

Corporate & Financial Weekly Digest

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CBOE Proposes Rule Changes Regarding Registration and Qualification Requirements

On September 22, the Securities and Exchange Commission released a notice of proposed rule changes submitted by the Chicago Board Options Exchange (CBOE). The CBOE proposes to amend its qualification, registration and continuing education requirements for individual Trading Permit Holders and individual associated persons.

The proposed amendments expand the CBOE's registration and qualification requirements to include additional types of individual Trading Permit Holders and individual associated persons. Under the proposed amendments, the CBOE will require additional Trading Permit Holders and associated persons to submit appropriate application for registration online through the Central Registration Depository system (Web CRD), which is operated by the Financial Industry Regulatory Authority, complete any qualification examinations and submit any required registration and examination fees.

The CBOE rules currently include registration requirements for Financial/Operations Principals for each Trading Permit Holder (TPH) and TPH organization. The proposed amendments will add registration and qualification requirements for individual TPHs and individual associated persons "engaged or to be engaged in the securities business of a Trading Permit Holder or TPH organization."

Under the proposed interpretations to the rules, the CBOE seeks to define what it means to be "engaged in the securities business of a Trading Permit Holder or TPH organization." An individual TPH or an individual associated person shall be considered a person "engaged in the securities business of a Trading Permit Holder or TPH organization" if the individual TPH or individual associated person:

1. conducts proprietary trading, acts as a market-maker, effects transactions on behalf of a broker-dealer account, supervises or monitors proprietary trading, market-making or brokerage activities on behalf of a broker-dealer, supervises or conducts training for those engaged in proprietary trading, market-making or brokerage activities on behalf of a broker-dealer account; or
2. engages in the management of any individual TPH or individual associated person identified in (1) above as an officer, partner or director.

The CBOE's proposed rules also consider various alternatives for qualification examinations for TPHs and associated persons that will be required to register under the proposed rules. The CBOE is considering either requiring such registrants to successfully complete the CBOE's TPH Qualification Examination or developing a new qualification examination.

To read the SEC release, click [here](#).

Katten Muchin Rosenman LLP

Charlotte Chicago Irving London Los Angeles New York Washington, DC