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Subject: New Web CRD® Registration Categories and Qualification Exams

Effective August 1, 2011, three new registration categories became available to ISE members. These registration categories, including PT – Proprietary Trader (S56, S7), CT – Proprietary Trader Compliance Officer (S56, S14) and TP – Proprietary Trader Principal (S56, S24), have been made available to Members in conjunction with recent changes to ISE Rule 313 and other Exchange rules regarding registration and qualification.¹

As a result of the rule changes approved in February, all individual Members and individual associated persons who did not actively maintain a registration in WebCRD® (“CRD”) and who engaged in the securities business of an ISE Member, (as defined in Rule 313) were required to register in CRD in the AP – Approved Person category. Effective August 1, 2011, individual Members and/or individual associated persons engaged in the securities business of a Member and that do not conduct a public customer business on behalf of the Member must register and qualify in the appropriate category(ies) of registration described below. Individual Members and individual associated persons that register in one or more of the categories identified below are no longer required to maintain a registration as an AP–Approved Person in CRD. The new registration/qualification requirements for individual Members and individual associated persons include the following:

Proprietary Trader Registration (Series 56, Series 7)

An associated person that is engaged in the securities business of a Member that does not conduct public customer business must now register as a PT – Proprietary Trader. An associated person that maintains a Series 7 may register as a Proprietary Trader within WebCRD. Alternatively, associated persons must take and pass the Series 56 examination to qualify for registration as a Proprietary Trader within WebCRD

¹ See Securities Exchange Act Release No. 63843 (February 4, 2011) 76 FR 7884 (February 11, 2011) (SR-ISE-2010-115).

The Proprietary Traders Qualification Examination content outline has been filed with the SEC. The content outline is available in ISE's rule filing SR-ISE-2011-36, which is available on ISE's website.

Proprietary Trader Compliance Officer Registration (Series 56, Series 14)

Each ISE Member that is a registered broker-dealer is required to designate a Chief Compliance Officer ("CCO") on its Form BD. In accordance with Rule 313(c), a CCO of a Member that does not conduct public customer business is required to register as a CT – Proprietary Trader Compliance Officer and must pass the Series 14 qualification examination. These individuals must also pass either the Series 7 or Series 56 as a prerequisite to taking the Series 14. Individuals who meet the requirements set forth in Rule 313(c) will be exempt from having to pass the heightened qualification examination to register as a CCO on its Form BD.

Proprietary Trader Principal Registration (Series 56, Series 24)

Each ISE Member is required to register each individual acting in any of the following capacities as a TP – Proprietary Trader Principal: (i) officer; (ii) partner; (iii) director; (iv) supervisor of proprietary trading, market-making or brokerage activities; and/or (v) supervisor of those engaged in proprietary trading, market-making or brokerage activities with respect to those activities.² Individuals required to register as a Proprietary Trader Principal must pass the Series 24 qualification examination. These individuals must also pass either the Series 7 or Series 56 as a prerequisite to taking the Series 24.

The Approval Order issued in connection with SR-ISE-2010-115³ established that associated persons will have 90 days from the date the examination becomes available to take and pass the exam. Accordingly, Members will have until October 29, 2011 to take and pass the exam.

The Exchange will continue to update Members through Regulatory Information Circulars if there are any changes relating to the information provided in this Circular.

² In accordance with Interpretation .07 to Rule 313, unless a waiver or exemption applies, each Member must register at least two individuals acting in one or more of the following capacities: (i) officer; (ii) partner; (iii) director; (iv) supervisor of proprietary trading, market-making or brokerage activities; and/or (v) supervisor of those engaged in proprietary trading, market-making or brokerage activities with respect to those activities.

³ See note 1.