SECURITIES AND EXCHANGE COMMISSION

[Release No. 34–84336; File No. SR–NYSE–2018–44]

Self-Regulatory Organizations; New York Stock Exchange LLC; Notice of Filing and Immediate Effectiveness of Amendments To Rules Regarding Qualification, Registration and Continuing Education Applicable to Members and Member Organizations

October 2, 2018.

Pursuant to Section 19(b)(1) [1] of the Securities Exchange Act of 1934 (the ''Act'') [2] and Rule 19b–4 thereunder,[3] notice is hereby given that on September 27, 2018, New York Stock Exchange LLC (''NYSE'' or the ''Exchange'') filed with the Securities and Exchange Commission (the ''Commission'') the proposed rule change as described in Items I and II below, which Items have been prepared by the self-regulatory organization. The Commission is publishing this notice to solicit comments on the proposed rule change from interested persons.

I. Self-Regulatory Organization's Statement of the Terms of Substance of the Proposed Rule Change

The Exchange proposes amendments to the Exchange's rules regarding qualification, registration and continuing education requirements applicable to members or member organizations. To the extent the Exchange's rule proposal is intended to harmonize with Financial Regulatory Authority, Inc. (''FINRA'') rules and thus promote consistency within the securities industry, the Exchange is only adopting rules that are relevant to the Exchange's members or member organizations. The Exchange is not adopting registration categories that are not applicable to members or member organizations because members or member organizations do not engage in the type of business that would require such registration. As such, the Exchange is amending current Rule 345A regarding continuing education requirements to reflect the FINRA rule; adopting Commentary .60 to current Rule 345A regarding fingerprint information; adopting new Rule 1210 regarding registration requirements and related Commentary to new Rule 1210; adopting new Rule 1220 regarding registration categories [4] and related Commentary to new Rule 1220; and adopting new Rule 1230 regarding associated persons exempt from registration and related Commentary to new Rule 1230. Each of these rule changes, which are [sic] described in more detail below, would become operative on October 1, 2018. The proposed rule change is available on the Exchange's website at *www.nyse.com,* at the principal office of the Exchange, and at the Commission's Public Reference Room.

II. Self-Regulatory Organization's Statement of the Purpose of, and Statutory Basis for, the Proposed Rule Change

In its filing with the Commission, the self-regulatory organization included statements concerning the purpose of, and basis for, the proposed rule change and discussed any comments it received on the proposed rule change. The text of those statements may be examined at the places specified in Item IV below. The Exchange has prepared summaries, set forth in sections A, B, and C below, of the most significant parts of such statements.

A. Self-Regulatory Organization's Statement of the Purpose of, and the Statutory Basis for, the Proposed Rule Change

1. Purpose

The Exchange proposes to amend its qualification, registration, and continuing education requirements applicable to members or member organizations. The proposed amendments are intended to: (i) Provide transparency and clarity with respect to the Exchange's registration, qualification and examination requirements; (ii) amend its rules relating to categories of registration and respective qualification examinations required for ETP Holders that engage in trading activities on the Exchange; (iii) harmonize the Exchange's qualification, registration and examination rules with those of FINRA [5] so as to promote uniform standards across the securities industry; and (iv) add new definitions of terms and make other conforming changes to enhance the comprehensiveness and clarity of the Exchange's rules.[6] The proposed changes are discussed below.

A. Amendment to Rule 345, Commentary .10

Rule 345, Commentary .10, provides the definition of a Securities Trader as any person engaged in the purchase or sale of securities or other similar instruments for the account of a member organization with which such person is associated, as an employee or otherwise, and who does not transact any business with the public. With this proposed rule change, the Exchange proposes to adopt FINRA's definition of Securities Trader (as described below) and therefore, proposes to add a reference in Rule 345, Commentary .10 to Rule 2.1220(b)(3) [sic] as the appropriate rule in the Exchange's Rulebook where the definition of Securities Trader can be found.

Further, Rule 345, Commentary .10, states that a Securities Trader must be registered as such on Web CRD and pass the Series 57 examination. Given the formulation of the Securities Industry Essentials (''SIE'') examination (discussed below) which all potential representative-level registrants would be required to pass, the Exchange proposes to amend the current rule to require that a Securities Trader must register as such on Web CRD and must pass both the SIE examination and the Series 57 examination.

B. Amendments to Rule 345A—Continuing Education Requirements

Rule 345A provides the continuing education requirements of registered persons [7] subsequent to their initial qualification and registration with the Exchange, and includes a Regulatory Element and a Firm Element. The Regulatory Element applies to registered persons and consists of periodic computer-based training on regulatory, compliance, ethical, supervisory subjects and sales practice standards.

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[1] 15 U.S.C. 78s(b)(1).

[2] 15 U.S.C. 78a.

[3] 17 CFR 240.19b–4.

[4] The relevant principal registration categories the Exchange proposes to adopt are (1) Principal; (2) General Securities Principal; (3) Compliance Officer; (4) Financial and Operations Principal and Introducing Broker-Dealer Financial and Operations Principal; (5) Securities Trader Principal; and (6) General Securities Sales Supervisor. The relevant representative registration categories the Exchange proposes to adopt are (1) Representative; (2) General Securities Representative; and (3) Securities Trader.

[5] *See* Securities Exchange Act Release No. 81098 (July 7, 2017), 82 FR 32419 (July 13, 2017) (SR–FINRA–2017–007) (Approval Order) (the ''FINRA Filing''). The Exchange notes that in order to maintain consistency with the FINRA Filing, the Exchange proposes to incorporate certain terms from the relevant FINRA rule into the Exchange's rule that may not be applicable to all member organizations. For example, while member organizations may not be engaged in ''investment banking'' activity, the Exchange proposes to adopt that term within these registration rules to conform them to the FINRA rules.

[6] The conforming changes the Exchange proposes would substitute the term ''member or member organization'' for ''member'' and the term ''Exchange'' for ''FINRA.''

[7] For purposes of Rule 345A, the term ''registered person'' means any member, principal executive, registered representative, or other person registered or required to be registered under Exchange rules, but does not include any such person whose activities are limited solely to the transaction of business on the Floor with member or registered broker-dealers. *See* Rule 345A, Commentary .10.

The Firm Element consists of at least an annual, member-developed and administered training programs [sic] designed to keep registered persons current regarding securities products, services and strategies offered by the member or member organization.

1. Regulatory Element

The Exchange proposes to amend Rule 345A(a) to provide, consistent with proposed Rule 2.1210 [sic], Commentary .08, that a waiver-eligible person would be subject to a Regulatory Element program that correlates to his or her most recent registration category, and that the content of the Regulatory Element would be based on the same cycle had the individual remain [sic] registered.[8] The proposed amendment to Rule 345A(a) also provides that if a waiver-eligible person fails to complete the Regulatory Element during the prescribed time frames, he or she would lose waiver eligibility.[9]

Further, the Exchange proposes to amend Rule 345A(a) to provide that any person whose registration has been deemed inactive under the rule may not accept or solicit business or receive any compensation for the purchase or sale of securities. The proposed amendment provides, however, that such person may receive trail or residual commissions resulting from transactions completed before the inactive status, unless the member or member organization with which the person is associated has a policy prohibiting such trail or residual commissions.[10]

Additionally, under Rule 345A(a), a registered person is required to retake the Regulatory Element in the event that such person (i) is subject to any statutory disqualification as defined in Section 3(a)(39) of the Exchange Act; (ii) is subject to suspension or to the imposition of a fine of $5,000 or more for violation of any provision of any securities law or regulation, or any agreement with or rule or standard of conduct of any securities governmental agency, securities self-regulatory organization, or as imposed by any such regulatory or self-regulatory organization in connection with a disciplinary proceeding; or (iii) is ordered as a sanction in a disciplinary action to retake the Regulatory Element by any securities governmental agency or self-regulatory organization. The Exchange proposes to amend Rule 345A(a) to provide an exception to a waiver-eligible person from retaking the Regulatory Element and satisfy [sic] all of its requirements.[11]

2. Firm Element

Current Rule 345A(b) provides that programs used to implement a member's or member organization's training program must be appropriate for the business of the member or member organization and, at a minimum must cover specific matters concerning securities products, services, and strategies offered by the member or member organization. The Exchange proposes to amend the current rule to expand the minimum standard for such training programs by requiring that, at a minimum, a firm's training program must also cover training in ethics and professional responsibility.[12]

C. Proposed New Rule 345A—Commentary .60—Fingerprint Information [13]

The Exchange proposes to adopt new Rule 345A, Commentary .60, regarding the submission of fingerprint information by member organizations. As proposed, upon filing an electronic Form U4 on behalf of a person applying for registration, a member organization would be required to promptly submit fingerprint information for that person. If the member organization fails to submit the fingerprint information within 30 days after the Exchange receives the electronic Form U4, the person's registration shall be deemed inactive and the person would be required to immediately cease all activities requiring registration and would be prohibited from performing any duties and functioning in any capacity requiring registration. The proposed rule further provides allows [sic] the Exchange to administratively terminate a registration that is inactive for a period of two years. However, a person whose registration is administratively terminated may seek to reactivate his or her registration by reapplying for registration and meeting the qualification requirements under Exchange rules.

D. Proposed New Rules 1210 Through 1230

As a general matter, FINRA administers qualification examinations that are designed to establish that persons associated with member organizations have attained specified levels of competence and knowledge. Over time, the examination program has increased in complexity to address the introduction of new products and functions, and related regulatory concerns and requirements. As a result, today, there are a large number of examinations, considerable content overlap across the representative-level examinations and requirements for individuals in various segments of the industry to pass multiple examinations. To address these issues, FINRA has formulated a general knowledge examination called the Securities Industry Essentials examination that all potential representative-level registrants would take.[14] Rule changes related to the adoption of the SIE and other proposed new rules are discussed below.

1. Proposed Rule 1210—Registration Requirements [15]

Proposed Rule 1210 provides that each person engaged in the investment banking or securities business of a member organization must register with the Exchange as a representative or principal in each category of registration appropriate to his or her functions and responsibilities as specified in proposed Rule 1220, unless exempt from registration pursuant to proposed Rule 1230. Proposed Rule 1210 also provides that such person is not qualified to function in any registered capacity other than that for which the person is registered, unless otherwise stated in the rules.

2. Proposed Rule 1210, Commentary .01—Permissive Registrations [16]

The Exchange currently does not have a specific rule that provides for permissive registrations. With this proposed rule change, and to conform its rules to the FINRA rules, the Exchange proposes to adopt a specific rule regarding permissive registrations.

[8] The proposed change is substantially similar to that contained in FINRA Rule 1240(a)(1).

[9] The proposed change is substantially similar to that contained in FINRA Rule 1240(a)(2).

[10] The proposed change is substantially similar to that contained in FINRA Rule 1240(a)(2).

[11] The proposed change is substantially similar to that contained in FINRA Rule 1240(a)(3).

[12] The proposed change is substantially similar to that contained in FINRA Rule 1240(b)(2).

[13] The proposed rule is substantially similar to FINRA Rule 1010(d).

[14] The SIE would assess basic product knowledge; the structure and function of the securities industry markets, regulatory agencies and their functions; and regulated and prohibited practices. In particular, the SIE will cover four major areas. The first, ''Knowledge of Capital Markets,'' focuses on topics such as types of markets and offerings, broker-dealers and depositories, and economic cycles. The second, ''Understanding Products and Their Risks,'' covers securities products at a high level as well as associated investment risks. The third, ''Understanding Trading, Customer Accounts and Prohibited Activities,'' focuses on accounts, orders, settlement and prohibited activities. The final area, ''Overview of the Regulatory Framework,'' encompasses topics such as SROs, registration requirements and specified conduct rules.

[15] The proposed rule is substantially similar to FINRA Rule 1210.

[16] The proposed rule is substantially similar to FINRA Rule 1210.02.

Proposed Rule 1210, Commentary .01, allows any associated person to obtain and maintain any registration permitted by a member organization. For instance, an associated person of a member organization working solely in a clerical or ministerial capacity would be able to obtain and maintain a General Securities Representative registration with the member organization. As another example, an associated person of a member organization who is registered, [sic] and functioning solely as a General Securities Representative would be able to obtain and maintain a General Securities Principal registration with the member organization. Further, proposed Rule 1210, Commentary .01, allows an individual engaged in the securities business of a foreign securities affiliate or subsidiary of a member organization to obtain and maintain any registration permitted by the member organization.

The Exchange is proposing to permit the registration of such individuals for several reasons. First, a member organization may foresee a need to move a former representative or principal who has not been registered for two or more years back into a position that would require such person to be registered. Currently, such persons are required to requalify (or obtain a waiver of the applicable qualification examinations) and reapply for registration. Second, the proposed rule change would allow member organizations to develop a depth of associated persons with registrations in the event of unanticipated personnel changes. Finally, allowing registration in additional categories encourages greater regulatory understanding.

Individuals maintaining a permissive registration under the proposed rule change would be considered registered persons and subject to all Exchange rules, to the extent relevant to their activities. Additionally, consistent with the requirements of the Exchange's supervision rules, member organizations would be required to have adequate supervisory systems and procedures reasonably designed to ensure that individuals with permissive registrations do not act outside the scope of their assigned functions. With respect to an individual who solely maintains a permissive registration, such as an individual working exclusively in an administrative capacity, the individual's day-to-day supervisor may be a non-registered person. However, for purposes of compliance with the Exchange's supervision rules, a member organization would be required to assign a registered supervisor who would be responsible for periodically contacting such individual's day-to-day supervisor to verify that the individual is not acting outside the scope of his or her assigned functions. If such individual is permissively registered as a representative, the registered supervisor must be registered as a representative or principal. If the individual is permissively registered as a principal, the registered supervisor must be registered as a principal.[17]

3. Proposed Rule 1210, Commentary .02—Qualification Examinations and Waivers of Examinations [18]

Proposed Rule 1210, Commentary .02, provides that before the registration of a person as a representative can become effective under proposed Rule 1210, such person must pass the SIE and an appropriate representative-level qualification examination as specified in proposed Rule 1220.[19] Proposed Rule 1210, Commentary .02, also provides that before the registration of a person as a principal can become effective under proposed Rule 1210, such person must pass an appropriate principal-level qualification examination as specified in proposed Rule 1220.

Further, proposed Rule 1210, Commentary .02, provides that if a registered person's job functions change and he or she needs to become registered in another representative-level category, he or she would not need to pass the SIE again. Rather, the registered person would need to pass only the appropriate representative-level qualification examination.

Moreover, proposed Rule 1210, Commentary .02, provides that all associated persons, such as associated persons whose functions are solely and exclusively clerical or ministerial, are eligible to take the SIE. Proposed Rule 1210, Commentary .02, also provides that individuals who are not associated persons of firms, such as members of the general public, are eligible to take the SIE. The Exchange believes that expanding the pool of individuals who are eligible to take the SIE would enable prospective securities industry professionals to demonstrate to prospective employers a basic level of knowledge prior to submitting a job application. Further, this approach would allow for more flexibility and career mobility within the securities industry. While all associated persons of firms as well as individuals who are not associated persons would be eligible to take the SIE pursuant to the proposed rule, passing the SIE alone would not qualify them for registration with the Exchange. Rather, to be eligible for registration with the Exchange, an individual must pass an applicable representative or principal qualification examination and complete the other requirements of the registration process.

Proposed Rule 1210, Commentary .02, also provides that the Exchange may, in exceptional cases and where good cause is shown, pursuant to the Rule 9600 Series, waive the applicable qualification examination(s) and accept other standards as evidence of an applicant's qualifications for registration. The proposed rule further provides that the Exchange will only consider examination waiver requests submitted by a member organization for individuals associated with the member organization who are seeking registration in a representative- or principal-level registration category. Moreover, the proposed rule states that the Exchange will consider waivers of the SIE alone or the SIE and the representative- and principal-level examination(s) for such individuals. The Exchange would not consider a waiver of the SIE for non-associated persons or for associated persons who are not registering as representatives or principals.

4. Proposed Rule 1210, Commentary .03—Requirements for Registered Persons Functioning as Principals for a Limited Period [20]

Proposed Rule 1210, Commentary .03, provides that a member organization may designate any person currently registered, or who becomes registered, with the member organization as a representative to function as a principal for a limited period, provided that such person has at least 18 months of experience functioning as a registered representative with [sic] the five-year period immediately preceding the designation. The proposed rule is intended to ensure that representatives designated to function as principals for the limited period under the proposal have an appropriate level of registered representative experience. The proposed rule clarifies that the requirements of the rule apply to designations to any principal category, including those categories that are not subject to a

[17] In either case, the registered supervisor of an individual who solely maintains a permissive registration would not be required to be registered in the same representative or principal registration category as the permissively-registered individual.

[18] The proposed rule is substantially similar to FINRA Rule 1210.03.

[19] Proposed Rule 1220 sets forth each registration category and applicable qualification examination for member organizations.

[20] The proposed rule is substantially similar to FINRA Rule 1210.04.

prerequisite representative-level registration requirement, such as the Financial and Operations Principal registration category.[21]

The proposed rule also clarifies that the individual must fulfill all applicable prerequisite registration, fee and examination requirements before his or her designation as a principal. Further, the proposed rule provides that in no event may such person function as a principal beyond the initial 120 calendar days without having successfully passed an appropriate principal qualification examination. The proposed rule also provides an exception to the experience requirement for principals who are designated by a member organization to function in other principal categories for a limited period. Specifically, the proposed rule states that a member organization may designate any person currently registered, or who becomes registered, with the member organization as a principal to function in another principal category for 120 calendar days before passing any applicable examinations.

5. Proposed Rule 1210, Commentary .04—Rules of Conduct for Taking Examinations and Confidentiality of Examinations [22]

Proposed Rule 1210, Commentary .04 states that associated persons taking the SIE would be subject to the SIE Rules of Conduct, and associated persons taking a representative or principal examination would be subject to the Rules of Conduct for representative and principal examinations. Pursuant to proposed Rule 1210, Commentary .04, a violation of the SIE Rules of Conduct or the Rules of Conduct for representative and principal examinations by an associated person would be deemed to be a violation of Rule 2010. Moreover, if an associated person is deemed to have violated the SIE Rules of Conduct or the Rules of Conduct for representative and principal examinations, the associated person may forfeit the results of the examination and may be subject to disciplinary action by the Exchange.

Further, the proposed rule states that individuals taking the SIE who are not associated persons must agree to be subject to the SIE Rules of Conduct. Among other things, the SIE Rules of Conduct would require individuals to attest that they are not qualified to engage in the investment banking or securities business based on passing the SIE and would prohibit individuals from cheating on the examination or misrepresenting their qualifications to the public subsequent to passing the SIE. Moreover, non-associated persons may forfeit their SIE results and may be prohibited from retaking the SIE if the Exchange determines that they cheated on the SIE or that they misrepresented their qualifications to the public subsequent to passing the SIE.

The proposed rule further notes that the Exchange considers all qualification examinations [sic] content to be highly confidential and that the removal of examination content from an examination center, reproduction, disclosure, receipt from or passing to any person, or use for study purposes of any portion of such qualification examination or any other use that would compromise the effectiveness of the examinations and the use in any manner and at any time of the questions or answers to the examinations is prohibited and would be deemed a violation of Rule 2010.

6. Proposed Rule 1210, Commentary .05—Waiting Periods for Retaking a Failed Examination [23]

Proposed Rule 1210, Commentary .05 provides that any person who fails a qualification examination may retake that examination after 30 calendar days from the date of the person's last attempt to pass that examination. The proposed rule further provides that if a person fails an examination three or more times in succession within a two-year period, he or she would be prohibited from retaking the examination either until a period of 180 calendar days from the date of the person's last attempt to pass it [sic]. These waiting periods would apply to the SIE and the representative- and principal-level examinations. Moreover, the proposed rule provides that non-associated persons taking the SIE must agree to be subject to the same waiting periods for retaking the SIE.

7. Proposed Rule 1210, Commentary .06—All Registered Persons Must Satisfy the Regulatory Element of Continuing Education [24]

Pursuant to Rule 345A, the CE requirements applicable to registered persons consist of a Regulatory Element [25] and a Firm Element.[26] The Regulatory Element applies to registered persons and must be completed within prescribed time frames.[27] For purposes of the Regulatory Element, a registered person is any member, principal executive, registered representative, or other person registered or required to be registered under Exchange rules, but does not include any such person whose activities are limited solely to the transaction of business on the Floor with member [sic] or registered broker-dealers. The Firm Element consists of annual, member organization-developed and administered training programs designed to keep covered registered persons current regarding securities products, services and strategies offered by the member organization. For purposes of the Firm Element, the term covered registered persons means any person registered with a member organization who has direct contact with customers in the conduct of the member organization's securities sales, trading and investment banking activities and to the immediate supervisors of such persons.

The Exchange believes that all registered persons, regardless of their activities, should be subject to the Regulatory Element of the CE requirements so that they can keep their knowledge of the securities industry current. Therefore, the Exchange proposes to adopt Rule 1210, Commentary .06, to clarify that all registered persons, including those who solely maintain a permissive registration, are required to satisfy the Regulatory Element, as specified in Rule 345A(a). The Exchange is making corresponding changes to Rule 345A(a) [sic]. The Exchange is not proposing any changes to the Firm Element requirement at this time. Individuals

[21] The Exchange notes that qualifying as a registered representative is a prerequisite to qualifying as a principal except with respect to the following principal-level registrations: (1) Compliance Official; (2) Financial and Operations Principal; and (3) Introducing Broker-Dealer Financial and Operations Principal.

[22] The proposed rule is substantially similar to FINRA Rule 1210.05.

[23] The proposed rule is substantially similar to FINRA Rule 1210.06.

[24] The proposed rule is substantially similar to FINRA Rule 1210.07.

[25] *See* Rule 345A(a).

[26] *See* Rule 345A(b).

[27] Pursuant to Rule 345A(a), each specified registered person is required to complete the Regulatory Element initially within 120 days after the person's second registration anniversary date and, thereafter, within 120 days after every third registration anniversary date. A registered person who has not completed the Regulatory Element program within the prescribed time frames will have his or her registrations deemed inactive and designated as ''CE inactive'' on the CRD system until such time as the requirements of the program have been satisfied. A CE inactive person is prohibited from performing, or being compensated for, any activities requiring registration, including supervision. Moreover, if a registered person is CE inactive for a two-year period, the Exchange will administratively terminate the person's registration status. The two-year period would be calculated from the date the person becomes CE inactive. In either case, such person must requalify (or obtain a waiver of the applicable qualification examination(s)) to be re-eligible for registration.

who have passed the SIE but not a representative- or principal-level examination and do not hold a registered position would not be subject to any CE requirements.

Proposed Rule 1210, Commentary .06, also provides that a registered person of a member organization who becomes CE inactive would not be permitted to be registered in another registration category with the member organization or be registered in any registration category with another member organization, until the person has satisfied the Regulatory Element.

8. Proposed Rule 1210, Commentary .07—Lapse of Registration and Expiration of the SIE [28]

Proposed Rule 1210, Commentary .07, provides that any person who was last registered as a representative two or more years immediately preceding the date of receipt by the Exchange of a new application for registration as a representative is required to pass a qualification examination for representatives appropriate to the category of registration as specified in proposed Rule 1220(b). Proposed Rule 1210, Commentary .07, also sets forth that a passing result on the SIE would be valid for up to four years. Therefore, under the proposed rule change, an individual who passes the SIE and is an associated person of a member organization at the time would have up to four years from the date he or she passes the SIE to pass a representative-level examination to register as a representative with that member organization, or a subsequent member organization, without having to retake the SIE. In addition, an individual who passes the SIE and is not an associated person at the time would have up to four years from the date he or she passes the SIE to become an associated person of a member organization and pass a representative-level examination and register as a representative without having to retake the SIE.

Moreover, an individual holding a representative-level registration who leaves the industry after the effective date of this proposed rule change would have up to four years to re-associate with a member organization and register as a representative without having to retake the SIE. However, the four-year expiration period in the proposed rule change extends only to the SIE, and not the representative- and principal-level registrations. The representative- and principal-level registrations would continue to be subject to a two-year expiration period as is the case today.

Finally, proposed Rule 1210, Commentary .07, clarifies that, for purposes of the proposed rule, an application would not be considered to have been received by the Exchange if that application does not result in a registration.

9. Proposed Rule 1210, Commentary .08—Waiver of Examinations for Individuals Working for a Financial Services Industry Affiliate of a Member Organization [29]

Proposed Rule 1210, Commentary .08, provides the process for individuals working for a financial services industry affiliate of a member organization [30] to terminate their registrations with the member organization and be granted a waiver of their requalification requirements upon re-registering with a member organization, provided the firm that is requesting the waiver and the individual satisfy the criteria for a Financial Services Affiliate (''FSA'') waiver.

Under the proposed waiver process, the first time a registered person is designated as eligible for a waiver based on the FSA criteria, the member organization with which the individual is registered would notify the Exchange of the FSA designation. The member organization would concurrently file a full Form U5 terminating the individual's registration with the firm, which would also terminate the individual's other SRO and state registrations. To be eligible for initial designation as an FSA-eligible person by a member organization, an individual must have been registered for a total of five years within the most recent 10-year period prior to the designation, including for the most recent year with that member organization. An individual would have to satisfy these preconditions only for purposes of his or her initial designation as an FSA-eligible person, and not for any subsequent FSA designation(s). Thereafter, the individual would be eligible for a waiver for up to seven years from the date of initial designation,[31] provided that the other conditions of the waiver, as described below, have been satisfied. Consequently, a member organization other than the member organization that initially designated an individual as an FSA-eligible person may request a waiver for the individual and more than one member organization may request a waiver for the individual during the seven-year period.[32]

An individual designated as an FSA-eligible person would be subject to the Regulatory Element of CE while working for a financial services industry affiliate of a member organization. The individual would be subject to a Regulatory Element program that correlates to his or her most recent registration category, and CE would be based on the same cycle had the individual remained registered. If the individual fails to complete the prescribed Regulatory Element during the 120-day window for taking the session, he or she would lose FSA eligibility (*i.e.,* the individual would have the standard two-year period after termination to re-register without having to retake an examination). The Exchange is making corresponding changes to Rule 345A.

Upon registering an FSA-eligible person, a firm would file a Form U4 and request the appropriate registration(s) for the individual. The firm would also submit an examination waiver request

[28] The proposed rule is substantially similar to FINRA Rule 1210.08.

[29] The proposed rule is substantially similar to FINRA Rule 1210.09.

[30] Proposed Rule 1210, Commentary .07 [sic], defines a ''financial services industry affiliate of a member organization'' as a legal entity that controls, is controlled by or is under common control with a member organization and is regulated by the SEC, CFTC, state securities authorities, federal or state banking authorities, state insurance authorities, or substantially equivalent foreign regulatory authorities.

[31] Individuals would be eligible for a single, fixed seven-year period from the date of initial designation, and the period would not be tolled or renewed.

[32] The following examples illustrate this point:

Example 1. Firm A designates an individual as an FSA-eligible person by notifying the Exchange and files a Form U5. The individual joins Firm A's financial services affiliate. Firm A does not submit a waiver request for the individual. After working for Firm A's financial services affiliate for three years, the individual directly joins Firm B's financial services affiliate for three years. Firm B then submits a waiver request to register the individual.

Example 2. Same as Example 1, but the individual directly joins Firm B after working for Firm A's financial services affiliate, and Firm B submits a waiver request to register the individual at that point in time.

Example 3. Firm A designates an individual as an FSA-eligible person by notifying the Exchange and files a Form U5. The individual joins Firm A's financial services affiliate for three years. Firm A then submits a waiver request to re-register the individual. After working for Firm A in a registered capacity for six months, Firm A re-designates the individual as an FSA-eligible person by notifying the Exchange and files a Form U5. The individual rejoins Firm A's financial services affiliate for two years, after which the individual directly joins Firm B's financial services affiliate for one year. Firm B then submits a waiver request to register the individual.

Example 4. Same as Example 3, but the individual directly joins Firm B after the second period of working for Firm A's financial services affiliate, and Firm B submits a waiver request to register the individual at that point in time.

to the Exchange,[33] similar to the process used today for waiver requests, and it would represent that the individual is eligible for an FSA waiver based on the conditions set forth below. The Exchange would review the waiver request and make a determination of whether to grant the request within 30 calendar days of receiving the request. The Exchange would summarily grant the request if the following conditions are met:

(1) Prior to the individual's initial designation as an FSA-eligible person, the individual was registered for a total of five years within the most recent 10-year period, including for the most recent year with the member organization that initially designated the individual as an FSA-eligible person;

(2) The waiver request is made within seven years of the individual's initial designation as an FSA-eligible person by a member organization;

(3) The initial designation and any subsequent designation(s) were made concurrently with the filing of the individual's related Form U5;

(4) The individual continuously worked for the financial services affiliate(s) of a member organization since the last Form U5 filing;

(5) The individual has complied with the Regulatory Element of CE; and

(6) The individual does not have any pending or adverse regulatory matters, or terminations, that are reportable on the Form U4, and has not otherwise been subject to a statutory disqualification while the individual was designated as an FSA-eligible person with a member organization.

Following the Form U5 filing, an individual could move between the financial services affiliates of a member organization so long as the individual is continuously working for an affiliate. Further, a member organization could submit multiple waiver requests for the individual, provided that the waiver requests are made during the course of the seven-year period.[34] An individual who has been designated as an FSA-eligible person by a member organization would not be able to take additional examinations to gain additional registrations while working for a financial services affiliate of a member organization.

10. Proposed Rule 1210, Commentary .09—Status of Persons Serving in the Armed Forces of the United States [35]

Proposed Rule 1210, Commentary .09, provides specific relief to registered persons serving in the Armed Forces of the United States. Among other things, the proposed rule permits a registered person of a member organization who volunteers for or is called into active duty in the Armed Forces of the United States to be registered in an inactive status and remain eligible to receive ongoing transaction-related compensation. The proposed rule also includes specific provisions regarding the deferment of the lapse of registration requirements for formerly registered persons serving in the Armed Forces of the United States. The proposed rule further requires that the member organization with which such person is registered promptly notify the Exchange of such person's return to employment with the member organization. The proposed rule would require a member organization that is a sole proprietor to also similarly notify the Exchange of his or her return to participation in the investment banking or securities business. The proposed rule also provides that the Exchange would defer the lapse of the SIE for formerly registered persons serving in the Armed Forces of the United States.

E. Proposed New Rule 1220—Registration Categories [36]

1. Proposed Rule 1220(a)(1)—Principal

As set forth in proposed Rule 1220(a)(1), for purposes of these registration rules, the term ''Principal'' [sic] to mean any Person Associated with a member organization actively engaged in the management of the member organization's securities business, including supervision, solicitation, conduct of the member organization's business, or the training of Authorized Traders and Persons Associated with a member organization for any of these functions. Such Persons include Sole Proprietors, Officers, Partners, and Directors of Corporations.

For purposes of proposed Rule 1220(a)(1), the phrase ''actively engaged in the management of the member organization's securities business'' includes the management of, and the implementation of corporate policies related to, such business. The term also includes managerial decision-making authority with respect to the member organization's securities business and management-level responsibilities for supervising any aspect of such business, such as serving as a voting member of the member organization's executive, management or operations committee.

2. Proposed Rule 1220(a)(2)—General Securities Principal [37]

Proposed Rule 1220(a)(2)(A) states that each principal as defined in proposed Rule 1220(a)(1) is required to register with the Exchange as a General Securities Principal, subject to the following exceptions. The proposed rule provides that if a principal's activities include the functions of a Compliance Officer, a Financial and Operations Principal (or an Introducing Broker-Dealer Financial and Operations Principal, as applicable), a Principal Financial Officer, a Principal Operations Officer, or a Securities Trader Principal, then the principal must appropriately register in one or more of these categories.

Proposed Rule 1220(a)(2)(A) further provides that if a principal's activities are limited solely to the functions of a General Securities Sales Supervisor, then the principal may appropriately register in that category in lieu of registering as a General Securities Principal.

Proposed Rule 1220(a)(2)(B) requires that an individual registering as a General Securities Principal satisfy the General Securities Representative prerequisite registration and pass the General Securities Principal qualification examination. Proposed Rule 1220(a)(2)(B) also clarifies that an individual may register as a General Securities Sales Supervisor and pass the

[33] The Exchange would consider a waiver of the representative-level qualification examination(s), the principal-level qualification examination(s) and the SIE, as applicable.

[34] For example, if a member organization submits a waiver request for an FSA-eligible person who has been working for a financial services affiliate of the member organization for three years and re-registers the individual, the member organization could subsequently file a Form U5 and re-designate the individual as an FSA-eligible person. Moreover, if the individual works with a financial services affiliate of the member organization for another three years, the member organization could submit a second waiver request and re-register the individual upon returning to the member organization.

[35] The proposed rule is substantially similar to FINRA Rule 1210.10.

[36] The Exchange is not adopting the following categories from the FINRA Filing because member organizations do not engage in the type of business that would require registration with the Exchange: Investment Banking Principal, Research Principal, Registered Options Principal, Government Securities Principal, Investment Company and Variable Contracts Products Principal, Direct Participation Programs Principal, Private Securities Offerings Principal, Supervisory Analyst, Operations Professional, Investment Banking Representative, Research Analyst, Investment Company and Variable Contracts Products Representative, Direct Participation Programs Representative, and Private Securities Offering Representative. The Exchange is also not adopting the following categories because the FINRA Filing eliminated them: Order Processing Assistant Representative, United Kingdom Securities Representative, Canadian Securities Representative, Options Representative, Corporate Securities Representative and Government Securities Representative.

[37] The proposed rule is substantially similar to FINRA Rule 1220(a)(2).

General Securities Sales Supervisor qualification examination in lieu of passing the General Securities Principal examination.

As a general matter, the Exchange currently recognizes the Corporate Securities Representative but would no longer recognize this registration category given its elimination by FINRA. Proposed Rule 1220(a)(2)(B), however, provides that, subject to the lapse of registration provisions in proposed Rule 1210, Commentary .07, each person registered with the Exchange as a Corporate Securities Representative and a General Securities Principal on October 1, 2018 and each person who was registered with the Exchange as a Corporate Securities Representative and a General Securities Principal within two years prior to October 1, 2018 would be qualified to register as a General Securities Principal without having to take any additional qualification examinations, provided that such person's supervisory responsibilities in the investment banking and securities business of a member organization are limited to corporate securities activities of the member organization. The proposed rule further provides that all other individuals registering as General Securities Principals after October 1, 2018 shall, prior to or concurrent with such registration, become registered as a General Securities Representative and either (1) pass the General Securities Principal qualification examination; or (2) register as a General Securities Sales Supervisor and pass the General Securities Sales Supervisor qualification examination.

3. Proposed Rule 1220(a)(3)—Compliance Officer [38]

Proposed Rule 1220(a)(3) establishes a Compliance Officer registration category and requires all persons designated as CCOs on Schedule A of Form BD to register as Compliance Officers, subject to an exception for member organizations engaged in limited investment banking or securities business. The proposed rule only addresses the registration requirements for CCOs. However, consistent with proposed Rule 1210, Commentary .01 relating to permissive registrations, a firm may allow other associated persons to register as Compliance Officers.

In addition, the Exchange is proposing to provide CCOs of firms that engage in limited investment banking or securities business with greater flexibility to satisfy the qualification requirements for CCOs. Specifically, proposed Rule 1220(a)(3) set forth the following qualification requirements for Compliance Officer registration:

- Subject to the lapse of registration provisions in proposed Rule 1210, Commentary .07, each person registered with the Exchange as a General Securities Representative and a General Securities Principal on October 1, 2018 and each person who was registered with the Exchange as a General Securities Representative and a General Securities Principal within two years prior to October 1, 2018 would be qualified to register as Compliance Officers without having to take any additional examinations. In addition, subject to the lapse of registration provisions in proposed Rule 1210, Commentary .07, individuals registered as Compliance Officials in the CRD system on October 1, 2018 and individuals who were registered as such within two years prior to October 1, 2018 would also be qualified to register as Compliance Officers without having to take any additional examinations; [sic]
- All other individuals registering as Compliance Officers after October 1, 2018 would have to: (1) Satisfy the General Securities Representative prerequisite registration and pass the General Securities Principal qualification examination; or (2) pass the Compliance Official qualification examination.
- An individual designated as a CCO on Schedule A of Form BD of an ETP Holder [sic] that is engaged in limited investment banking or securities business may be registered in a principal category under proposed Rule 1220(a) that corresponds to the limited scope of the member organization's business.

4. Proposed Rule 1220(a)(4)—Financial and Operation Principal and Introducing Broker-Dealer Financial and Operations Principal [39]

Proposed Rule 1220(a)(4) provides that each principal who is responsible for the financial and operational management of a member organization that has a minimum net capital requirement of $250,000 under SEA Rules 15c3–1(a)(1)(ii) and 15c3–1(a)(2)(i), or a member organization that has a minimum net capital requirement of $150,000 under SEA Rule 15c3–1(a)(8) must be designated as a Financial and Operations Principal. In addition, proposed Rule 1220(a)(4) provides that a principal who is responsible for the financial and operational management of a member organization that is subject to the net capital requirements of SEA Rule 15c3–1, other than a member organization that is subject to the net capital requirements of SEA Rules 15c3–1(a)(1)(ii), (a)(2)(i) or (a)(8), must be designated and registered as either a Financial and Operations Principal or an Introducing Broker-Dealer Financial and Operations Principal. Financial and Operations Principals and Introducing Broker-Dealer Financial and Operation Principals are not subject to a prerequisite representative registration, but they must pass the Financial and Operations Principal or Introducing Broker-Dealer Financial and Operations Principal examination, as applicable.

Additionally, proposed Rule 1220(a)(4)(B) requires a member organization to designate a Principal Financial Officer with primary responsibility for the day-to-day operations of the business, including overseeing the receipt and delivery of securities and funds, safeguarding customer and firm assets, calculation and collection of margin from customers and processing dividend receivable and payables and reorganization redemptions and those books and records related to such activities. Further, the proposed rule requires that a firm's Principal Financial Officer and Principal Operations Officer qualify and register as Financial and Operations Principals or Introducing Broker-Dealer Financial and Operations Principals, as applicable.

Because the financial and operational activities of member organizations that neither self-clear nor provide clearing services are more limited, such member organizations may designate the same person as the Principal Financial Officer, Principal Operations Officer and Financial and Operations Principal or Introducing Broker-Dealer Financial and Operations Principal (that is, such member organizations are not required to designate different persons to function in these capacities).

Given the level of financial and operational responsibility at clearing and self-clearing members, the Exchange believes that it is necessary for such member organizations to designate separate persons to function as Principal Financial Officer and Principal Operations Officer. Such persons may also carry out the other responsibilities of a Financial and Operations Principal, such as supervision of individuals engaged in financial and operational activities. In addition, the proposed rule provides that a clearing or self-clearing member organization that is limited in size and

[38] The proposed rule is substantially similar to FINRA Rule 1220(a)(3).

[39] The proposed rule is substantially similar to FINRA Rule 1220(a)(4).

resources may request a waiver of the requirement to designate separate persons to function as Principal Financial Officer and Principal Operations Officer.

5. Proposed Rule 1220(a)(5)—Securities Trader Principal [40]

Proposed Rule 1220(a)(5) requires that a principal responsible for supervising the securities trading activities specified in proposed Rule 1220(b)(3) register as a Securities Trader Principal. The proposed rule requires that individuals registering as Securities Trader Principals must be registered as Securities Traders and pass the General Securities Principal qualification examination.

6. Proposed Rule 1220(a)(6)—General Securities Sales Supervisor [41]

Proposed Rule 1220(a)(6) provides that a principal may register with the Exchange as a General Securities Sales Supervisor if his or her supervisory responsibilities in the investment banking or securities business of a member organization are limited to the securities sales activities of the member organization, including the approval or customer accounts, training of sales and sales supervisory personnel and the maintenance of records of original entry or ledger accounts of the member organization required to be maintained in branch offices by Exchange Act record-keeping rules.

A person registering as a General Securities Sales Supervisor must satisfy the General Securities Representative prerequisite registration and pass the General Securities Sales Supervisor examinations.[42] Moreover, a General Securities Sales Supervisor is precluded from performing any of the following activities: (1) Supervision of the origination and structuring of underwritings; (2) supervision of market-making commitments; (3) supervision of the custody of firm or customer funds or securities for purposes of SEA Rule 15c3–3; or (4) supervision of overall compliance with financial responsibility rules.

7. Proposed Rule 1220(b)(1)—Representative [43]

Proposed Rule 1220(b)(1) defines a representative as any person associated with a member organization, including assistant officers other than principals, who is engaged in the member organization's investment banking or securities business, such as supervision, solicitation, conduct of business in securities or the training of persons associated with a member organizations for any of these functions.

8. Proposed Rule 1220(b)(2)—General Securities Representative [44]

Proposed Rule 1220(b)(2)(A) states that each representative as defined in proposed Rule 1220(b)(1) is required to register with the Exchange as a General Securities Representative, subject to the following exceptions. The proposed rule provides that if a representative's activities include the function of a Securities Trader, then the representative must appropriately register in that category.

The proposed rule further provides that, subject to the lapse of registration provisions in proposed Rule 1210, Commentary .07, each person registered with the Exchange as a General Securities Representative on October 1, 2018 and each person who was registered with the Exchange as a General Securities Representative within two years prior to October 1, 2018 would be qualified to register as a General Securities Representative without having to take any additional qualification examinations. Additionally, the proposed rule would require that individuals registering as General Securities Representatives after October 1, 2018 shall, prior to or concurrent with such registration, pass the SIE and the General Securities Representative examination.

9. Proposed Rule 1220(b)(3)—Securities Trader [45]

Proposed Rule 1220(b)(3) provides that each representative as defined in proposed Rule 1220(b)(1) is required to register as a Securities Trader if, with respect to transactions in equity (including equity options), preferred or convertible debt securities, such person is engaged in proprietary trading, the execution of transactions on an agency basis, or the direct supervision of such activities. The proposed rule provides an exception from the registration requirement for any associated person of a member organization whose trading activities are conducted primarily on behalf of an investment company that is registered with the SEC pursuant to the Investment Company Act and that controls, is controlled by, or is under common control with a member organization. The Exchange proposes to adopt FINRA's definition of Securities Trader in proposed Rule 1220(b)(3) in order to align the text of the rule to that adopted by FINRA and other exchanges.[46]

The proposed rule also requires that associated persons primarily responsible for the design, development or significant modification of algorithmic trading strategies (or responsible for the day-to-day supervision or direction of such activities) register as Securities Traders. Individuals registering as Securities Traders must pass the SIE and the Securities Trader examination.

Finally, the proposed rule provides that, subject to the lapse of registration provisions in proposed Rule 1210, Commentary .07, each person registered with the Exchange as a Securities Trader on October 1, 2018 and each person who was registered with the Exchange as a Securities Trader within two years prior to October 1, 2018 would be qualified to register as a Securities Trader without having to take any additional qualification examinations. Additionally, the proposed rule would require that individuals registering as Securities Traders after October 1, 2018 shall, prior to or concurrent with such registration, pass the SIE and the Securities Trader qualification examination.

10. Proposed Rule 1220, Commentary .01—Foreign Registrations [47]

Proposed Rule 1220, Commentary .01, states that individuals who are in good standing as representatives with the Financial Conduct Authority in the United Kingdom or with a Canadian stock exchange or securities regulator would be exempt from the requirement to pass the SIE, and thus would be required only to pass a specialized knowledge examination to register with the Exchange as a representative. The proposed approach would provide individuals with a United Kingdom or Canadian qualification more flexibility to obtain a representative-level registration. Additionally, proposed Rule 1220, Commentary .01, provides that, subject to the lapse of registration provisions in Rule 1210, Commentary .07, each person who is registered with the Exchange as a United Kingdom Securities Representative or a Canada

[40] The proposed rule is substantially similar to FINRA Rule 1220(a)(7).

[41] The proposed rule is substantially similar to FINRA Rule 1220(a)(10).

[42] An individual may also register as a General Securities Sales Supervisor by passing a combination of other principal-level examinations.

[43] The proposed rule is substantially similar to FINRA Rule 1220(b)(1).

[44] The proposed rule is substantially similar to FINRA Rule 1220(b)(2).

[45] The proposed rule is substantially similar to FINRA Rule 1220(b)(4).

[46] *See e.g.,* MIAX International Stock Exchange, LLC Rule 203(d).

[47] The proposed rule is substantially similar to FINRA Rule 1220.01 and 1220.06.

Securities Representative on October 1, 2018 and each person who was registered with the Exchange in such categories within two years prior to October 1, 2018 would be eligible to maintain such registrations with the Exchange. However, if persons registered in such categories subsequently terminate such registration(s) with the Exchange and the registration remains terminated for two or more years, they would not be eligible to re-register in such categories.

11. Proposed Rule 1220, Commentary .02—Additional Qualification Requirements for Persons Engaged in Security Futures [48]

Proposed Rule 1220, Commentary .02, states that each person who is registered with the Exchange as a General Securities Representative, United Kingdom Securities Representative, Canada Securities Representative, or General Securities Sales Supervisor shall be eligible to engage in security futures activities as a representative or principal, as applicable, provided that such individual completes a Firm Element program as set forth in Rule 345A(b) that addresses security futures products before such person engages in security futures activities.[49]

12. Proposed Rule 1220, Commentary .03—Scope of General Securities Sales Supervisor Registration Category [50]

Proposed Rule 1220, Commentary .03, explains the purpose of the General Securities Sales Supervisor registration category. The General Securities Sales Supervisor category is an alternate category of registration designed to lessen the qualification burdens on principals of general securities firms who supervise sales. Without this category of limited registration, such principals would be required to separately qualify pursuant to the rules of FINRA, the MSRB, and the options exchanges. While persons may continue to separately qualify with all relevant self-regulatory organizations, the General Securities Sales Supervisor examination permits qualification as a supervisor of sales of all securities through one registration category. Persons registered as General Securities Sales Supervisors may also qualify in any other category of principal registration. Persons who are already qualified in one or more categories of principal registration may supervise sales activities of all securities by also qualifying as General Securities Sales Supervisors.

The proposed rule further provides that any person required to be registered as a principal who supervises sales activities in corporate, municipal and option securities, investment company products, variable contracts, and security futures (subject to the requirements of Rule 1220, Commentary .02) may be registered solely as a General Securities Sales Supervisor. In addition to branch office managers, other persons such as regional and national sales managers may also be registered solely as General Securities Sales Supervisors as long as they supervise only sales activities.

F. Proposed New Rule 1230—Associated Persons Exempt From Registration [51]

Proposed Rule 1230 provides an exemption from registration with the Exchange for certain associated persons. Specifically, the proposed rule provides that persons associated with a member organization whose functions are solely and exclusively clerical or ministerial would be exempt from registration.[52]

1. Proposed Rule 1230, Commentary .01—Registration Requirements for Associated Persons Who Accept Customer Orders [53]

Proposed Rule 1230, Commentary .01, clarifies that the function of accepting customer orders is not considered clerical or ministerial and that associated persons who accept customer orders under any circumstances are required to be appropriately registered. However, the proposed rule provides that an associated person is not accepting a customer order where occasionally, when an appropriately registered person is unavailable, the associated person transcribes the order details and the registered person contacts the customer to confirm the order details before entering the order.

2. Statutory Basis

The proposed rule change is consistent with Section 6(b) of the Securities Exchange Act of 1934 (the ''Act''),[54] in general, and furthers the objectives of Section 6(b)(5),[55] in particular, because it is designed to prevent fraudulent and manipulative acts and practices, to promote just and equitable principles of trade, to foster cooperation and coordination with persons engaged in facilitating transactions in securities, to remove impediments to, and perfect the mechanism of, a free and open market and a national market system and, in general, to protect investors and the public interest.

The Exchange believes that the proposed rule change will streamline, and bring consistency and uniformity to, the registration rules, which will, in turn, assist member organizations and their associated persons in complying with these rules and improve regulatory efficiency. The proposed rule change will also improve the efficiency of the examination program, without compromising the qualification standards. In addition, the proposed rule change will expand the scope of permissive registrations, which, among other things, will allow member organizations to develop a depth of associated persons with registrations to respond to unanticipated personnel changes and will encourage greater regulatory understanding. Further, the proposed rule change will provide a more streamlined and effective waiver process for individuals working for a financial services industry affiliate of a member organization, and it will require such individuals to maintain specified levels of competence and knowledge while working in areas ancillary to the investment banking and securities business.

Finally, the Exchange believes that, with the introduction of the SIE and expansion of the pool of individuals who are eligible to take the SIE, the proposed rule change has the potential of enhancing the pool of prospective securities industry professionals by introducing them to securities laws, rules and regulations and appropriate conduct before they join the industry in a registered capacity.

[48] The proposed rule is substantially similar to FINRA Rule 1220.02.

[49] FINRA Rule 1220.02 also includes Options Representative and Registered Options Principal registration categories. NYSE does not trade options and member organizations therefore would not be required to register with the Exchange in those categories and therefore the Exchange is not adopting those categories within proposed Rule 1220, Commentary .03 [sic].

[50] The proposed rule is substantially similar to FINRA Rule 1220.04.

[51] The proposed rule is substantially similar to FINRA Rule 1230.

[52] FINRA Rule 1230 provides an exemption from registration with FINRA to persons associated with a FINRA member whose functions are solely and exclusively clerical or ministerial and persons associated with a FINRA member whose functions are related solely and exclusively to (i) effecting transactions on the floor of a national securities exchange and who are appropriately registered with such exchange; (ii) effecting transactions in municipal securities; (iii) effecting transactions in commodities; or (iv) effecting transactions in security futures, provided that any such person is registered with a registered futures association. Member organizations do not solely and exclusively engage in any of the foregoing transactions and therefore the Exchange is not adopting that portion of FINRA Rule 1230.

[53] The proposed rule is substantially similar to FINRA Rule 1230.01.

[54] 15 U.S.C. 78f(b).

[55] 15 U.S.C. 78f(b)(5).

B. Self-Regulatory Organization's Statement on Burden on Competition

The Exchange does not believe that the proposed rule change will impose any burden on competition that is not necessary or appropriate in furtherance of the purposes of the Act. The proposed amendments are intended to promote transparency in the Exchange's rules, and consistency with the rules of other SROs with respect to the examination, qualification, and continuing education requirements applicable to member organizations and their registered personnel. The Exchange believes that in that regard that any burden on competition would be clearly outweighed by the important regulatory goal of ensuring clear and consistent requirements applicable across SROs, avoiding duplication, and mitigating any risk of SROs implementing different standards in these important areas.

Further, the Exchange does not believe that the proposed amendments will affect competition among securities markets since all SROs are expected to adopt similar rules with uniform standards for qualification, registration and continuing education requirements.

C. Self-Regulatory Organization's Statement on Comments on the Proposed Rule Change Received From Members, Participants, or Others

No written comments were solicited or received with respect to the proposed rule change.

III. Date of Effectiveness of the Proposed Rule Change and Timing for Commission Action

Because the foregoing proposed rule change does not: (i) Significantly affect the protection of investors or the public interest; (ii) impose any significant burden on competition; and (iii) become operative for 30 days from the date on which it was filed, or such shorter time as the Commission may designate, it has become effective pursuant to Section 19(b)(3)(A) of the Act [56] and Rule 19b–4(f)(6) thereunder.

A proposed rule change filed under Rule 19b–4(f)(6) normally does not become operative for 30 days from the date of filing. However, Rule 19b–4(f)(6)(iii) [57] permits the Commission to designate a shorter time if such action is consistent with the protection of investors and the public interest. The Exchange has asked the Commission to waive the 30-day operative delay so that the proposal may become operative on October 1, 2018 to coincide with the effective date of FINRA's proposed rule change on which the proposal is based.[58] The waiver of the operative delay would make the Exchange's qualification requirements consistent with those of FINRA, as of October 1, 2018. Therefore, the Commission believes that the waiver of the 30-day operative delay is consistent with the protection of investors and the public interest and hereby waives the 30-day operative delay and designates the proposal operative on October 1, 2018.[59]

At any time within 60 days of the filing of the proposed rule change, the Commission summarily may temporarily suspend such rule change if it appears to the Commission that such action is necessary or appropriate in the public interest, for the protection of investors, or otherwise in furtherance of the purposes of the Act.

IV. Solicitation of Comments

Interested persons are invited to submit written data, views, and arguments concerning the foregoing, including whether the proposed rule change is consistent with the Act. Comments may be submitted by any of the following methods:

Electronic Comments

- Use the Commission's internet comment form (*http://www.sec.gov/rules/sro.shtml*); or
- Send an email to *rule-comments@sec.gov.* Please include File Number SR–NYSE–2018–44 on the subject line.

Paper Comments

- Send paper comments in triplicate to Secretary, Securities and Exchange Commission, 100 F Street NE, Washington, DC 20549–1090.

All submissions should refer to File Number SR–NYSE–2018–44. This file number should be included on the subject line if email is used. To help the Commission process and review your comments more efficiently, please use only one method. The Commission will post all comments on the Commission's internet website (*http://www.sec.gov/rules/sro.shtml*). Copies of the submission, all subsequent amendments, all written statements with respect to the proposed rule change that are filed with the Commission, and all written communications relating to the proposed rule change between the Commission and any person, other than those that may be withheld from the public in accordance with the provisions of 5 U.S.C. 552, will be available for website viewing and printing in the Commission's Public Reference Room, 100 F Street NE, Washington, DC 20549, on official business days between the hours of 10:00 a.m. and 3:00 p.m. Copies of the filing also will be available for inspection and copying at the principal office of the Exchange. All comments received will be posted without change. Persons submitting comments are cautioned that we do not redact or edit personal identifying information from comment submissions. You should submit only information that you wish to make available publicly. All submissions should refer to File Number SR–NYSE–2018–44 and should be submitted on or before October 30, 2018.

For the Commission, by the Division of Trading and Markets, pursuant to delegated authority.[60]

Eduardo A. Aleman,

Assistant Secretary.

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[56] 15 U.S.C. 78s(b)(3)(A).

[57] 17 CFR 240.19b–4(f)(6)(iii).

[58] *See supra* note 5.

[59] For purposes only of waiving the 30-day operative delay, the Commission has also considered the proposed rule's impact on efficiency, competition, and capital formation. *See* 15 U.S.C. 78c(f).

[60] 17 CFR 200.30–3(a)(12).

SECURITIES AND EXCHANGE COMMISSION

Proposed Collection; Comment Request

Upon Written Request, Copies Available From: Securities and Exchange Commission, Office of FOIA Services, 100 F Street NE, Washington, DC 20549–2736

Extension:

Rule 17f–2(a), SEC File No. 270–034, OMB Control No. 3235–0034

Notice is hereby given that pursuant to the Paperwork Reduction Act of 1995 (44 U.S.C. 3501 *et seq.*) (''PRA''), the Securities and Exchange Commission (''Commission'') is soliciting comments on the existing collection of information provided for in Rule 17f–2(a) (17 CFR 240.17f–2(a)), under the Securities Exchange Act of 1934 (15 U.S.C. 78a *et seq.*). The Commission plans to submit the existing collection of information to the Office of Management and Budget (''OMB'') for extension and approval. Rule 17f–2(a) (Fingerprinting Requirements for Securities Professionals) requires that securities professionals be fingerprinted. This requirement serves to identify security-risk personnel, to allow an employer to make fully informed employment