



Application For Trading Permit Information

Introduction

The Chicago Stock Exchange, Inc. ("CHX" or "Exchange") is pleased to provide to interested parties this Application to obtain a CHX Trading Permit. The application is divided into three sections.

- **Section One: Participant Information**
Identifies the various types of CHX applicants and lists the CHX requirements to obtain a Trading Permit. Contained within Section One are step-by-step instructions, which, when followed, should simplify what appears to be a complicated application process.
- **Section Two: Forms**
Contains all necessary forms. The form index in Section Two is cross-referenced to Section One to assist in identifying the required forms.
- **Section Three: Additional Information**
This section provides information on items such as fees, net capital requirements, CHX contact telephone numbers, etc.

Completed applications and all required documentation should be submitted to the following address:

The Chicago Stock Exchange, Inc.
Participant Services Dept Suite 810
440 South LaSalle Street
Chicago Ill. 60605-1070

The application review process at the CHX will begin when all required documentation is received. It is anticipated that the review and decision process should take no longer than 15 business days. Failure to include all required documents or submission of incomplete documents can delay the approval process.

There are various examination requirements for CHX participants and registered persons of CHX participant firms. Examination requirements for Institutional Brokers, Market Maker Traders and associated persons are noted in Section One, Additional Requirements. Examination requirements for certain registered persons, securities traders and other associated persons of participant firms engaging in proprietary or agency trading are noted in Section Three.

Thank you for your interest in the Chicago Stock Exchange. If you have questions about the Exchange or any of the Trading Permit requirements please call the Participant Services Department at **(312) 663-2581**.



Section 1: Participant Information

Qualifications (*CHX Rules, Article 3, Rule 1*)

Participant Firms

- A CHX participant firm can be a Corporation, a Partnership, or a Limited Liability Company.
- The Exchange requires that the primary purpose of every participant firm shall be the transaction of business as a broker or dealer in securities.
- The active principals of a participant firm shall have adequate experience in and knowledge of the securities business to comply with the rules and policies of the Exchange and to properly serve the public.
- The Exchange requires that an applicant wishing to conduct business as an Institutional Broker must designate the CHX as its Designated Examining Authority.

Individual Participants

- Individual participants may function either as an Institutional Broker Representative or a Market Maker Trader.
- Individual applicants for permits shall have a liquid net worth of not less than \$10,000.
- An individual participant who is a sole proprietor may not transact business with the public.

Requirements Applicable to All Participants and Participant Firms

- As a prerequisite for obtaining a CHX Trading Permit, an individual participant or participant firm must be registered as a broker/dealer with the Securities and Exchange Commission (“SEC”).
 - If not already registered with the SEC, this registration process can take 30 calendar days or longer. CHX approval will be granted conditionally, however assignment of a permit cannot proceed until SEC “conditional approval” is confirmed by the CHX.
 - If the applicant is not registered as a broker/dealer with the SEC, the CHX can assist in registration. See Form BD in Section 2.
- Each participant or participant firm is subject to Rule 15c3-1 (“Net Capital Rule”) promulgated pursuant to the Securities Exchange Act of 1934, and shall comply with the capital requirements prescribed therein.

Instructions for Applicants

The CHX requires certain specific information in order to process an application. The following checklist is provided to assist you in collecting and organizing the required documents and information. *See also, the Application Form Index in Section Two to access the corresponding forms.*

Documentation Required of All Applicants

Cover Letter indicating how and what the permit will be used for, signed by a principal officer, general partner, or managing member of the firm.

Application for Registration, completed and signed by an authorized signer as a noted on the form.

Form BD – Uniform Application for Broker Dealer Registration

- *If applicant is not registered as a broker/dealer with the SEC, complete and submit (2) originally signed, currently dated and notarized copies of Form BD. The CHX will submit one original to the Central Registration Depository (“CRD”) on behalf of the applicant to register as a broker/dealer with the SEC and will retain one original for its records.*
- *If applicant is a registered broker/dealer, a copy of the current completed Form BD must be submitted.*

NOTE: All registered broker/dealers are reminded that once they become CHX participants, an amended BD must be filed with the CRD and the CHX .

Executed and notarized copy of **Statement of Financial Condition Pursuant to Rule 15b1-2 Under the SEC Act of 1934**, attached to a **Balance Sheet**

Copies of **FOCUS II or IIA** for the most recent 6 months. (If not required to file FOCUS please include a statement to that effect.)

Copy of the most recent **Confidential Annual Audit Report** prepared by the firm’s independent public accountant (If not required to have an audit please include a statement to that effect.)

An executed and notarized copy of either sheet **15b1-2 Information (for Partnership, Corporation or Limited Liability Company)** or **15b1-2 Information (for Sole Proprietor)**

A completed form titled **Designation of Recipient For Service of Notice of Commission Proceeding**

Names of Subordinate Lenders, if any Form U4 – Uniform Application for Securities Industry

- Complete, execute and submit a **Form U4** for all general partners, members or principal officers shown on Schedule A and B of Form BD and others as defined in CHX Rules, Article 6, Rule 2. (Note, if the CHX will not be the applicant’s Designated Examining Authority then only page 8, 9 of Form U-4 for the individuals reflected on Form BD is necessary.)
- Form U4s are required for persons acting as Institutional Broker Representatives and Market Maker Traders.

Specific Documentation Required of a Corporation, Partnership or Limited Liability Company

Corporation:

- Copy of **Articles or Certificate of Incorporation** and all amendments hereto, certified by the Corporate Secretary
- Copy of **By-Laws** and all amendments thereto, certified by the Corporate Secretary
- Copy of the **Corporate Resolution** authorizing registration of the corporation certified by the Corporate Secretary

Partnership:

- Originally executed copy or a certified copy of **Partnership Agreement** and all amendments thereto. If CHX is the Designated Examining Authority (“DEA”), the Partnership Agreement must include a provision for prior notification to the CHX of all Capital withdrawals. *See, CHX Rules, Article 3, Rule 6(b).*

Limited Liability Company:

- **Operating Agreement.** If CHX is the Designated Examining Authority (“DEA”), the Operating Agreement must include a provision for prior notification to the CHX of all Capital withdrawals. *See, CHX Rules Article 3, Rule 6(b).*

- **Articles of Firm or Certificate of Formation**

Specific Documentation Required of a Market Maker Applicant

A completed **Market Maker Authorization Application Form**

Specific Documentation Required of Applicants Designated to the CHX:

A copy of the applicants's **Written Supervisory Procedures (WSP)** and **WSP Checklist**. Please refer to the *CHX Information Memorandum MR-05-24* pertaining to Supervisory System, published December 27, 2005. See also the guideline provided in Section 2, labeled *Written Supervisory Procedures Review Checklist Guideline*. More information about *DEA Services* can be found in Section 3.

Specific Documentation Required of Applicants Designated to the FINRA:

A copy of the **FINRA Membership Agreement**.
Specific Documentation Required of Applicants Designated to an Examining Authority other than the CHX:

A copy of the **letter sent to the applicant's DEA**, granting the DEA permission to provide any information that may be requested by the CHX, pursuant to their application for a trading permit.

Additional Requirements

Examinations

There are separate examination requirements for Institutional Broker Representatives and Market Maker Traders. Arrangements to take an examination may be made by contacting the CHX Examination Area. (See, Section Three, Telephone Contact List for "IBR / MMT Examinations")

The Exchange may require the successful completion of a training course or an examination, or both, in connection with the registration of Participants and persons associated with Participants, and may charge fees for such registration and examination. See, CHX Rules, Article 6, Rule 3.

Persons Registered in Special Capacities

- **Institutional Broker Exam**

All Applicants seeking to register as Institutional Broker Representatives must successfully complete the Institutional Broker Exam.

- **Market Maker Exam**

Prior to the Exchange approving a Participant's request to qualify as a Market Maker Trader, such Participant must successfully complete the Market Maker Exam.

- **Public Business Exam**

Participants who successfully complete the Series 7 Examination may conduct a public business which is limited to accepting orders while acting as Institutional Broker Representatives directly from non broker/dealer customers.

In lieu of the Series 7 Examination, Participants who act as Institutional Broker Representatives and successfully complete the Series 7A Examination may conduct a public business which is limited to accepting orders directly from professional customers for execution on the Exchange.

Clerks, employed by Participants that have successfully completed the Series 7 or Series 7A Examination, may accept orders from professional customers for execution on the Exchange so long as such clerks successfully complete both the Institutional Broker Representative Exam and either the Series 7 Examination or the Series 7A Examination.

For purposes of this interpretation and policy, a "professional customer" includes a bank; trust company; insurance company; investment trust; a state or political subdivision thereof; a charitable or nonprofit educational institution regulated under the laws of the United States, or any state; a pension or profit sharing plan subject to ERISA or of any agency of the United States or of a state or political subdivision thereof; or any person (other than a natural person) who has, or who has under management, net tangible assets of at least sixteen million dollars.

Participants which accept orders from public or professional customers (i.e., from non-broker-dealers) must also be members (or associated persons thereof) of the Financial Industry Regulatory Authority ("FINRA").

- **Joint Back Office Participants**

All registered persons associated with Joint Back Office ("JBO") Participants (as defined in CHX Rules, Article 7, Rule 3A, section (a)) designated as financial and operations principals must successfully complete the Financial and Operations Principal Examination, Series 27.

Other Persons

Associated persons of Participants for which the Exchange is the Designated Examining Authority ("DEA") who execute, make trading decisions with respect to, or otherwise engage in proprietary or agency trading of equities, preferred securities or convertible debt securities, must successfully complete the Uniform Registered Representative Exam, Series 7. This requirement shall not apply to any associated person who is subject to the examination requirements of interpretation and policy .01. See, CHX Rules, Article 6, Rule 3, Interpretation and Policies .01 and .02.

Next Steps

Trading Accounts

Upon approval of the Application for Registration, and if applicable, approval of the Market Maker Authorization Application, business unit and trading account symbols will be established in the CHX and NSCC systems, effective upon the agreed upon first trade date.

Access Badges

All individuals seeking access to Exchange facilities must obtain an access badge from CHX Security. *See, Section Three, CHX Telephone Contact List for Security.*

Technical Requirements and Connectivity to CHX

For information about technical and connectivity requirements, refer to the “Technical Documents” found in Section Three, Additional Information, and contact “Connectivity Services”. *See, Section Three, CHX Telephone Contact List.*

Fingerprinting

SEC Rule 17f-2 and Section 17 (f)(2) of the Exchange Act requires fingerprinting of securities industry personnel. The Exchange will conduct a fingerprint-based criminal records check of all prospective employees, all prospective and current independent contractors or all prospective and current temporary employees, who have or are anticipated to have access to the Exchange facilities for ten business days or longer, and all other persons who have or are anticipated to have access to premises controlled by CHX Holdings, Inc., which are located in the same building as Exchange facilities. CHX Participants are responsible for ensuring compliance with the fingerprinting requirements for all of their associated persons, whether or not they have access to Exchange facilities.

Clearing Arrangements

All participants must have the ability to clear and settle transactions. This can be accomplished in one of two ways:

As a direct participant of National Securities Clearing Corporation (NSCC)

- The firm must meet NSCC's requirements and become accepted as a participant of NSCC.
- Direct clearing arrangements must be made with NSCC.
- In order to be in a position to clear your transactions you must have assigned a numeric account symbol from NSCC and an Alpha symbol from the CHX.
- A CHX Alpha Account Symbol can be obtained by calling the CHX Participant Services Department. *See Section Three, CHX Telephone Contact List for "Participant Services".*
- Once a clearing number is received from NSCC, the CHX Participant Services Department must be advised to update the CHX trading systems before trading can commence.
- Trading may commence after the CHX Alpha symbol and the NSCC account number have been established and entered into the CHX trading systems.

Through the services of a clearing broker which is a direct participant of NSCC and CHX

- The firm must select a clearing broker. A list of member firms who are currently providing clearing services at the CHX can be found in *Section Three, Broker/Dealers Providing Clearing Services.*
- The CHX Participant Services Department will assign an Alpha Symbol for use on the CHX.
- The clearing broker must arrange with NSCC to establish a sub-account number for your account. (This sub-account number is needed in addition to the alpha account symbol assigned by the CHX.)
- Once a clearing account number is received from NSCC, the CHX Participant Services Department must be advised to update the CHX Systems before trading can commence.
- Trading may commence after the CHX alpha symbol and the NSCC sub-account number have been established and entered into the CHX trading systems.

Participants for which CHX is the DEA shall submit to the Exchange for its approval, all clearing agreements between the participant and any other clearing broker/dealer.



Chicago Stock Exchange

Section 2: Application Forms Index

Please refer to Section 1 for additional information regarding which forms applicants are required to file.

Trading Permit Application Forms	To Be Filed By
Cover letter containing full description of applicant's securities business and business to be conducted on the CHX	All Applicants
Application for Registration (Word) updated January 2009	All Applicants
Certified Copy of Corporate Resolution (Word) updated August 2007	Corporate Applicants
Statement of Financial Condition Affirmation (Word) updated August 2007	All Applicants
Balance Sheet (Guideline) (Word) updated August 2007	All Applicants
Form 15b 1-2 for Partnership, Corporation, or Limited Liability Company (Word) updated August 2007	Partnership, Corporation, or Limited Liability Company Applicants
Form 15b 1-2 for Sole Proprietor (Word) updated August 2007	Sole Proprietor Applicants
Designation of Recipient (Word) updated August 2007	All Applicants
Form BD – Uniform Application for Broker/Dealer (Refer to FINRA Uniform Registration Forms to download forms: http://www.finra.org/RegulatorySystems/CRD/FilingGuidance/p005235)	All Applicants
Form U4 – Uniform Application for Securities Industry (Refer to FINRA Uniform Registration Forms to download forms: http://www.finra.org/RegulatorySystems/CRD/FilingGuidance/p005235)	All Applicant
Letter of Purpose and Intent – Trading Participant Agreement (Refer to the guideline provided: Trading Participant Agreement Guideline (Word) updated November 2008)	Applicants designated to the CHX
A copy of the applicant's Written Supervisory Procedures (WSP) and WSP Checklist (Refer to the CHX Information Memorandum MR-05-24 pertaining to Supervisory Systems, and the checklist guideline provided: CHX Information Memorandum MR-05-24 (PDF) published December 27, 2005 Written Supervisory Procedures Review Checklist Guideline (Excel) updated May 2007)	Applicants designated to the CHX
Institutional Broker (IB) Letter of Guarantee (Word) Refer to sample letter provided	Institutional Brokers
A copy of Letter from the Applicant to their DEA, granting the DEA permission to provide information to the CHX, pursuant to their application for a trading permit. Provide DEA contact name, email address and phone number.	Applicants NOT designated to the CHX
A copy of the FINRA Membership Agreement	Applicants designated to FINRA
Market Maker Application (Word) updated August 2007	Market Makers
Application to Aggregate Trading Activity of Affiliated Participants (PDF) updated March 2010	As Applicable

Application for Trading Permit Information – Section 2: Trading Permit Application Forms - Index



Application for Registration

*To fill out the form electronically, [click once](#) on the desired form field and begin typing.
To move to the next form field, you may [click on the field](#) or simply press the "Tab" button on your keyboard.*

For: Partnership Corporation Limited Liability Company Sole Proprietor

The undersigned hereby makes application for the registration of [REDACTED] as a participant firm/sole proprietor. As a part of the application, there is attached hereto the following:

Cover Letter indicating how and what the permit will be used for, signed by a principal officer, general partner, or managing member of the firm.

Partnership

- Executed or certified copy of Partnership Agreement and all amendments thereto (see CHX Article 3, Rule 6(b) on page 2 of this form for withdrawal of capital requirements for CHX-designated participants)

Corporation

- Copy of Articles of Incorporation, and all amendments thereto, certified to by the corporation's secretary
- Copy of By-Laws, and all amendments thereto, certified by the corporation's secretary
- Certified copy of resolution authorizing registration of corporation
- For corporations designated to the CHX, a current list and descriptive identification of all officers and directors, as well as evidence, satisfactory to the Exchange, that the officers of the participant firm are duly authorized to act for the participant firm

Limited Liability Company

- Operation Agreement (see CHX Article 3, Rule 6(b) on page 2 of this form for withdrawal of capital requirements for CHX-designated participants)
- Articles of Organization or Certificate of Formation

All Applicants

- Current executed Statement of Financial Condition and attached balance sheet pursuant to SEC Exchange Act Rule 15b1-2
- Copies of FOCUS Part II or Part IIA Reports for the most recent 6 month period
- Copy of most recent *Confidential* Annual CPA Audit prepared by firm's independent accountant
- Executed copy of 15b1-2 Information Sheet
- Designation of Recipient For Service of Notice
- Executed and notarized copy of Form BD (SEC registration statement), and amendments
- Names of subordinated lenders, if any
- Complete forms U-4 for all general partners, members of principal officers of designated members; only page 2 of form U-4 for members designated to other SRO's

Identification Numbers:

SEC File Number	Tax ID Number	CRD Number (if applicable)
8- []	[] - []	[]

Description of Business at CHX (check all that apply):

<input type="checkbox"/> Institutional Broker (IB)	<input type="checkbox"/> Market Maker (MM)	<input type="checkbox"/> Order Sending (OSF)	<input type="checkbox"/> Other
If Other, please describe in detail: []			

Primary Purpose of Participant:

<input type="checkbox"/> Broker-Dealer in Securities	<input type="checkbox"/> Commodities/Futures	<input type="checkbox"/> Insurance	<input type="checkbox"/> Other
If Other, please describe in detail: []			

Is Applicant (including all associated persons) subject to an Order of the U.S. Securities and Exchange Commission (1) denying, suspending or revoking the registration of such person as a broker or dealer, or (2) barring or suspending such person from being associated with a broker or dealer?

<input type="checkbox"/> Yes	<input type="checkbox"/> No
If Yes, please describe in detail: []	

Trading Account(s):

IB/MM/OSF	Trading Account Symbol	Clearing Broker Firm Name(s) (if applicable)	Clearing Symbol (if different from Trading Account Symbol)	NSCC#
[]	[]	[]	[]	[]
[]	[]	[]	[]	[]
[]	[]	[]	[]	[]
[]	[]	[]	[]	[]
[]	[]	[]	[]	[]

Name of Voting Designee as provided in Article 3, Rule 14(a)(b). Include sample signature. Note: The Voting Designee must be a general partner, member or principal officer of the firm.

Voting Designee Name	
[]	(Sample signature)

Name and Email Address as provided in Article 3, Rule 13 for purpose of receiving Exchange notices and email communications.

Name	Email Address

**Article 3, Rule 6(b)
Withdrawal of Capital**

(Partnerships and Limited Liability Companies only) The partnership articles or organizational documents of each Participant Firm for which this Exchange is the *Designated Examining Authority* shall contain provisions that without prior written approval of the Exchange the capital contribution of any person may not be withdrawn on less than six months' written notice of withdrawal given no sooner than six months after such contribution was first made. Each Participant Firm shall promptly notify the Exchange of the receipt of any notice of withdrawal of any part of a person's capital contribution or if any withdrawal is not made because prohibited under the provisions of Commission Rule 15c3-1 (See, 15c3-1(e)).

Net Capital Requirements

- **CHX Registered Market Makers** must maintain an adequate amount of net capital as defined by Exchange Rules and the federal securities laws. See, Article 7, Rule 3; Exchange Act Rule 15c3-1(1)(4). Generally, the minimum required amount of net capital is \$100,000 or \$2,500 per security in which the MM is registered, whichever is more, with a ceiling of \$1,000,000. For stocks under \$5, the required amount is \$1,000 per issue.
- **All other Participants** shall at all times maintain net capital not less than that prescribed by SEC Exchange Act Rule 15c3-1 (17 CFR 240.15c3-1)

In consideration of the acceptance of this application, the undersigned hereby assents to the Constitution, Rules, regulations and all present and future amendments thereto of the Chicago Stock Exchange, Incorporated.

By: _____ Date: ___ / ___ / 20___
(Signature)

(Print name and title)



Certified Copy of Corporate Resolution

To fill out the form electronically, double-click on the desired form field and begin typing.
To move to the next form field, you may double-click on the field or simply press the "Tab" button on your keyboard.

I hereby certify that I am the Corporate Secretary of: _____
_____,
a corporation duly organized under the laws of the State of _____,
and that following is a true and correct copy of a resolution duly adopted by the Board of Directors of said corporation
at a meeting duly held on the _____ day of _____, _____, and that said resolution has not been
amended, modified or rescinded.

RESOLVED, that _____
be and hereby is authorized, empowered and directed to register this corporation as a participant on the Chicago
Stock Exchange, Inc. and in the name and behalf of this corporation to execute and deliver all instruments and
agreements required by the Exchange in order for this corporation to be a participant organization.

IN WITNESS WHEREOF, I have hereunto set my hand and affix the seal of the corporation
this _____ day of _____, 20 ____.

(Affix
Corporate
Seal)

(Signature of Secretary)



Certified Copy of Corporate Resolution

To fill out the form electronically, double-click on the desired form field and begin typing.
To move to the next form field, you may double-click on the field or simply press the "Tab" button on your keyboard.

I hereby certify that I am the Corporate Secretary of: _____
_____,
a corporation duly organized under the laws of the State of _____,
and that following is a true and correct copy of a resolution duly adopted by the Board of Directors of said corporation
at a meeting duly held on the _____ day of _____, _____, and that said resolution has not been
amended, modified or rescinded.

RESOLVED, that _____
be and hereby is authorized, empowered and directed to register this corporation as a participant on the Chicago
Stock Exchange, Inc. and in the name and behalf of this corporation to execute and deliver all instruments and
agreements required by the Exchange in order for this corporation to be a participant organization.

IN WITNESS WHEREOF, I have hereunto set my hand and affix the seal of the corporation
this _____ day of _____, 20 ____.

(Affix
Corporate
Seal)

(Signature of Secretary)



Balance Sheet

To fill out the form electronically, double-click on the desired form field and begin typing.
To move to the next form field, you may double-click on the field or simply press the "Tab" button on your keyboard.

For (Firm/Sole Proprietor Name): _____

Identification # (Firm Tax ID# or SS# of Sole Proprietor): _____

Date: ___ / ___ / 20___ Prepared by (Print Name): _____

ASSETS

Cash \$ _____

Marketable Securities _____

Shares in CHX Holdings, Inc. _____

Other Assets (List): _____

TOTAL ASSETS \$ _____

LIABILITIES & EQUITY

Amount Due on Margin A/C Debit \$ _____

Notes Payable _____

Other Liabilities (List): _____

Subordinated Liabilities _____

Total Liabilities \$ _____

Total Equity \$ _____

TOTAL LIABILITIES & EQUITY \$ _____



15b1-2 Information

(for Partnership, Corporation, or Limited Liability Company)

To fill out the form electronically, double-click on the desired form field and begin typing.
To move to the next form field, you may double-click on the field or simply press the "Tab" button on your keyboard.

- is applying for a permit to trade on the Chicago Stock Exchange, Inc. as a participant organization.

- All capital required to conduct business of the firm has been and will continue to be furnished by:

- The firm's supervisory personnel consists of:
- In addition, the firm has adequate supervised personnel and will endeavor to add personnel as needed.

- Description of Business at CHX (check all that apply):
 - CHX Registered Institutional Broker (IB) CHX Registered Market Maker (MM)
 - Other:

(e.g. Order Sending Broker, Retail Customer, Proprietary Trading, etc...)

If "Other", please describe in full detail:

- The physical plant for the firms operation is located at:
- In addition, business is conducted on the Chicago Stock Exchange Inc. by/through:

All business machines and equipment necessary to the business have been and will continue to be obtained.

- All books and records required by law and the rules of the Chicago Stock Exchange are maintained and will be maintained by: _____

- The firms is assured of adequate funds by virtue of _____

- Any income which results from the firms trading activity on the Chicago Stock Exchange Inc. will accrue to the:

I, _____, do hereby swear that the information contained herein is true and correct to the best of my knowledge and belief.

Date: ___ / ___ / 20___

(Signature of Principal Officer/General Partner/Managing Member)

On this _____ day of _____, 20___ before me personally came known to me to be the individual described herein and who executed the foregoing instrument and he/she duly acknowledged to me that he/she executed the same.

(Affix
Notary
Seal)

(Signature of Notary Public)

My Commission Expires: ___ / ___ / 20___



15b1-2 Information (for Sole Proprietor)

To fill out the form electronically, double-click on the desired form field and begin typing.
To move to the next form field, you may double-click on the field or simply press the "Tab" button on your keyboard.

- I, _____ am applying for a permit to trade on the Chicago Stock Exchange, Inc.
- All capital required to conduct business has been and will continue to be furnished by _____

- I maintain, by myself, the following books and records: _____

- All other books and records required by law and the rules of the Chicago Stock Exchange are maintained and will be maintained for me by: _____

- My business is assured of adequate funds by virtue of _____

- Description of Business at CHX (check all that apply):
 - CHX Registered Institutional Broker (IB) CHX Registered Market Maker (MM)
 - Other _____

If "Other", please describe in full detail: _____

I, _____, do hereby swear that the information contained herein is true and correct to the best of my knowledge and belief.

Date: ___ / ___ / 20___ _____
(Signature)

On this _____ day of _____, 20___ before me personally came known to me to be the individual described herein and who executed the foregoing instrument and he/she duly acknowledged to me that he/she executed the same.

(Affix
Notary
Seal)

(Signature of Notary Public)

My Commission Expires: ___ / ___ / 20___.



Chicago Stock Exchange

Designation of Recipient for Service of Notice of Commission Proceeding

To fill out the form electronically, [click once](#) on the desired form field and begin typing.
To move to the next form field, you may click on the field or simply press the "Tab" button on your keyboard.

Firm/Sole Proprietor Name: <input type="text"/>	SEC ID #: 8- <input type="text"/>
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Above applicant consents that the notice of any proceeding before the Securities and Exchange Commission in connection with its application for registration, or its registration, as a broker-dealer may be given by sending notice by registered or certified mail or confirmed telegram to the person named below, at the address given.

First Name: <input type="text"/>	Middle Name: <input type="text"/>	Last Name: <input type="text"/>
Address 1: <input type="text"/>		
Address 2: <input type="text"/>		
City: <input type="text"/>	ST: <input type="text"/>	Zip: <input type="text"/>
Phone: (<input type="text"/>) <input type="text"/> - <input type="text"/> ext <input type="text"/>		



Letter of Purpose and Intent - Trading Participant Agreement

Instructions

Attached is ***guideline with sample text*** for a ***Letter of Purpose and Intent – Trading Participant Agreement*** that ***must*** be filed with the Chicago Stock Exchange, Inc. (“CHX”) by all ***new applicants*** at the time they submit applications for a Trading Permit on the CHX and for which the CHX will be the ***Designated Examining Authority (DEA)*** and SIPC Collection Agent.

The attached guideline reflects the *minimal* information required; it is not all inclusive of the types of securities business or other related financial business operations that a participant may conduct or undertake as a registered broker or dealer. The Trading Participant Agreement should be submitted on separate firm letterhead stationary and must describe and reflect in ***specific detail*** the type(s) of securities business or other financial operations that your firm does/will engage in as a trading participant organization designated to the CHX. It must be signed and executed by the chief executive/principal officer, general partner, managing member or other senior principal of the organization authorized to sign such agreements.

New Applicants: The CHX ***must*** be advised in writing ***prior*** to any changes in the future as to securities activities that the firm intends to undertake if different than originally described in this participant agreement.

Current Participants: All participants ***must*** also file an amended Trading Participant Agreement any time the participant’s method(s) of operation or type(s) of securities or other financial business activities undergoes any material change ***prior*** to that change in business operation(s). Current participant firms may also be required to amend or update their Trading Participant Agreement during a scheduled CHX annual examination.

References to CHX Rules and Regulations and Information Memorandums cited in the sample may be obtained on the Exchange website: chx.com. SEC Rules and Regulations may be obtained on the Securities and Exchange Commission website.

If you have any questions regarding the completion of this letter, please call Senior Compliance Analyst, **Beverly Wagner**, at (312) 663-2155 or Director of Compliance and Examinations Division, **Michael Cardin**, at (312) 663-2204.

Guideline for the Trading Participant Agreement

Required text:

_____ will abide by the
(Name of Trading Participant/Trading Participant Organization)

provisions of the Constitution, Rules, Regulations, and Policies of the Chicago Stock Exchange, Incorporated (“CHX” or “Exchange”) and the Securities Exchange Act of 1934, and the Rules promulgated thereunder as presently constituted, and as may, from time to time, be amended or adopted.

Include suggested statements as applicable to your business; delete those that do not apply.
(see below for some examples):

I (we) will conduct securities business on the CHX as a **Market Maker** trading in securities listed on the CHX pursuant to the requirements of **CHX Article 16.**

I (we) have entered into a Market Maker Trade Recording Agreement with

(Name of Clearing Broker Dealer or Clearing Organization)

in order to clear Market Maker transactions pursuant to **CHX Article 21, Rule 1.**

I (we) will conduct business on the CHX as an **Institutional Broker** in accordance with the requirements of **CHX Article 7, Rule 10, Article 9, Article 17, and Article 20.**

I (we) have entered into an Institutional Broker Letter of Guarantee pursuant to **CHX Article 7, Rule 10** with

(Name of Clearing Broker Dealer or Clearing Organization)

We will conduct business off of the Exchange as an off-Exchange proprietary trading firm in accordance with **CHX Article 9 and Article 20.**

We have entered into a Clearing Agreement with

(Name of Clearing Broker Dealer or Clearing Organization)

in order to clear our Off-Exchange proprietary transactions.

Required text:

I (we) will not engage in conducting any business with public retail or institutional customers without prior written approval of the CHX.

I (we) will not conduct any securities business or otherwise modify or effect any material change in the firm's business operations other than as described above without the prior written approval of the CHX.

Section 11(a)(1) of the Securities Exchange Act of 1934, **CHX Rule 9 of Article 8** and **CHX Rule 13 of Article 9** have been read and understood and none of my (our) intended securities activities are prohibited under these provisions.

CHX Articles 1, 3, 4, and 6 of the Exchange Rules relating to the regulation and supervision of associated persons and will be complied with.

I (we) have read and understand the requirements of **CHX Article 6, Rule 5** ("Supervision of Participants and Their Branch and Resident Offices") and Market Regulation Department Information Memorandum **MR-05-24** dated December 27, 2005 regarding the requirements of establishing, maintaining and enforcing a Supervisory System and **Written Supervisory Procedures** and its accompanying **Supervisory Procedure Review Checklist** to supervise the type(s) of business in which the firm engages and to supervise the activities of its registered persons and other associated persons to achieve compliance with applicable securities laws and regulations of the CHX and the SEC.

My (our) intended securities business activities nor the business activities of a non-participant broker dealer who directly or indirectly controls, is controlled by, or is under common control with me (our firm) are prohibited under said rules.

I (we) have read and understand **CHX Article 7, Rule 3 and 4** pertaining to the requirements of preparing and maintaining net capital not less often than prescribed by SEC Rule 15c3-1 ("Net Capital Rule") and the preparation and preservation of books and records in accordance with **CHX Article 11, Rule 2** and SEC Rule 17a-3 and 17a-4 and of filing monthly and quarterly FOCUS financial and operational reports in accordance with **Article 7, Rule 4** and SEC Rule 17a-5. If the rules so require, I understand that my firm may be required to file an annual audited financial statement certified by a certified public accountant ("CPA").

Signed: _____
(Name of Participant or Principal Authorized Officer
of Participant Organization)

Print Name: _____

Date: _____



Written Supervisory Procedures Review Checklist Guideline

The attached Written Supervisory Procedures (WSP) Checklist is a **Guideline** for reviewing areas and topics regarding the supervision of the securities activities by Participants and Participant Organizations that are **designated** to the Chicago Stock Exchange, Incorporated ("CHX" or "Exchange") as their examining authority. It is to be used to assist them in their process of establishing, preparing and enforcing new or revising current written supervisory procedures that are reasonably designed for detecting and preventing violations of CHX and SEC rules and regulations in accordance with the requirements of CHX Article VI, Rule 5.

This checklist is also to be used for the proposed securities business activities of CHX **applicants** that are seeking approval for acceptance to become Participants or Participant Organizations **designated** to the CHX. As part of the application process, CHX applicants are required to submit a **Letter of Purpose and Intent –Trading Participant Agreement** together with a copy of their proposed Written Supervisory Procedures as well as a WSP Checklist as part of the application and approval process in accordance with CHX Article II, Rule 2.

The Checklist Guideline is not an all-encompassing, all-inclusive format for all designated participants/participant organizations when reviewing their supervisory procedures. **It is not a substitute for developing and maintaining Written Supervisory Procedures and an overall supervisory system.** It may not cover all areas or aspects that require supervisory oversight review. Each participant/participant organization must tailor and establish supervisory procedures and its supervisory system that are applicable to the organizational structure and the type of securities business activities being conducted, or in the case of new applicants, that is being proposed to be conducted. The manner and method in which participants implement their written supervisory procedures, the extent which a participant firm updates and revises its procedures in light of changes to its operational experience will effect its ability to effect continuous compliance with CHX and SEC rules. Written Supervisory Procedures **must** be updated regularly to reflect changes to CHX and SEC rules and regulations as well as when changes are made to the participant's supervisory process and its supervisory system.

This checklist guideline does not guarantee that a participant (or an applicant seeking approval as a participant) or its WSP are in complete or continuous compliance with all Exchange rules and Federal Securities laws regarding supervisory deficiencies.

MJC/ajc 01/05/06

CHICAGO STOCK EXCHANGE, INC.

WRITTEN SUPERVISORY PROCEDURES: CHECKLIST GUIDELINE

REQUIRED PROCEDURE	Reference CHX and/or SEC Rules and Market Regulation Notices	N/A If Procedure Does Not Apply	Page No.	Supervisor Assigned	Date When Reviewed	How Was Review Evidenced
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I. General Administrative Procedures

Form Filings:						
Form BD Amendments	SEC Rule 15b3-1 (Amendments to Applications)					
Form U4 and Form U5	CHX Article 6, Rule 2					
Fingerprint Record Forms	SEC Rule 17f-2					
Designation of Principal/Officer/Partner/Managing Member responsible for supervision of Form Filings.	CHX Article 6, Rule 5					
Designation of Executive Principal or Officer/Partner/Managing Member.	CHX Article 6, Rule 5					

Business Conduct/Housekeeping Functions:

Advertising and Promotion	CHX Article 8, Rule 13					
Correspondence - Electronic Communications -Incoming/Outgoing: written, facsimiles, electronic messages (email, instant messages)	CHX Article 6, Rule 5; SEC Rule 17a-3(20) and SEC Rule 17a-4 (b) (4)					
Complaints/Inquiries (Customers, broker dealers, all other inquiries or complaints)	CHX Article 6, Rule 5					
Procedure Review for Notification to CHX of disciplinary actions by other SRO's	NTM CHX Article 6, Rule 8					
Gifts and Gratuities	NTM CHX Article 8, Rule 7					
Periodic Review of Securities Business and Supervisory System (Promptly Notification to the CHX of any changes to securities business plan/operation and/or changes to firm's Letter of Purpose and Intent participant agreement.)	CHX Article 6, Rule 5					
Business Continuity Plan (If Applicable)						

Registered and Associated Persons:

Designation of Supervisors and Delegation of Supervisory Duties for Each Supervisor (Title; Date Duties Assumed; Registration Status, if appropriate)	CHX Article 6, Rule 5					
Qualification Records of Supervisory Persons	CHX Article 6, Rule 5					
Status of all associated persons required to be registered.	CHX Article 6, Rule 2 and 5					
Investigation of Background and Qualifications of all associated and registered persons and employees.	CHX Article 6, Rule 2 and 5					

CHICAGO STOCK EXCHANGE, INC.

WRITTEN SUPERVISORY PROCEDURES: CHECKLIST GUIDELINE

REQUIRED PROCEDURE	Reference CHX and/or SEC Rules and Market Regulation Notices	N/A If Procedure Does Not Apply	Page No.	Supervisor Assigned	Date When Reviewed	How Was Review Evidenced
Supervision of Training and Examination Requirements of Associated and Registered Persons	CHX Article 6, Rule 3; Series 7, 7A and Series 27					
Records for all Associated and Registered Persons and employees.	CHX Article 6, Rule 2 and SEC Rule 17a-3 (a) (12); Form U4, U5.					
Supervision and Reporting of Statutorily Disqualified Persons/employees.	CHX Article 6, Rule 2					
Continuing Education for Registered Persons:						
CE Compliance Contact Person	CHX Article 6, Rule 5 and 11					
Regulatory Element: Procedures for complying with C/E anniversary dates. Prompt notification w/i 120 day window; tracking of registered person(s) required to take CE.	CHX Article 6, Rule 11; MR Notice L-23-2005					
Firm Element: Procedures for annual needs analysis, if applicable; written plan; record of person(s) received training, if applicable.	Same					
Supervisory Control System:						
Designation of Compliance Officer(s).	CHX Article 6, Rule 5					
Annual Certification by CEO/Principal Officer/ Managing Member/General Partner.	CHX Article 6, Rule 5					
Designation and Identification to CHX of Principal/Managing Member/General Partner responsible for Supervisory Controls.	CHX Article 6, Rule 5					
Control Procedures For Testing to Ensure that WSP Reasonably Address All CHX and SEC Rules and Regulations.	CHX Article 6, Rule 5					
Control Procedure/Review that Continually Updates WSP	CHX Article 6, Rule 5					
Financial Reporting - Books and Records:						
Designated Principal, General Partner, Managing Member responsible for oversight.	CHX Article 6, Rule 5 and CHX Article 11, Rule 1 & 2					
Preparation & Preservation of Books and Records: Main Office; Branch Office(s) (If applicable); Trading Floor	SEC Rule 17a-3; SEC Rule 17a-4 and CHX Article 11, Rule 2 & 3					

CHICAGO STOCK EXCHANGE, INC.

WRITTEN SUPERVISORY PROCEDURES: CHECKLIST GUIDELINE

REQUIRED PROCEDURE	Reference CHX and/or SEC Rules and Market Regulation Notices	N/A If Procedure Does Not Apply	Page No.	Supervisor Assigned	Date When Reviewed	How Was Review Evidenced
Review procedures for prior Approval and/or Notice of all Capital Withdrawals (Partnership and LLC capital contribution withdrawals and corporate transfers of stockholder equity securities.)	CHX Article 3, Rule 6 (b) and Rule 15; Paragraph (e) of SEC Rule 15c3-1.					
Computation of Net Capital - Responsibility Of Principal Officer/Managing Member/Partner	CHX Article 7, Rule 3; SEC Rule 15c3-1, SEC Rule 17a-11					
Supervision of Securities Business under a Joint Back Office (JBO) operation.	CHX Article 7, Rule 3A; Series 27 FINOP; Form U4 and Form BD					
Responsibilities of the FINOP (Series 27) under a JBO Agreement.	CHX Article 7, Rule 3A					
FOCUS Reports - Monthly and Quarterly Electronic (WinJammer) Filing; Monthly (Early Warning) Financial Reporting Requirements.	CHX Article 7, Rule 3 & Rule 4; SEC Rule 17a-5 and 17a-11					
Filing Requirements for the Annual Certified Financial Statements, if required. (Five (5) Day Audit Commencement Notice by CPA)	CHX 7, Rule 4; SEC Rule 17a-5					
Margin Requirements (If Applicable)	Regulation T; CHX Article 10					
Clearing Agreements - Responsibility for Promptly Reporting New agreements and changes to existing agreements.	CHX Article 21, Rule 1					
Floor Broker Letter of Guarantee (Non-Clearing Floor Brokers)	CHX Article 7, Rule 10					
Doing Business With the Public (Exemptions and restrictions)	CHX Article 7, Rule 5					
Fidelity Bonds (Brokers Blanket Bond) - Requirements/Exemptions	CHX Article 7, Rule 6; SEC Rule 15c3-3 (K2i or K2ii exemption); PAIB and Reserve Bank Accounts					
Currency and Foreign Transactions: Reporting Suspicious Transactions: Recordkeeping of Funds Transfers. (Requires Retention for 5 years)	SEC Rule 17a-8, Sec Rule 17a-3 and 17a-4. Bank Secrecy Act; Anti-Money Laundering Procedures.					

Anti-Money Laundering (AML) Procedures:

Designation of Contact Person: Name, Title, Mailing Address, E-Mail Address, Telephone, Fax Number.	CHX Article 6, Rule 12; USA Patriot Act of 2001; Bank Secrecy Act of 2002					
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CHICAGO STOCK EXCHANGE, INC.

WRITTEN SUPERVISORY PROCEDURES: CHECKLIST GUIDELINE

REQUIRED PROCEDURE	Reference CHX and/or SEC Rules and Market Regulation Notices	N/A If Procedure Does Not Apply	Page No.	Supervisor Assigned	Date When Reviewed	How Was Review Evidenced
Written AML Program approved in writing by Senior Management/Principal	Same					
Procedures reasonably expected to detect reporting of suspicious transactions, should they occur.	Same					
Independent Testing of Firm's AML Program	Same					
On-Going training of appropriate associated persons/employees	Same					
Identification and verification ("Due Diligence or "Know Your Customer") procedures of Customers (broker dealers, institutions etc. as appropriate)	Same					
(including associated person and employees) are shown as listed on the Treasury's Office of Foreign Assets Controls (OFAC) Website.	Same					
Responding to information requests from FINCEN concerning money laundering.	Section 314 of US Patriot Act					
Sharing Anti-Money Laundering information with other financial institutions, if applicable.	Section 314 of US Patriot Act					
Internal controls if firm opens or maintains accounts for foreign banks. Foreign financial institutions, private banks, "shell banks".	CHX Article 6, Rule 12; USA Patriot Act of 2001; Bank Secrecy Act of 2002					
Procedures for reporting of transmissions (wire transfers, etc.) of money instruments that exceed \$10,000, if applicable.	Same					
Procedures for filing reports for Suspicious Activity Reports ("SAR") to the U.S Treasury involving funds of \$5,000 or more, if applicable.	Same					
Procedures to determine whether to freeze accounts or prohibit transactions with persons/entities suspected of terrorist activities to comply with Executive Order 13224 as issued through OFAC.	Same					
Procedures and internal controls to detect the receipt of currency if cash and currency transactions are prohibited by the firm.	Same					
Procedures for filing of Currency Transaction Reports (CTRs), if applicable.	SEC Rule 17a-8. Bank Secrecy Act					
II. Securities Trading Activities						
Order Tickets. (And Confirmations, if applicable)	SEC Rule 17a-3 and 17a-4; SEC Rule 10b-10; CHX Article 11, Rule 3					

CHICAGO STOCK EXCHANGE, INC.

WRITTEN SUPERVISORY PROCEDURES: CHECKLIST GUIDELINE

REQUIRED PROCEDURE	Reference CHX and/or SEC Rules and Market Regulation Notices	N/A If Procedure Does Not Apply	Page No.	Supervisor Assigned	Date When Reviewed	How Was Review Evidenced
Record of Orders.	CHX Article 11, Rule 1, 2 & 3 and SEC Rule 17a-3 & 17a-4					
Regulation M - Specialist participants only; trading during the restricted period.	SEC Rule 104 - Stabilizing Transactions					
III. Insider Trading						
Review of procedures to ensure prevention of misuse of material non-public information.	CHX Article 6, Rule 5; Insider Trading and Securities Fraud Enforcement Act of 1988.					
Maintenance of a restricted trading list.	Same					
Retention of Annual Disclosure Statements of associated persons, employees.	Same					
Review/Retention of evidence that securities account statements of associated person/employees are reviewed by senior management.	Same					
IV. Trading Rules Review Procedures						
<i>Institutional Brokerage:</i>						
Designated Supervisory Principal	CHX Article 6, Rule 5 and CHX Article 17, Rule 1, 2 and 3					
Review For Institutional Broker Exam for nominees	CHX Article 6, Rule 3 and CHX Article 17, Rule 1, 2 and 3					
Review for Public Business Exam Requirement (Series 7 or Series 7A), if applicable	CHX Article 6, Rule 3 and CHX Article 17, Rule 1, 2 and 3					
Review of Institutional Brokerage Tickets	CHX Article 6, Rule 5; SEC Rule 17a-3(6) & (7) and CHX Article 17, Rule 3					
Review for evidence of Personal Selling and Purchasing Securities Accounts of associated persons and employees while holding customer (broker-dealers, institutions, retail) or firm orders; Excessive Trading, Personal Interest Trading..	CHX Article 9, Rule 17					
Review for PreArranged Trades, Fictitious Transactions, Price Manipulation and Wash Trades.	CHX Article 9, Rule 10; CHX Article 9, Rule 9; CHX Article 9, Rule 11; SEC Rule 10b-5.					
Review of Institutional Brokerage Accounts	CHX Article 6, Rule 5; CHX Article 11, Rule 3 and CHX Article 17, Rule 3					

CHICAGO STOCK EXCHANGE, INC.

WRITTEN SUPERVISORY PROCEDURES: CHECKLIST GUIDELINE

REQUIRED PROCEDURE	Reference CHX and/or SEC Rules and Market Regulation Notices	N/A If Procedure Does Not Apply	Page No.	Supervisor Assigned	Date When Reviewed	How Was Review Evidenced
Review of Tickets/Transactions; Record of Orders, Bona Fide Errors (Trade Error Report)	CHX Article 11, Rule 3; CHX Article 17, Rule 3 and SEC Rule 17a-3(6) & (7).					
Review for Clearing the Matching Engine	CHX Article 20, Rule 7					
Short Sales Review (Including Affirmative Determination review)	CHX Article 9, Rule 23; SEC Rule 10a-1; Reg. SHO					
Market Maker Trading:						
Designated Supervisory Principal	CHX Article 6, Rule 5 and CHX Article 16, Rule 1					
Review for Market Market Maker Exam	CHX Article 6, Rule 3 and CHX Article 16, Rule 2					
Training Program to ensure market maker(s) aware of rules and responsibilities.	CHX Article 6, Rule 5 and CHX Article 16, Rule 2					
Review of Trade Requirements	CHX Article 16, Rule 8					
Review of Market Maker Tickets/Transactions; Record of Orders, Bona Fide Errors (Trade Error Report)	CHX Article 6, Rule 5; CHX Article 16, Rule 10; CHX Article 20, Rule 3; SEC Rule 17a-3(6) and (7)					
Review for evidence of Personal Selling and Purchasing Securities Accounts of associated persons and employees while holding customer (broker-dealers, institutions, retail) or firm orders. Also review for Fictitious and/or Prearranged Transactions	CHX Article 9, Rule 17; SEC 10b-5.					
Review for Clearing the Matching Engine (Manner of Bidding and Offering)	CHX Article 20, Rule 7 and CHX Article 16, Rule 8 & 9					
Review of Short Sales (Including Affirmative Determination)	CHX Article 9, Rule 23(a); SEC Rule 10a-1, Regulation SHO					
Review for Notice to CHX for Security Positions equal to or more than 5% of outstanding float.	CHX Article 9, Rule 23(b)					
Off-Floor Proprietary Trading:						
Designated Supervisory Principal	CHX Article 6, Rule 5					
Review for Off-Floor Series 7 examination requirements.	CHX Article 6, Rule 3					
Review of Tickers/Orders/Transactions	CHX Article 6, Rule 5; SEC Rule 17a-3(6) and (7); CHX Article 9, Rule 24; CHX 20, Rule 3 and CHX Article 11, Rule 1, 2 & 3					

CHICAGO STOCK EXCHANGE, INC.

WRITTEN SUPERVISORY PROCEDURES: CHECKLIST GUIDELINE

REQUIRED PROCEDURE	Reference CHX and/or SEC Rules and Market Regulation Notices	N/A If Procedure Does Not Apply	Page No.	Supervisor Assigned	Date When Reviewed	How Was Review Evidenced
Review for evidence of Personal Securities Accounts (Personal Selling and Purchasing) of associated persons and employees while holding customer (broker-dealers, institutions, retail) or firm orders.	CHX Article 9, Rule 17					
Training Program to ensure Off-Floor Trader(s) aware of trading rules and responsibilities and supervisory procedures.	CHX Article 6, Rule 5					
Review of Short Sales (Including Affirmative Determination)	CHX Article 9, Rule 23; SEC Rule 10a-1; Reg. SHO					

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MJC/vs Amended 03/07/07

MJC/lac Formatting Cover 05/24/07

SAMPLE

(To Be Used on Clearing Broker's Letterhead)

DATE: _____

TO: CHX Market Regulation Department

FROM: _____
(Name of CHX Clearing Broker)

SUBJECT: Institutional Broker Letter of Guarantee

In connection with the registration of (Inset name of CHX Participant Organization) as an Institutional Broker (IB) participant firm registered with the Chicago Stock Exchange and pursuant to CHX Article 7, Rule 10, the undersigned CHX Clearing Broker Participant Firm hereby accepts financial responsibility for all Exchange transactions including institutional broker *proprietary trading* and *brokerage errors* made by the above named registered CHX Institutional Broker Participant Firm and its registered Institutional Broker(s) Representative(s) (IBR).

Clearing Broker Participant Representative Officer:
(Print Name): _____

Clearing Broker Participant Representative Title:

Clearing Broker Participant Representative Signature:

Effective Date of Execution: _____

Clearing Account NSCC/DTCC Symbol(s) To Be Used: _____¹

Institutional Broker Principal's Signature: _____

¹ Identify which specific symbol(s) designated for Brokerage Errors versus Proprietary Trading.



Market Maker Authorization Application Form

To fill out the form electronically, [click once](#) on the desired form field and begin typing.
To move to the next form field, you may click on the field or simply press the "Tab" button on your keyboard.

Firm Name: <input style="width: 150px;" type="text"/>		SEC ID #: 8- <input style="width: 50px;" type="text"/>	
Address: <input style="width: 150px;" type="text"/>			
City: <input style="width: 100px;" type="text"/>		ST: <input style="width: 30px;" type="text"/>	Zip: <input style="width: 50px;" type="text"/>
Contact Person: <input style="width: 100px;" type="text"/>		Phone: (<input style="width: 20px;" type="text"/>) <input style="width: 30px;" type="text"/> - <input style="width: 30px;" type="text"/> ext <input style="width: 30px;" type="text"/>	
Email: <input style="width: 100px;" type="text"/>		Fax: (<input style="width: 20px;" type="text"/>) <input style="width: 30px;" type="text"/> - <input style="width: 30px;" type="text"/>	

Business Unit Symbol: <input style="width: 50px;" type="text"/>	Clearing Symbol for Unqualified Status: <input style="width: 50px;" type="text"/>
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MM Trading Account Symbol	Clearing Broker Firm Name(s) (if applicable)	Clearing Symbol (if different from Trading Account Symbol)	NSCC#
<input style="width: 50px;" type="text"/>	<input style="width: 100px;" type="text"/>	<input style="width: 50px;" type="text"/>	<input style="width: 30px;" type="text"/>
<input style="width: 50px;" type="text"/>	<input style="width: 100px;" type="text"/>	<input style="width: 50px;" type="text"/>	<input style="width: 30px;" type="text"/>
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<input style="width: 50px;" type="text"/>	<input style="width: 100px;" type="text"/>	<input style="width: 50px;" type="text"/>	<input style="width: 30px;" type="text"/>

Amount of Net Capital, Minimum Requirement and Excess Net Capital, as defined in SEC Rule 15c3-1¹:

Net Capital	\$ <input style="width: 50px;" type="text"/>	(line #3750 Focus II & IIa)
Minimum Requirement	\$ <input style="width: 50px;" type="text"/>	(line #3760 Focus II & IIa)
Excess Net Capital	\$ <input style="width: 50px;" type="text"/>	(line #3770 Focus II & IIa)

Reported on FOCUS Report (date): / / 20

¹ Registered market makers must maintain an adequate amount of net capital as defined by Exchange rules and the federal securities laws. See, Article 7, Rule 3; Exchange Act Rule 15c3-1(a)(4.) Generally, the minimum required amount of net capital is \$100,000 or \$2,500 per security in which the MM is registered, whichever is more, with a ceiling of \$1,000,000. For stocks under \$5, the required amount is \$1,000 per issue.

Name(s) and title(s) of all Market Maker Traders (“MMT’s”) responsible for making markets; include dates MMTs completed and passed the CHX MMT exam (per Article 6, Rule 3), and attach U-4’s for all MMTs if not already provided. For MMTs who have not yet passed the CHX MMT exam, indicate the date the MMT is scheduled to sit for the exam. NOTE: MMTs who have not successfully passed the CHX MMT exam cannot enter orders and make markets on behalf of your firm’s proprietary Market Making operation.

Name:	Title:	Date of Exam:
█	█	█ / █ / 20 █
█	█	█ / █ / 20 █
█	█	█ / █ / 20 █
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█	█	█ / █ / 20 █

If you wish to make markets in more than 500 securities *at this time*, you must obtain written permission from the Exchange. Indicate (check) the level of authorization you seek at this time:

- 500 or less
 501-600
 601-700
 701-800
 801-900
 901-1000

Any other information which you deem relevant to this application:

█

Completed by: _____ Date: ___ / ___ / 20___
(Signature)

(Print name, title)

Please Return to:

Eileen Daut
Manager, Participant Services Department
Chicago Stock Exchange, Inc.
One Financial Place
440 South LaSalle Street
Chicago, IL 60605
Phone:(312)663-2581
edaut@chx.com

For Market Regulation Department Use Only:



Approved on: ___ / ___ / 20___

By: _____
(print name, title)

Section 3: Application Forms Index

Additional Information

CHX Telephone Contact List (PDF) <i>updated June 2010</i>
CHX Fee Schedule (http://www.chx.com/content/Participant_Information/Rules_Fee_schedule.html)
CHX Rule Book (http://www.chx.com/content/Participant_Information/Rules_CHX.html)
SEC Website – Broker/Dealer Guide (http://www.sec.gov/divisions/marketreg/bdguide.htm)
Technical Documents (http://www.chx.com/content/Trading_Information/Technical_Documents.html)
DEA Services (PDF) <i>updated May 2007</i>
Broker/Dealer Providing Clearing Services (PDF) <i>updated February 2009</i>
Accountants/Bookkeepers (PDF) <i>updated June 2010</i>
Independent CPA Auditors (PDF) <i>updated June 2010</i>



Section 3: CHX Telephone Contact List

For Issues Pertaining To	Contact	Phone Number and Email Address
CHX Shared Trading Facilities: Space, Equipment, Vendor Services	John Kavanagh	(312) 663-2507 jkavanagh@chx.com
Institutional Broker and Market Maker Examinations	Melinda Hernandez	(312) 663-2492 mhernandez@chx.com
Market Regulation	David C. Whitcomb	(312) 663-2628 dwhitcomb@chx.com
Net Capital, Books & Records, Regulatory Issues	Michael Cardin	(312) 663-2204 mcardin@chx.com
Participant Services	Eileen Daut	(312) 663-2581 edaut@chx.com
Security	Tasker Brush	(312) 663-2066 tbrush@chx.com
Series 7 Exams	Michael Cardin	(312) 663-2204 mcardin@chx.com
Connectivity Services	Celeste Gianfrancisco	(312) 663-2038 cgfrancisco@chx.com
	CHX Website	www.chx.com



Section 3: DEA Services

Designated Examining Authority

Registered broker/dealers who are participants of multiple Self-Regulatory Organizations (“SROs”), including the Chicago Stock Exchange, Inc., (“CHX”) have one SRO as that participant’s Designated Examining Authority (“DEA”). Those firms who are only participants of the CHX are monitored by and must report certain matters to the CHX. The primary purpose of such Participants must normally be acting as a broker-dealer in securities transactions. The Exchange imposes certain additional fees if it is acting as the DEA.

Following is a summary of several related topics:

Record Keeping – Books and Records

- Every participant must prepare and maintain certain books and records in accordance with CHX Article 11, Rule 2, 3 and 4 and SEC Exchange Act Rules 17a-3 and 19a-4, and other applicable provisions. If a participant/participant firm is not self-clearing it is still its responsibility to make certain that its clearing broker maintains required records such as the purchase and sales blotter.
- CHX designated participants will be examined by the CHX, normally at least annually, to assure compliance with the record keeping requirements. The participant/participant firm is responsible for, at a minimum, the preparation and maintenance of the following original books and records:
 - Purchase and sales blotter
 - Position records
 - Receipt and delivery blotter
 - Original order tickets
 - Monthly/daily statements from clearing brokers, if applicable

- Cash receipts and disbursement blotter / checkbook register, cancelled checks, bank statement reconciliations
- General ledgers and balance sheets
- Trial balances
- Monthly income and expense records
- Monthly net capital and AI computations
- Monthly and Quarterly FOCUS II or IIA Reports

Other recordkeeping requirements may apply.

Net Capital Requirements

Every broker/dealer is subject to the SEC Exchange Act Rule 15c3-1 (Net Capital Rule), regardless of their size or operation. CHX Article 7, Rule 3(c) requires that net capital computations must be prepared at least monthly. CHX designated participants will be examined by the CHX, at least annually, to assure compliance with this requirement.

SIPC Assessments

The CHX is the SIPC collection agent for its designated participants. The minimum assessment for each participant is \$150 per year or any part thereof. Any new participant designated to the CHX will be billed directly by SIPC for the first year. Thereafter, designated participants will be billed annually by the CHX for the \$150 minimum which will appear on the participant’s CHX billing statement. Records of direct payment to SIPC must be retained and preserved in accordance with SEC Exchange Act Rules 17a-3 and 17a-4.

FOCUS and Annual Certified Audits

CHX Article 7, Rule 4 and SEC Exchange Act Rule 17a-5 require that every participant/participant firm file financial and operational reports. This includes monthly and quarterly FOCUS, and annual financial statements and schedules certified by an independent public accountant acceptable to the CHX, in accordance with the requirements of 17 CFR 240.17a-5.

A participant/participant firm which does not clear its own transactions may be exempt from filing annual, certified financial statements if it limits its securities activities only to that of a CHX market maker or institutional broker and does not have contact with public customers.

Institutional Broker Guarantee Letters

CHX Article 7, Rule 10 (“Guarantee Letters”) requires that all institutional broker firms who do not clear their own trades, including brokerage errors, to produce a letter of guarantee from a clearing broker/dealer prior to conducting its institutional brokerage transactions.

Written Supervisory Procedures

CHX Article 6, Rule 5(b) (“Registered Persons and Branch and Resident Offices”) requires both individual participants and participant firms to establish, maintain, and enforce written supervisory procedures to assure that the type of securities business in which the participant or participant firm engages and the activities of registered representatives, employees, and associated person are properly supervised and comply with securities laws, SEC Rules and Regulation and CHX Rules.

List of Officers and Directors

Participant firms for which the CHX is the designated examination authority shall file and keep current a list of officers and directors as well as evidence, satisfactory to the Exchange, that the officers of the Participant Firm are duly authorized to act for the Participant Firm.

Fingerprints

SEC Rule 17f-2 states, among other things, that every member of a national securities exchange shall require that each of its officers, partners, members, and employees be fingerprinted and shall submit those fingerprints to the Attorney General of the United States for appropriate processing. CHX designated participant / participant firms will be examined by the CHX, at least annually, to assure compliance with this requirement.

CRD

The SEC has adopted rules requiring all broker/dealers to file original broker/dealer applications (Form BD) with the Central Registration Depository (“CRD”). The CRD is the computerized filing and data processing system operated by the National Association of Securities Dealers. Form BD amendments, as well as withdrawals from registration (Form BDW) are also to be filed through the CRD system.

The system maintains registration information for all broker/dealers on behalf of the SEC, State regulators and certain SROs such as the CHX. The CRD system provides “one-stop filing” for broker/dealers and any filings with the CRD are considered filed with the SEC.

Broker/dealers designated to the CHX shall be required to provide the CHX with signed executed hard copies of all amended Form BDs filed with the CRD. The participant may also choose to have the CHX forward the amended Form BD to the CRD on their behalf by providing the originally endorsed and notarized form accompanied by a written request to do so.



Broker/Dealers Providing Clearing Services

The Chicago Stock Exchange, Inc. ("CHX") provides this list of Clearing Brokers for informational purposes only and strictly as a courtesy to CHX participants who request such information. The providing of this information is not an endorsement or recommendation by CHX of anyone whose name appears on this list. In addition, CHX accepts no responsibility or liability for any loss, damage, cost or expense sustained by any person who receives this list in connection with the performance of any service by any Clearing Broker whose name appears on this list.

Goldman Sachs Execution & Clearing, LP	Belinda Lentz	(312) 362-3947
Lek Securities Corp.	Mitchell King	(312) 939-3428
Merrill Lynch Professional Clearing Corp.	Frank Catris	(312) 347-3600



Section 3: Accountants / Bookkeepers

The Chicago Stock Exchange, Inc. (“CHX”) provides this list of Accountants/Bookkeepers for informational purposes only and strictly as a courtesy to CHX participants who request such information. The providing of this information is not an endorsement or recommendation by CHX of anyone whose name appears on this list. In addition, CHX accepts no responsibility or liability for any loss, damage, cost or expense sustained by any person who receives this list in connection with the performance of any service by anyone appearing on this list.

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Section 3: Independent CPA Auditors

The Chicago Stock Exchange, Inc. (“CHX”) provides this list of Independent CPA Auditors for informational purposes only and strictly as a courtesy to CHX participants who request such information. The providing of this information is not an endorsement or recommendation by CHX of anyone whose name appears on this list. In addition, CHX accepts no responsibility or liability for any loss, damage, cost or expense sustained by any person who receives this list in connection with the performance of any service by any CPA Auditor whose name appears on this list.

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