6
- Form U4 and fingerprint cards for each Market Maker Authorized Trader listed in Section 3 are available on Web CRD®
- Proof of Passing Series 57 Test Score for each Market Maker Authorized Trader listed in Section 3; or
- Request for a Series 57 Waiver has been requested via WebCRD been granted by NYSE Arca.
- Market Maker Orientation Acknowledgement  
[https://www.nyse.com/publicdocs/nyse/markets/liquidity-programs/arca\\_mm\\_orientation.pdf](https://www.nyse.com/publicdocs/nyse/markets/liquidity-programs/arca_mm_orientation.pdf)
- Copy of Applicant’s Written Supervisory Procedures (“WSPs”) for Market Making on NYSE Arca, LLC
- Financial Documentation
  - Four (4) Most Recent FOCUS Reports<sup>1</sup> and Most Recent Audited Financial Statements, if applicable
  - Most Recent Balance Sheet and Capital Computation
  - Six Month Profit/Loss Projection
  - Subordination Agreements, if applicable
- 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)

## ADDITIONAL INFORMATION FOR BROKER-DEALERS REQUESTING TO BECOME A LEAD MARKET MAKER ETP ON NYSE ARCA

- NYSE Arca LMM Certification Test
  - Approved Lead Market Makers must confirm in writing that they have tested and are able to maintain continuous two-sided quotes.

<sup>1</sup> 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.

## EXPLANATION OF TERMS & PROCESSES

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

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

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

**Designated Market Maker (“DMM”)** – a registered Market Maker that participates in the Directed Order Process

**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.

**Financial Arrangement** – (1) the direct financing of an ETP 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.

**Lead Market Maker (“LMM”)** – a registered Market Maker that is the exclusive DMM in listings for which the Corporation is the primary market

**Lead Market Maker ETP (“LETP”)** – an approved Market Maker with NYSE Arca, Inc. eligible to apply as an LMM

**Market Maker** – an ETP Holder approved by the Corporation to act as a Market Maker pursuant to NYSE Arca Rule 7.20-E

**Market Maker Authorized Trader (“MMAT”)** – an authorized trader who performs market-making activities pursuant to NYSE Arca Equities Rule 7.21-E, on behalf of a Market Maker.

**NYSE Arca, Inc. (“NYSE Arca” 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. NYSE Arca, Inc. is the Self-Regulatory Organization for NYSE Arca, LLC

**NYSE Arca, LLC** – The equities marketplace and a trading facility of NYSE Arca, Inc.

**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 conduct inconsistent with just and equitable principles of trade.

**Symbols** – refers to stock symbols that may be assigned to a MMAT. Symbols are assigned at the firm level and are traded by the MMATs. Symbols may be added or removed on a daily basis, based on requests emailed to Exchange Security Operations, operationsclearing@nyx.com, with said request. At this time, OTC symbols are not eligible for market making. Upon approval, by default, two test symbols (ZVV and M.TEST) will be assigned to the firm for testing purposes

**SECTION 1 – ORGANIZATIONAL PROFILE**

Date: \_\_\_\_\_ SEC #: \_\_\_\_\_ CRD #: \_\_\_\_\_ MPID \_\_\_\_\_  
(If NASDAQ Participant)

Application  Amendment

THE APPLICANT INTENDS TO REGISTER AS A(N) (Check all that apply):

Market Maker (METP)  Lead Market Maker (LETP)

**GENERAL INFORMATION**

Name of Applicant ETP: \_\_\_\_\_  
 Business Address: \_\_\_\_\_  
 City: \_\_\_\_\_ State: \_\_\_\_\_ Zip Code: \_\_\_\_\_  
 Business Phone: \_\_\_\_\_ Fax: \_\_\_\_\_  
 Contact Name: \_\_\_\_\_ Title: \_\_\_\_\_  
 Phone: \_\_\_\_\_ Fax: \_\_\_\_\_  
 Email: \_\_\_\_\_

**ETP APPROVAL STATUS**

Applicant organization is currently an approved Equity Trading Permit Holder with NYSE Arca \*  
 \* All Market Maker Applicants must be approved ETP holders

**NET CAPITAL**

Amount: \_\_\_\_\_ As of Date: \_\_\_\_\_ Focus Report Line Item\*: \_\_\_\_\_

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

**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 \_\_\_\_\_

**SECURITIES**

List the number of securities for which your firm requests approval: \_\_\_\_\_

**OTHER BUSINESS ACTIVITIES**

Check all that apply:

Investment Banking  Public Securities Business  Proprietary Trading  
 Options Market Maker  Other \_\_\_\_\_

**SECTION 2 – OTHER AFFILIATIONS**

Is the Applicant a dealer/specialist or Market Maker on a registered national securities exchange(s) or association? If yes, please provide the relevant information below.

Yes       No

*Applicants who currently act as a Specialist on the New York Stock Exchange, LLC (“NYSE”) are reminded of their requirements pursuant to NYSE Rules 36 and 98.*

**SRO:** \_\_\_\_\_

Operating Capacity: \_\_\_\_\_

List Securities \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

**SRO:** \_\_\_\_\_

Operating Capacity: \_\_\_\_\_

List Securities \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

**SRO:** \_\_\_\_\_

Operating Capacity: \_\_\_\_\_

List Securities \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

**SECTION 3 – MARKET MAKER AUTHORIZED TRADER APPLICANT LIST**

Ensure a Form U4 for each of the individuals identified below is available on Web CRD®. To be eligible for registration as a MMAT, as defined in NYSE Arca Rule 1.1(aa), a person must (i) have successfully completed the Securities Trader Qualification Examination (Series 57), (ii) complete the NYSE Arca Equities sponsored training and orientation program, and (iii) register each individual on Web CRD® in the appropriate NYSE Arca registration category (MT). The NYSE Arca Equities sponsored training and orientation program is available at:

[https://www.nyse.com/publicdocs/nyse/markets/liquidity-programs/arca\\_mm\\_orientation.pdf](https://www.nyse.com/publicdocs/nyse/markets/liquidity-programs/arca_mm_orientation.pdf)

**LEAD MARKET MAKER DESIGNEE (Required for Lead Market Maker ETP Applicants Only)**

Full Name: \_\_\_\_\_ Date of Birth: \_\_\_\_\_  
 Street Address: \_\_\_\_\_ Suite/Floor: \_\_\_\_\_  
 City: \_\_\_\_\_ State: \_\_\_\_\_ Zip Code: \_\_\_\_\_  
 Phone Number: \_\_\_\_\_ Fax Number: \_\_\_\_\_  
 E-Mail Address: \_\_\_\_\_

Will this individual be registered as a Market Maker Authorized Trader:

Yes (Please complete the information below)  No

CRD #: \_\_\_\_\_ Qualifying Exam:  Yes  No NYSE Arca Orientation:  Yes  No

Employer Broker-Dealer: \_\_\_\_\_ Operating Capacity: \_\_\_\_\_

Employment Dates: \_\_\_\_\_ SRO Affiliation: \_\_\_\_\_

Form U4, Proof of Series 57, and Fingerprint Card Information is current and accessible for this person on WebCRD®

**MARKET MAKER AUTHORIZED TRADER**

Full Name: \_\_\_\_\_ Date of Birth: \_\_\_\_\_

CRD #: \_\_\_\_\_ Qualifying Exam:  Yes  No NYSE Arca Orientation:  Yes  No

Employer Broker-Dealer: \_\_\_\_\_ Employer CRD #: \_\_\_\_\_

Form U4, Proof of Series 57, and Fingerprint Card Information is current and accessible for this person on WebCRD®

**MARKET MAKER AUTHORIZED TRADER**

Full Name: \_\_\_\_\_ Date of Birth: \_\_\_\_\_

CRD #: \_\_\_\_\_ Qualifying Exam:  Yes  No NYSE Arca Orientation:  Yes  No

Employer Broker-Dealer: \_\_\_\_\_ Employer CRD #: \_\_\_\_\_

Form U4, Proof of Series 57, and Fingerprint Card Information is current and accessible for this person on WebCRD®

PLEASE USE MULTIPLE COPIES OF THIS FORM TO LIST ADDITIONAL MARKET MAKER AUTHORIZED TRADERS



**SECTION 4 – MARKET MAKER ORIENTATION ACKNOWLEDGEMENT**

The firm acknowledges responsibility that each MMAT listed within this application or subsequently added in the future will review the entire Market Maker Orientation program offered on the NYSE Arca website:

[https://www.nyse.com/publicdocs/nyse/markets/liquidity-programs/arca\\_mm\\_orientation.pdf](https://www.nyse.com/publicdocs/nyse/markets/liquidity-programs/arca_mm_orientation.pdf)

Complete review of the Market Maker Orientation program by each MMAT is a requirement of application approval.

The Applicant Broker-Dealer also acknowledges that failure by any MMAT to complete the orientation program prior to trading on NYSE Arca, LLC may result in disciplinary action against the Broker-Dealer and the MMAT.

\_\_\_\_\_  
Applicant Broker-Dealer

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

\_\_\_\_\_  
Date

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

\_\_\_\_\_  
Title

**SECTION 5 – REQUIRED INFORMATION & ACKNOWLEDGEMENT**

The undersigned, applying for registration as a Market Maker\*, accepts full responsibility for having knowledge of and adhering to all rules and regulations governing the equities trading facility of NYSE Arca, Inc.called NYSE Arca LLC. The undersigned acknowledges the following requirements:

1. **Minimum Net Capital Requirements**

Note: the requirements in items 1(a) and (b) apply only to the registered Market Maker rather than to each MMAT individually.

(a) **Market Makers Subject to the Aggregate Indebtedness Requirement**

Maintain minimum net capital that is the greater of: (i) \$100,000; (ii) \$2,500 for each security that it is registered as a Market Maker (unless a security in which it makes a market has a market value of \$5 or less, in which event the amount of net capital shall be not less than \$1,000 for each such security) based on the average number of securities that such Market Maker is registered during the 30 days immediately preceding the computation date; (iii) 6 2/3 percent of aggregate indebtedness; or (iv) the amount prescribed by SEC Rule 15c3-1.

(b) **Market Makers Subject to the Alternative Net Capital Requirement**

Maintain minimum net capital that is the greater of (i) \$250,000; (ii) 2 percent of aggregate indebtedness; or (iii) the amount prescribed by SEC Rule 15c3-1.

- 2. Provide monthly financial statements consisting of FOCUS Form X-17A-5 to FINRA's Risk Oversight & Oper. Reg department for Market Maker capital compliance review.
- 3. Provide detailed financial reports and such other operational reports to FINRA's Risk Oversight & Oper. Reg department as it may require.
- 4. Disclose promptly any material change in financial or operational condition, or in personnel in accordance with the rules and procedures of NYSE Arca.
- 5. 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 Arca rules. Such written procedures shall at all times be available for inspection by NYSE Arca staff.

\*Includes Market Maker and/or Lead Market Maker

**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