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SECURITIES AND EXCHANGE COMMISSION  
WASHINGTON, D.C. 20549  
Form 19b-4

File No. \* SR 2022 - \* 22

Amendment No. (req. for Amendments \*)

Filing by MIAX Emerald, LLC

Pursuant to Rule 19b-4 under the Securities Exchange Act of 1934

<b>Initial *</b> <input checked="" type="checkbox"/>	<b>Amendment *</b> <input type="checkbox"/>	<b>Withdrawal</b> <input type="checkbox"/>	<b>Section 19(b)(2) *</b> <input type="checkbox"/>	<b>Section 19(b)(3)(A) *</b> <input checked="" type="checkbox"/>	<b>Section 19(b)(3)(B) *</b> <input type="checkbox"/>
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<b>Pilot</b> <input type="checkbox"/>	<b>Extension of Time Period for Commission Action *</b> <input type="checkbox"/>	<b>Date Expires *</b> <input type="text"/>	<b>Rule</b>
			<input type="checkbox"/> 19b-4(f)(1) <input type="checkbox"/> 19b-4(f)(4) <input type="checkbox"/> 19b-4(f)(2) <input type="checkbox"/> 19b-4(f)(5) <input type="checkbox"/> 19b-4(f)(3) <input checked="" type="checkbox"/> 19b-4(f)(6)

Notice of proposed change pursuant to the Payment, Clearing, and Settlement Act of 2010

Section 806(e)(1) \*

Section 806(e)(2) \*

Security-Based Swap Submission pursuant to the Securities Exchange Act of 1934

Section 3C(b)(2) \*

Exhibit 2 Sent As Paper Document

Exhibit 3 Sent As Paper Document

### Description

Provide a brief description of the action (limit 250 characters, required when Initial is checked \*).

Amend Exchange Rule 1900, Registration Requirements, Exchange Rule 1903, Continuing Education Requirements, and Exchange Rule 1904, Electronic Filing Requirements For Uniform Forms

### Contact Information

Provide the name, telephone number, and e-mail address of the person on the staff of the self-regulatory organization prepared to respond to questions and comments on the action.

First Name \* Katherine Last Name \* Comly

Title \* Legal Associate

E-mail \* kcomly@miami-holdings.com

Telephone \* (609) 613-1396 Fax

### Signature

Pursuant to the requirements of the Securities Exchange of 1934, MIAX Emerald, LLC has duty caused this filing to be signed on its behalf by the undersigned thereunto duty authorized.

Date 06/27/2022

(Title \*)

By Michael Slade

AVP, Associate Counsel

(Name \*)

NOTE: Clicking the signature block at right will initiate digitally signing the form. A digital signature is as legally binding as a physical signature, and once signed, this form cannot be changed.

Michael Slade Date: 2022.06.27 17:56:47 -04'00'

Required fields are shown with yellow backgrounds and astericks.

SECURITIES AND EXCHANGE COMMISSION  
WASHINGTON, D.C. 20549

For complete Form 19b-4 instructions please refer to the EFFS website.

**Form 19b-4 Information \***

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SR-EMERALD-2022-22-19b4.docx

The self-regulatory organization must provide all required information, presented in a clear and comprehensible manner, to enable the public to provide meaningful comment on the proposal and for the Commission to determine whether the proposal is consistent with the Act and applicable rules and regulations under the Act.

**Exhibit 1 - Notice of Proposed Rule Change \***

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SR-EMERALD-2022-22- Exhibit 1.docx

The Notice section of this Form 19b-4 must comply with the guidelines for publication in the Federal Register as well as any requirements for electronic filing as published by the Commission (if applicable). The Office of the Federal Register (OFR) offers guidance on Federal Register publication requirements in the Federal Register Document Drafting Handbook, October 1998 Revision. For example, all references to the federal securities laws must include the corresponding cite to the United States Code in a footnote. All references to SEC rules must include the corresponding cite to the Code of Federal Regulations in a footnote. All references to Securities Exchange Act Releases must include the release number, release date, Federal Register cite, Federal Register date, and corresponding file number (e.g., SR-[SRO]-xx-xx). A material failure to comply with these guidelines will result in the proposed rule change being deemed not properly filed. See also Rule 0-3 under the Act (17 CFR 240.0-3)

**Exhibit 1A - Notice of Proposed Rule Change, Security-Based Swap Submission, or Advanced Notice by Clearing Agencies \***

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The Notice section of this Form 19b-4 must comply with the guidelines for publication in the Federal Register as well as any requirements for electronic filing as published by the Commission (if applicable). The Office of the Federal Register (OFR) offers guidance on Federal Register publication requirements in the Federal Register Document Drafting Handbook, October 1998 Revision. For example, all references to the federal securities laws must include the corresponding cite to the United States Code in a footnote. All references to SEC rules must include the corresponding cite to the Code of Federal Regulations in a footnote. All references to Securities Exchange Act Releases must include the release number, release date, Federal Register cite, Federal Register date, and corresponding file number (e.g., SR-[SRO]-xx-xx). A material failure to comply with these guidelines will result in the proposed rule change being deemed not properly filed. See also Rule 0-3 under the Act (17 CFR 240.0-3)

**Exhibit 2- Notices, Written Comments, Transcripts, Other Communications**

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Copies of notices, written comments, transcripts, other communications. If such documents cannot be filed electronically in accordance with Instruction F, they shall be filed in accordance with Instruction G.

Exhibit Sent As Paper Document

**Exhibit 3 - Form, Report, or Questionnaire**

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Copies of any form, report, or questionnaire that the self-regulatory organization proposes to use to help implement or operate the proposed rule change, or that is referred to by the proposed rule change.

Exhibit Sent As Paper Document

**Exhibit 4 - Marked Copies**

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The full text shall be marked, in any convenient manner, to indicate additions to and deletions from the immediately preceding filing. The purpose of Exhibit 4 is to permit the staff to identify immediately the changes made from the text of the rule with which it has been working.

**Exhibit 5 - Proposed Rule Text**

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SR-EMERALD-2022-22-Exhibit 5.docx

The self-regulatory organization may choose to attach as Exhibit 5 proposed changes to rule text in place of providing it in Item I and which may otherwise be more easily readable if provided separately from Form 19b-4. Exhibit 5 shall be considered part of the proposed rule change

**Partial Amendment**

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If the self-regulatory organization is amending only part of the text of a lengthy proposed rule change, it may, with the Commission's permission, file only those portions of the text of the proposed rule change in which changes are being made if the filing (i.e. partial amendment) is clearly understandable on its face. Such partial amendment shall be clearly identified and marked to show deletions and additions.

## 1. **Text of the Proposed Rule Change**

(a) MIAX Emerald, LLC (“MIAX Emerald” or “Exchange”), pursuant to the provisions of Section 19(b)(1) of the Securities Exchange Act of 1934 (“Act”)<sup>1</sup> and Rule 19b-4 thereunder,<sup>2</sup> is filing with the Securities and Exchange Commission (“SEC” or “Commission”) a proposal to amend Exchange Rule 1903, Continuing Education Requirements. The proposed rule change also makes conforming amendments to Exchange Rule 1900, Registration Requirements. Among other changes, the proposed rule change requires that the Regulatory Element of continuing education be completed annually rather than every three years and provide a path through continuing education for individuals to maintain their qualification following the termination of a registration. The Exchange also proposes to amend its manual signature requirements in Exchange Rule 1904, Electronic Filing Requirements for Uniform Forms.

Notice of the proposed rule change for publication in the Federal Register is attached hereto as Exhibit 1. The proposed amendment to the Exchange’s rules is attached as Exhibit 5.

(b) Not applicable.

(c) Not applicable.

## 2. **Procedures of the Self-Regulatory Organization**

The proposed rule change was approved by the Chief Executive Officer of the Exchange or his designee pursuant to authority delegated by the MIAX Emerald Board of Directors on June 16, 2022. Exchange staff will advise the Board of Directors of any action taken pursuant to delegated authority. No other action by the Exchange is necessary for the filing of the proposed rule change.

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<sup>1</sup> 15 U.S.C. 78s(b)(1).

<sup>2</sup> 17 CFR 240.19b-4.

Questions and comments on the proposed rule change may be directed to Katherine Comly, Legal Associate, at (609) 613-1396.

**3. Self-Regulatory Organization’s Statement of the Purpose of, and Statutory Basis for, the Proposed Rule Change**

a. Purpose

The Exchange proposes to amend Exchange Rules 1900 and 1903. This proposed rule change is based on a filing recently submitted by the Financial Industry Regulatory Authority, Inc. (“FINRA”)<sup>3</sup> and is intended to harmonize the Exchange’s registration rules with those of FINRA so as to promote uniform standards across the securities industry.<sup>4</sup> The Exchange also proposes to amend its manual signature requirements in Exchange Rule 1904, Electronic Filing Requirements for Uniform Forms, to align with changes FINRA has made to similar rules.<sup>5</sup> Each change is discussed in detail below.

The proposed changes are based on the changes filed with the Commission in SR-FINRA-2021-003 and SR-FINRA-2021-015.<sup>6</sup> The Exchange proposes to adopt such changes substantially in the same form as proposed by FINRA, with only minor changes necessary to

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<sup>3</sup> See Securities Exchange Act Release Nos. 92183 (June 15, 2021), 86 FR 33427 (June 24, 2021) (SR-FINRA-2021-15); and 93097 (September 21, 2021), 86 FR 53358 (September 27, 2021) (SR-FINRA-2021-15).

<sup>4</sup> See, e.g., Securities Exchange Act Release Nos. 94400 (March 11, 2022), 87 FR 15286 (March 17, 2022) (SR-NASDAQ-2022-021); 92562 (August 4, 2021), 86 FR 143701 (August 10, 2021) (SR-CBOE-2021-043); 94794 (April 26, 2022), 87 FR 25683 (May 2, 2022) (SR-BOX-2022-016); 94429 (March 16, 2022), 87 FR 16268 (March 22, 2022) (SR-MEMX-2022-05); and 95140 (June 22, 2022) (SR-MIAX-2022-23).

<sup>5</sup> See Securities Exchange Act Release No. 91262 (March 5, 2021), 86 FR 13935 (March 11, 2021) (SR-FINRA-2021-003).

<sup>6</sup> See supra notes 3 and 5.

conform to the Exchange's existing rules such as to remove cross-references and rules that are applicable to FINRA members but not to Exchange Members.<sup>7</sup>

### **Continuing Education Rules**

#### i. Background

The continuing education program for registered persons of broker-dealers ("CE Program") currently requires registered persons to complete continuing education consisting of a Regulatory Element and a Firm Element. The Regulatory Element, which is administered by FINRA on behalf of the Exchange, focuses on regulatory requirements and industry standards, while the Firm Element is provided by each firm and focuses on securities products, services, and strategies the firm offers, firm policies, and industry trends. The CE Program is codified under the rules of the self-regulatory organizations ("SROs"). The CE Program for registered persons of Exchange Members is codified under Exchange Rules 1900 and 1903.<sup>8</sup>

#### a. Regulatory Element

Exchange Rule 1903(a), Regulatory Element, currently requires a registered person to complete the applicable Regulatory Element initially within 120 days after the person's second registration anniversary date, and thereafter, within 120 days after every third registration

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<sup>7</sup> The term "Member" means an individual or organization approved to exercise the trading rights associated with a Trading Permit. Members are deemed "members" under the Exchange Act. See Exchange Rule 100.

<sup>8</sup> See Exchange Rules 1900 and 1903.

anniversary date.<sup>9</sup> The Exchange may extend these time frames for good cause shown.<sup>10</sup>

Registered persons who have not completed the Regulatory Element within the prescribed time frames will have their Exchange registrations deemed inactive and will be designated as “CE inactive” in the CRD system until the requirements of the Regulatory Element have been satisfied.<sup>11</sup> A CE inactive person is prohibited from performing, or being compensated for, any activities requiring Exchange registration, including supervision. Moreover, if registered persons remain CE inactive for two consecutive years, they must requalify by retaking required examinations (or obtain a waiver of the applicable qualification examinations).<sup>12</sup>

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<sup>9</sup> See Exchange Rule 1903(a)(1). An individual’s registration anniversary date is generally the date they initially registered with the Exchange in the Central Registration Depository (“CRD<sup>®</sup>”) system. However, an individual’s registration anniversary date would be reset if the individual has been out of the industry for two or more years and is required to requalify by examination, or obtain an examination waiver, in order to reregister. An individual’s registration anniversary date would also be reset if the individual obtains a conditional examination waiver that requires them to complete the Regulatory Element by a specified date. Non-registered individuals who are participating in the waiver program under Exchange Rule 1900, Interpretation and Policy .09, Waiver of Examinations for Individuals Working for a Financial Services Industry Affiliate of a Member, (“FSAWP participants”) are also subject to the Regulatory Element. See also Exchange Rule 1903(a)(5), Definition of Covered Person. The Regulatory Element for FSAWP participants correlates to their most recent registration(s), and it must be completed based on the same cycle had they remained registered. FSAWP participants are eligible for a single, fixed seven-year waiver period from the date of their initial designation, subject to specified conditions. Registered persons who become subject to a significant disciplinary action, as specified in Exchange Rule 1903(a)(3), Disciplinary Actions, may be required to retake the Regulatory Element within 120 days of the effective date of the disciplinary action, if they remain registered. Further, their cycle for participation in the Regulatory Element may be adjusted to reflect the effective date of the disciplinary action rather than their registration anniversary date.

<sup>10</sup> See Exchange Rule 1903(a)(2).

<sup>11</sup> See *id.* Individuals must complete the entire Regulatory Element session to be considered to have “completed” the Regulatory Element; partial completion is the same as non-completion.

<sup>12</sup> This CE inactive two-year period is calculated from the date such persons become CE inactive, and it continues to run regardless of whether they terminate their registrations before the end of the two-year period. Therefore, if registered persons terminate their

The Regulatory Element consists of a subprogram for registered persons generally, and a subprogram for principals and supervisors.<sup>13</sup> While some of the current Regulatory Element content is unique to particular registration categories, most of the content has broad application to both representatives and principals.<sup>14</sup>

The Regulatory Element was originally designed at a time when most individuals had to complete the Regulatory Element at a test center, and its design was shaped by the limitations of the test center-based delivery model. In 2015, FINRA transitioned the delivery of the Regulatory Element to an online platform (“CE Online”), which allows individuals to complete the content online at a location of their choosing, including their private residence. This online delivery provides FINRA with much greater flexibility in updating content in a timelier fashion, developing content tailored to each registration category and presenting the material in an optimal learning format.

b. Firm Element

Exchange Rule 1903(b), Firm Element, currently requires each firm to develop and administer an annual Firm Element training program for covered registered persons.<sup>15</sup> The rule

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registrations while in a CE inactive status, they must satisfy all outstanding Regulatory Element prior to the end of the CE inactive two-year period in order to reregister with a Member without having to requalify by examination or having to obtain an examination waiver.

<sup>13</sup> The S101 (General Program for Registered Persons) and the S201 (Registered Principals and Supervisors). For more information on both subprograms, see Content Outline for the S101 Regulatory Element Program, available at [https://www.finra.org/sites/default/files/S101P\\_Outline.pdf](https://www.finra.org/sites/default/files/S101P_Outline.pdf) and Content Outline for the S201 Regulatory Element Program, available at <https://www.finra.org/sites/default/files/2020-11/s201.pdf>.

<sup>14</sup> The current content is presented in a single format leading individuals through a case that provides a story depicting situations that they may encounter in the course of their work.

<sup>15</sup> “Covered registered persons” means any person registered with the Exchange pursuant to Rule 1900, including any person who is permissively registered pursuant to Exchange

requires firms to conduct an annual needs analysis to determine the appropriate training.<sup>16</sup>

Currently, at a minimum, the Firm Element must cover training in ethics and professional responsibility as well as the following items concerning securities products, services, and strategies offered by the Member: (1) general investment features and associated risk factors; (2) suitability and sales practices considerations; and (3) applicable regulatory requirements.<sup>17</sup>

A firm, consistent with its needs analysis, may determine to apply toward the Firm Element other required training. The current rule does not expressly recognize other required training, such as training relating to the anti-money laundering (“AML”) compliance program,<sup>18</sup> for purposes of satisfying Firm Element training.

c. Termination of a Registration

Currently, individuals whose registrations as representatives or principals have been terminated for two or more years may reregister as representatives or principals only if they requalify by retaking and passing the applicable representative- or principal-level examination or if they obtain a waiver of such examination(s) (the “two-year qualification period”).<sup>19</sup> The two-

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Rule 1900, Interpretation and Policy .02, and any person who is designated as eligible for a waiver pursuant to Exchange Rule 1900, Interpretation and Policy .09. See Exchange Rule 1903(a)(5).

<sup>16</sup> See Exchange Rule 1903(b)(2), Standards for the Firm Element.

<sup>17</sup> Id.

<sup>18</sup> See MIAX Rule 315(e) (applicable to the Exchange by being incorporated into the Exchange Rules by reference).

<sup>19</sup> See Exchange Rule 1900, Interpretation and Policy .08. The two-year qualification period is calculated from the date individuals terminate their registration and the date the Exchange receives a new application for registration. The two-year qualification period does not apply to individuals who terminate a limited registration category that is a subset of a broader registration category for which they remain qualified. For instance, it would not apply to an individual who maintains his registration as a General Securities Representative but who terminates his registration as an Investment Company and Variable Contracts Products Representative. Such individuals have the option of reregistering in the more limited registration category without having to requalify by

year qualification period was adopted prior to the creation of the CE Program and was intended to ensure that individuals who reregister are relatively current on their regulatory and securities knowledge.

ii. Proposed Rule Change

After extensive work with the Securities Industry/Regulatory Council on Continuing Education (“CE Council”) and discussions with stakeholders, including industry participants and the North American Securities Administrators Association (“NASAA”), FINRA adopted the following changes to the CE Program under its rules.<sup>20</sup> In order to promote uniform standards across the securities industry, the Exchange now proposes to adopt the same changes to its continuing education rules.

a. Transition to Annual Regulatory Element for Each Registration Category

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examination or obtain an examination waiver so long as they continue to remain qualified for the broader registration category. Further, the two-year qualification period only applies to the representative- and principal-level examinations; it does not extend to the Securities Industry Essentials (“SIE”) examination. The SIE examination is valid for four years, but having a valid SIE examination alone does not qualify an individual for registration as a representative or principal. Individuals whose registrations as representatives or principals have been revoked pursuant to MIAX Rule 1011, Judgment and Sanction (applicable to the Exchange by being incorporated into the Exchange Rules by reference), may only requalify by retaking the applicable representative- or principal-level examination in order to reregister as representatives or principals, in addition to satisfying the eligibility conditions for association with a firm. Waivers are granted either on a case-by-case basis under Exchange Rule 1900, Interpretation and Policy .03, Qualification Examinations and Waivers of Examinations, or as part of the waiver program under Exchange Rule 1900, Interpretation and Policy .09.

<sup>20</sup> See supra note 3. FINRA’s changes are based on the CE Council’s September 2019 recommendations to enhance the CE Program. See Recommended Enhancements for the Securities Industry Continuing Education Program, available at <http://cecouncil.org/media/266634/council-recommendations-final-.pdf>. The CE Council is composed of securities industry representatives and representatives of SROs. The CE Council was formed in 1995 upon a recommendation from the Securities Industry Task Force on Continuing Education and was tasked with facilitating the development of uniform continuing education requirements for registered persons of broker-dealers.

As noted above, currently, the Regulatory Element generally must be completed every three years, and the content is broad in nature. Based on changes in technology and learning theory, the Regulatory Element content can be updated and delivered in a timelier fashion and tailored to each registration category, which would further the goals of the Regulatory Element.<sup>21</sup> Therefore, to provide registered persons with more timely and relevant training on significant regulatory developments, the Exchange proposes to amend Exchange Rule 1903(a) to require registered persons to complete the Regulatory Element annually by December 31.<sup>22</sup> The proposed amendment would also require registered persons to complete the Regulatory Element content for each representative or principal registration category that they hold, which would also further the goals of the Regulatory Element.<sup>23</sup>

Under the proposed rule change, firms would have the flexibility to require their registered persons to complete the Regulatory Element sooner than December 31, which would allow firms to coordinate the timing of the Regulatory Element with other training requirements, including the Firm Element.<sup>24</sup> For example, a firm could require its registered persons to complete both their Regulatory Element and Firm Element by October 1 of each year.

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<sup>21</sup> When the CE Program was originally adopted in 1995, registered persons were required to complete the Regulatory Element on their second, fifth and tenth registration anniversary dates. See Securities Exchange Act Release No. 35341 (February 8, 1995), 60 FR 8426 (February 14, 1995) (Order Approving File Nos. SR-AMEX-94-59; SR-CBOE-94-49; SR-CHX-94-27; SR-MSRB-94-17; SR-NASD-94-72; SR-NYSE-94-43; SR-PSE-94-35; and SR-PHLX-94-52). The change to the current three-year cycle was made in 1998 to provide registered persons more timely and effective training, consistent with the overall purpose of the Regulatory Element. See Securities Exchange Act Release No. 39712 (March 3, 1998), 63 FR 11939 (March 11, 1998) (Order Approving File Nos. SR-CBOE-97-68; SR-MSRB-98-02; SR-NASD-98-03; and SR-NYSE-97-33).

<sup>22</sup> See proposed changes to Exchange Rules 1903(a)(1) and (a)(4).

<sup>23</sup> See proposed changes to Exchange Rules 1900, Interpretation and Policy .07, and 1903(a)(1).

<sup>24</sup> See proposed changes to Exchange Rules 1903(a)(1) and (a)(4).

Individuals who would be registering as a representative or principal for the first time on or after the implementation date of the proposed rule change would be required to complete their initial Regulatory Element for that registration category in the next calendar year following their registration.<sup>25</sup> In addition, subject to specified conditions, individuals who would be reregistering as a representative or principal on or after the implementation date of the proposed rule change would also be required to complete their initial Regulatory Element for that registration category in the next calendar year following their reregistration.<sup>26</sup>

Consistent with current requirements, individuals who fail to complete their Regulatory Element within the prescribed period would be automatically designated as CE inactive.<sup>27</sup> However, the proposed rule change preserves the Exchange's ability to extend the time by which a registered person must complete the Regulatory Element for good cause shown.<sup>28</sup>

The Exchange also proposes to amend Exchange Rule 1903(a) to clarify that: (1) individuals who are designated as CE inactive would be required to complete all of their pending and upcoming annual Regulatory Element, including any annual Regulatory Element that becomes due during their CE inactive period, to return to active status;<sup>29</sup> (2) the two-year CE inactive period is calculated from the date individuals become CE inactive, and it continues to run regardless of whether individuals terminate their registrations;<sup>30</sup> (3) individuals who become

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<sup>25</sup> See proposed changes to Exchange Rule 1903(a)(1).

<sup>26</sup> See proposed changes to Exchange Rule 1903(a)(4).

<sup>27</sup> See proposed changes to Exchange Rule 1903(a)(2).

<sup>28</sup> See id. The proposed rule change clarifies that the request for an extension of time must be in writing and include supporting documentation, which is consistent with current practice.

<sup>29</sup> Id.

<sup>30</sup> Id.

subject to a significant disciplinary action may be required to complete assigned continuing education content as prescribed by the Exchange;<sup>31</sup> (4) individuals who have not completed any Regulatory Element content for a registration category in the calendar year(s) prior to reregistering would not be approved for registration for that category until they complete that Regulatory Element content, pass an examination for that registration category or obtain an unconditional examination waiver for that registration category, whichever is applicable;<sup>32</sup> and (5) the Regulatory Element requirements apply to individuals who are registered, or in the process of registering, as a representative or principal.<sup>33</sup> In addition, the Exchange proposed making conforming amendments to Exchange Rule 1900, Interpretation and Policy .07.

Under the proposed rule change, the amount of content that registered persons would be required to complete in a three-year, annual cycle for a particular registration category is expected to be comparable to what most registered persons are currently completing every three years. In some years, there may be more required content for some registration categories depending on the volume of rule changes and regulatory issues. In addition, an individual who holds multiple registrations may be required to complete additional content compared to an individual who holds a single registration because, as noted above, individuals would be required to complete content specific to each registration category that they hold.<sup>34</sup> However, individuals with multiple registrations would not be subject to duplicative regulatory content in any given

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<sup>31</sup> See proposed changes to Exchange Rule 1903(a)(3). As previously noted, Exchange Rule 1903(a)(3) currently provides that such individuals may be required to retake the Regulatory Element. See supra note 9.

<sup>32</sup> See proposed changes to Exchange Rule 1903(a)(4).

<sup>33</sup> See proposed changes to Exchange Rule 1903(a)(5).

<sup>34</sup> As discussed in the Economic Impact Assessment section in the FINRA Rule Change, supra note 3, individuals with multiple registrations represent a small percentage of the population of registered persons.

year. The more common registration combinations would likely share much of their relevant regulatory content each year. For example, individuals registered as General Securities Representatives and General Securities Principals would receive the same content as individuals solely registered as General Securities Representatives, supplemented with a likely smaller amount of supervisory-specific content on the same topics. The less common registration combinations may result in less topic overlap and more content overall.

b. Recognition of Other Training Requirements for Firm Element and Extension of Firm Element to All Registered Persons

To better align the Exchange's Rulebook with FINRA's Rulebook, and, in addition, to better align the Firm Element requirement with other required training, the Exchange proposes amending Rule 1903(b) to expressly allow firms to consider training relating to the AML compliance program and the annual compliance meeting toward satisfying an individual's annual Firm Element requirement.<sup>35</sup> The Exchange also proposes to amend the rule to extend the Firm Element requirement to all registered persons, including individuals who maintain solely a permissive registration consistent with Exchange Rule 1900, Interpretation and Policy .02, Permissive Registrations, thereby further aligning the Firm Element requirement with other broadly-based training requirements.<sup>36</sup> In conjunction with this proposed change, the Exchange proposes modifying the current minimum training criteria under Exchange Rule 1903(b) to instead provide that the training must cover topics related to the role, activities, or responsibilities of the registered person and to professional responsibility.<sup>37</sup>

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<sup>35</sup> See proposed Exchange Rule 1903(b)(2)(iv).

<sup>36</sup> See proposed changes to Exchange Rule 1903(b)(1). As noted earlier, the current requirement only applies to "covered registered persons" and not all registered persons.

<sup>37</sup> See proposed changes to Exchange Rule 1903(b)(2)(ii).

c. Maintenance of Qualification After Termination of Registration

The Exchange proposes adopting paragraph (c) under Exchange Rule 1903 and Interpretation and Policies .01 and .02 to Exchange Rule 1903 to provide eligible individuals who terminate any of their representative or principal registrations the option of maintaining their qualification for any of the terminated registrations by completing continuing education.<sup>38</sup> The proposed rule change would not eliminate the two-year qualification period. Rather, it would provide such individuals as alternative means of staying current on their regulatory and securities knowledge following the termination of a registration(s). Eligible individuals who elect not to participate in the proposed continuing education program would continue to be subject to the current two-year qualification period. The proposed rule change is generally aligned with other professional continuing education programs that allow individuals to maintain their qualification to work in their respective fields during a period of absence from their careers (including an absence of more than two years) by satisfying continuing education requirements for their credential.

The proposed rule change would impose the following conditions and limitations:

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<sup>38</sup> The proposed option would also be available to individuals who terminate any permissive registrations as provided under Exchange Rule 1900, Interpretation and Policy .02. However, the proposed option would not be available to individuals who terminate a limited registration category that is a subset of a broader registration category for which they remain qualified. As previously noted, such individuals currently have the option of reregistering in the more limited registration category without having to requalify by examination or obtain an examination waiver so long as they continue to remain qualified for the broader registration category. In addition, the proposed option would not be available to individuals who are maintaining an eliminated registration category, such as the category for Corporate Securities Representative, or individuals who have solely passed the Securities Industry Essentials examination, which does not, in and of itself, confer registration.

- Individuals would be required to be registered in the terminated registration category for at least one year immediately prior to the termination of that category;<sup>39</sup>
- Individuals could elect to participate when they terminate a registration or within two years from the termination of a registration;<sup>40</sup>
- Individuals would be required to complete annually all prescribed continuing education;<sup>41</sup>
- Individuals would have a maximum of five years in which to reregister;<sup>42</sup>

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<sup>39</sup> See proposed Exchange Rule 1903(c)(1).

<sup>40</sup> See proposed Exchange Rule 1903(c)(2). Individuals who elect to participate at the later date would be required to complete, within two years from the termination of their registration, any continuing education that becomes due between the time of their Form U5 (Uniform Termination Notice for Securities Industry Registration) submission and the date that they commence their participation. In addition, FINRA would enhance its systems to notify individuals of their eligibility to participate, enable them to affirmatively opt in, and notify them of their annual continuing education requirement if they opt in.

<sup>41</sup> See proposed Exchange Rule 1903(c)(3). However, upon a participant's request and for good cause shown, the Exchange would have the ability to grant an extension of time for the participant to complete the prescribed continuing education. A participant who is also a registered person must directly request an extension of the prescribed continuing education from the Exchange. The continuing education content for participants would consist of a combination of Regulatory Element content and content selected by FINRA and the CE Council from the Firm Element content catalog. The content would correspond to the registration category for which individuals wish to maintain their qualifications. Participants who are maintaining their qualification status for a principal registration category that includes one or more co-requisite representative registrations must also complete required annual continuing education for the co-requisite registrations in order to maintain their qualification status for the principal registration category. The proposed rule change clarifies that the prescribed continuing education must be completed by December 31 of the calendar year, which is consistent with the timing for the proposed annual Regulatory Element.

<sup>42</sup> See proposed Exchange Rule 1903(c). In addition, individuals applying for reregistration must satisfy all other requirements relating to the registration process (e.g., submit a

- Individuals who have been CE inactive for two consecutive years, or who become CE inactive for two consecutive years during their participation, would not be eligible to participate or continue;<sup>43</sup> and
- Individuals who are subject to a statutory disqualification, or who become subject to a statutory disqualification following the termination of their registration or during their participation, would not be eligible to participate or continue.<sup>44</sup>

The proposed rule change also includes a look-back provision that would, subject to specified conditions, extend the proposed option to individuals who have been registered as a representative or principal within two years immediately prior to the implementation date of the proposed rule change and individuals who have been FSAWP participants immediately prior to the implementation date of the proposed rule change.<sup>45</sup>

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Form U4 (Uniform Application for Securities Industry Registration or Transfer) and undergo a background check).

<sup>43</sup> See proposed Exchange Rules 1903(c)(4) and (c)(5).

<sup>44</sup> See proposed Exchange Rules 1903(c)(1) and (c)(6). Further, any content completed by participants would be retroactively nullified upon disclosure of the statutory disqualification. The following example illustrates the application of the proposed rule change to individuals who become subject to a statutory disqualification while participating in the proposed continuing education program. Individual A participates in the proposed continuing education program for four years and completes the prescribed content for each of those years. During year five of his participation, he becomes subject to a statutory disqualification resulting from a foreign regulatory action. In that same year, the Exchange receives a Form U4 submitted by a Member on behalf of Individual A requesting registration with the Exchange. The Form U4 discloses the statutory disqualification event. The Exchange would then retroactively nullify any content that Individual A completed while participating in the proposed continuing education program. Therefore, in this example, in order to become registered with the Exchange, he would be required to requalify by examination. This would be in addition to satisfying the eligibility conditions for association with an Exchange Member firm. See Exchange Act Sections 3(a)(39) and 15(b)(4).

<sup>45</sup> See proposed Exchange Rule 1903, Interpretation and Policy .01. Such individuals would be required to elect whether to participate by the implementation date of the proposed rule change. If such individuals elect to participate, they would be required to

In addition, the proposed rule change includes a re-eligibility provision that would allow individuals to regain eligibility to participate each time they reregister with a firm for a period of at least one year and subsequently terminate their registration, provided that they satisfy the other participation conditions and limitations.<sup>46</sup> Finally, the Exchange proposes making conforming amendments to Exchange Rule 1900, including adding references to proposed Exchange Rule 1903(c) and Interpretation and Policy .08 to Exchange Rule 1900.

The proposed rule change will have several important benefits. It will provide individuals with flexibility to address life and career events and necessary absences from registered functions without having to requalify each time. It will also incentivize them to stay current on their respective securities industry knowledge following the termination of any of their registrations. The continuing education under the proposed option will be as rigorous as the

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complete their initial annual content by the end of the calendar year in which the proposed rule change is implemented. In addition, if such individuals elect to participate, their initial participation period would be adjusted based on the date that their registration was terminated. The current waiver program for FSAWP participants would not be available to new participants upon implementation of the proposed rule change. See proposed Exchange Rule 1900, Interpretation and Policy .09. However, individuals who are FSAWP participants immediately prior to the implementation date of the proposed rule change could elect to continue in that waiver program until the program has been retired. As noted above, FSAWP participants may participate for up to seven years in that waiver program, subject to specified conditions. See supra note 9. As discussed above, the proposed rule change provides a five-year participation period for participants in the proposed continuing education program. So as not to disadvantage FSAWP participants, the Exchange has determined to preserve that waiver program for individuals who are participating in the FSAWP immediately prior to the implementation date of the proposed rule change. Because the proposed rule change transitions the Regulatory Element to an annual cycle, FSAWP participants who remain in that waiver program following the implementation of the proposed rule change would be subject to an annual Regulatory Element requirement. See proposed changes to Exchange Rule 1903(a)(1). Finally, the proposed rule change preserves the Exchange's ability to extend the time by which FSAWP participants must complete the Regulatory Element for good cause shown. See proposed changes to Exchange Rule 1903(a)(2).

<sup>46</sup>

See proposed Exchange Rule 1903, Interpretation and Policy .02.

continuing education of registered persons, which promotes investor protection. Further, the proposed rule change will enhance diversity and inclusion in the securities industry by attracting and retaining a broader and diverse group of professionals.

Significantly, the proposed rule change will be of particular value to women, who continue to be the primary caregivers for children and aging family members and, as a result, are likely to be absent from the industry for longer periods.<sup>47</sup> In addition, the proposed rule change will provide longer-term relief for women, individuals with low incomes and other populations, including older workers, who are at a higher risk of a job loss during certain economic downturns and who are likely to remain unemployed for longer periods.<sup>48</sup>

d. CE Program Implementation

As stated in the FINRA Rule Change, FINRA and the CE Council also plan to enhance the CE Program in other ways, and these additional enhancements do not require any changes to the FINRA rules.<sup>49</sup> As it relates to the rule changes themselves, the changes relating to the Maintaining Qualifications Program (proposed paragraph (c) of Exchange Rule 1903, and Interpretations and Policies .01 and .02) and the Financial Services Affiliate Waiver Program (FSAWP) (Interpretation and Policy .09 to Exchange Rule 1900) will be implemented July 1,

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<sup>47</sup> See The Female Face of Family Caregiving (November 2018), available at <https://www.nationalpartnership.org/our-work/resources/economic-justice/female-face-family-caregiving.pdf>.

<sup>48</sup> The COVID-19 Recession Is the Most Unequal in Modern U.S. History (September 30, 2020), available at <https://www.washingtonpost.com/graphics/2020/business/coronavirus-recession-equality/> and Unemployment's Toll on Older Workers Is Worst in Half a Century (October 21, 2020), available at <https://www.aarp.org/work/working-at-50-plus/info-2020/pandemic-unemployment-older-workers>.

<sup>49</sup> See *supra* note 3. Similar to FINRA, these additional enhances do not require any changes to Exchange Rules.

2022. All other changes related to the FINRA Rule Change, including the changes relating to the Regulatory Element, Firm Element and the two-year qualification period, will be implemented January 1, 2023.<sup>50</sup>

### **Manual Signature**

Exchange Rule 1904(c) currently provides that every initial and transfer electronic Form U4 filing and any amendments to the disclosure information on Form U4 must be based on a manually signed Form U4 provided to the Member or applicant for membership by the person on whose behalf the Form U4 is being filed, consistent with FINRA Rule 1010(c). Similarly, Exchange Rule 1904, Interpretation and Policy .03, currently provides that in the event a Member is not able to obtain an associated person's manual signature or written acknowledgement of amended disclosure information on that person's Form U4 prior to filing on such amendment reflecting the information pursuant to proposed Exchange Rule 1903(c)(3), the Member must enter "Representative Refused to Sign/Acknowledge" or "Representative Not Available" or a substantially similar entry in the electronic Form U4 field for the associated person's signature. However, FINRA has since amended their Rule 1010(c) to permit firms to choose to rely on electronic signatures to satisfy the signature requirements when filing Form U4.<sup>51</sup> Several other exchanges have also updated their rules to reflect FINRA's updated Rule 1010(c).<sup>52</sup>

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<sup>50</sup> See FINRA Regulatory Notice 21-41 at <https://www.finra.org/rules-guidance/notices/21-41>.

<sup>51</sup> See *supra* note 5.

<sup>52</sup> See e.g., Securities Exchange Act Release Nos. 94400 (March 11, 2022), 87 FR 15286 (March 17, 2022) (SR-NASDAQ-2022-021); 92562 (August 4, 2021), 86 FR 143701 (August 10, 2021) (SR-CBOE-2021-043); and 94794 (April 26, 2022), 87 FR 25683 (May 2, 2022) (SR-BOX-2022-016).

The Exchange proposes to amend Exchange Rule 1904(c) and Interpretation and Policy .03 to similarly allow firms to rely on electronic signatures when filing Form U4, consistent with FINRA Rule 1010(c). Specifically, the Exchange proposes to remove the term “manual” from “manual signature” and the term “manually” from “manually signed.” The proposed rule change provides Members, and applicants for membership, with an opportunity to better manage operational challenges. Particularly, the COVID-19 pandemic amplified the need to better manage operational challenges like those that arose during the pandemic and that may continue to arise in the future. Additionally, the proposed rule change would not require the use of a particular type of technology to obtain a valid electronic signature from the associated person. The Exchange believes that some firms may be unable to obtain the manual signature of applicants for registration resulting in a significant operational backlog. By permitting these firms to rely on electronic signatures to satisfy the signature requirements of Exchange Rule 1904(c) and Interpretation and Policy .03, the proposed rule change may reduce or eliminate this backlog. For purposes of the proposed rule change, a valid electronic signature would be any electronic mark that clearly identifies the signatory and is otherwise in compliance with the Electronic Signatures in Global and National Commerce Act (“E-Sign Act”) and the guidance issued by the Commission relating to the E-Sign Act.<sup>53</sup>

(b) Statutory Basis

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<sup>53</sup> See accord Securities Exchange Act Release No. 85282 (March 11, 2019), 84 FR 9573 (March 15, 2019) (Order Approving File No. SR-FINRA-2018-040) (discussing valid electronic signatures under existing guidance).

The Exchange believes that its proposal is consistent with Section 6(b) of the Act,<sup>54</sup> in general, and furthers the objectives of Section 6(b)(5) of the Act,<sup>55</sup> in particular, in that it is designed to prevent fraudulent and manipulative practices, to promote just and equitable principles of trade, to foster cooperation and coordination with persons engaged in regulating, clearing, settling, processing information with respect to, and 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.

As noted above, the proposed rule changes seek to align the Exchange Rules with recent changes to FINRA rules.<sup>56</sup> The Exchange believes the proposed rule changes are consistent with the provisions of Section 6(b)(5) of the Act,<sup>57</sup> which requires, among other things, that Exchange Rules must be designed to prevent fraudulent and manipulative acts and practices, to promote just and equitable principles of trade, and, in general, to protect investors and the public interest, and Section 6(c)(3) of the Act,<sup>58</sup> which authorizes the Exchange to prescribe standards of training, experience, and competence for persons associated with the Exchange. The Exchange is proposing to adopt such changes substantially in the same form proposed by FINRA with only minor changes necessary to conform to the Exchange's existing rules, such as removal of cross-references to rules that are applicable to FINRA members but not Members of the Exchange.<sup>59</sup> The Exchange believes the proposal is consistent with the Act for the reasons described above.

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<sup>54</sup> 15 U.S.C. 78f(b).

<sup>55</sup> 15 U.S.C. 78f(b)(5).

<sup>56</sup> See supra note 3.

<sup>57</sup> 15 U.S.C. 78f(b)(5).

<sup>58</sup> 15 U.S.C. 78f(c)(3).

<sup>59</sup> Proposed changes to Interpretation and Policy .08 of Exchange Rule 1900 is based on and substantially similar to FINRA Rule 1210.08. The proposed changes to Exchange Rule

The Exchange believes the proposed changes to the Regulatory Element will ensure that all Registered Representatives receive timely and relevant training, which will, in turn, enhance compliance and investor protection. The Exchange believes that establishing a path for individuals to maintain their qualification following the termination of a registration will reduce unnecessary impediments to requalification and promote greater diversity and inclusion in the securities industry without diminishing investor protection.

As it relates to the proposed changes to Exchange Rule 1904(c), the Exchange believes the proposed rule change provides firms with the flexibility to rely on electronic signatures to satisfy the signature requirements of Exchange Rule 1904(c). Specifically, the Exchange proposes to amend Exchange Rule 1904(c) and Interpretation and Policy .03, similar to the amendments made by FINRA, to provide the option of filing an initial or a transfer Form U4 based on a manually or an electronically signed copy of the form provided to the Member, or applicant for membership, by the individual on whose behalf the form is being filed. Considering the technological advancements that provide for enhanced authentication and security of electronic signatures, the Exchange believes that it is appropriate to amend Exchange Rule 1904(c) and Interpretation and Policy .03 to provide such flexibility. The proposed rule change also addresses the ongoing public health risks stemming from the outbreak of COVID-19 and the operational challenges that firms continue to face as a result of pandemic repercussions. By permitting these firms to rely on electronic signatures to satisfy the signature requirements of

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1903(a)(1)–(4), proposed changes to Exchange Rule 1903(b), proposed Exchange Rule 1903(c), and proposed Interpretations and Policies .01–.02 to Exchange Rule 1903(c) are based on and substantially similar to FINRA Rules 1240(a)(1)–(4), FINRA Rule 1240(b), FINRA Rule 1240(c) and Supplementary Materials .01 and .02 to FINRA Rule 1240. The Exchange does not currently have a provision analogous to FINRA Rule 3110 and thus has omitted language referring to such provision in its proposed Rules.

Exchange Rule 1904(c) and Interpretation and Policy .03, the proposed rule change may reduce or eliminate an operational backlog due to the difficulty firms may have faced in obtaining the manual signature of applicants for registration as a result of the impact of the pandemic on daily work environments. The Exchange believes the proposal is consistent with the Act for the reasons described above and for the reasons outlined in the recent filings SR-FINRA-2021-003 and SR-FINRA-2021-015.<sup>60</sup>

#### **4. 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. All Members would be subject to the proposed rule change. The proposed rule change relating to the Exchange's CE Program, which is materially identical to the FINRA Rule Change, is designed to result in a more efficient CE Program that addresses relevant regulatory requirements and provides individuals with improved tools and resources to understand and comply with such requirements, enhancing investor protection. Moreover, the proposed rule change would provide new channels for individuals to maintain their qualification status for a terminated registration category and, in so doing, could increase the likelihood that professionals who need to step away from the industry for a period could return, subject to satisfying all other requirements relating to the registration process.

As it relates to the proposed amendments to Exchange Rule 1904(c), the proposed rule change relating to manual signatures is, in all material respects, substantively identical to a recent rule change adopted by FINRA. The Exchange believes the proposed change will reduce a regulatory filing burden for Members by allowing them to rely on Form U4 copies with an

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<sup>60</sup> See supra notes 3 and 5.

electronic signature. All Members will have the option to rely on such forms with an electronic signature (or continue to rely on forms with a manual signature).

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

No written comments were either solicited or received.

**6. Extension of Time Period for Commission Action**

Not applicable.

**7. Basis for Summary Effectiveness Pursuant to Section 19(b)(3) or for Accelerated Effectiveness Pursuant to Section 19(b)(2)**

Pursuant to Section 19(b)(3)(A) of the Act<sup>61</sup> and Rule 19b-4(f)(6)<sup>62</sup> thereunder, the Exchange has designated this proposal as one that effects a change that: (i) does not significantly affect the protection of investors or the public interest; (ii) does not impose any significant burden on competition; and (iii) by its terms, does not become operative for 30 days after the date of the filing, or such shorter time as the Commission may designate if consistent with the protection of investors and the public interest. The Exchange provided the Commission with written notice of its intent to file the proposed rule change, along with a brief description and text of the proposed rule change, prior to the date of filing the proposed rule change as required by Rule 19b-4(f)(6).<sup>63</sup> The Exchange believes that the proposed changes relating to the Exchange's CE Program, which is essential for competitive purposes and to promote a free and open market for the benefit of investors, does not raise any new, unique, or substantive issues from those raised in the FINRA filing.<sup>64</sup>

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<sup>61</sup> 15 U.S.C. 78s(b)(3)(A).

<sup>62</sup> 17 CFR 240.19b-4(f)(6).

<sup>63</sup> Id.

<sup>64</sup> See supra notes 3 and 5.

The Exchange believes that the proposed rule changes to Exchange Rule 1904(c) and Interpretation and Policy .03 do not significantly affect the protection of investors or the public interest because it addresses operational challenges facing firms due to the ongoing public health risks stemming from the outbreak of COVID-19 and it permits firms to rely on electronic signatures to satisfy the signature requirements of Exchange Rule 1904(c) and Interpretation and Policy .03, which may reduce or eliminate an operational backlog, ultimately benefiting the investing public. Moreover, the proposed rule change does not impose any significant burden on competition because it will apply uniformly to all similarly situated Members and associated persons of Members. Also, as stated above, the proposed rule changes are substantively the same as changes made to FINRA Rule 1010(c).

The Exchange requests that the Commission waive the 30 day operative delay period. Waiver of the operative delay is consistent with the protection of investors and the public interest because it will ensure fair competition among the exchanges by allowing the Exchange to implement proposed changes to the Maintaining Qualifications Program to reduce the possibility of a significant regulatory gap between the FINRA and the Exchange Rules, providing more uniform standards across the securities industry, and helping to avoid confusion for Members of the Exchange that are also FINRA members. For the proposal related to the manual signature requirement, as noted in the statutory basis, the Exchange understands that some firms may currently be experiencing a significant operational backlog because of the requirement to obtain manual signatures. The proposed rule change to Exchange Rule 1904(c) and Interpretation and Policy .03 will provide immediate relief to these firms by allowing them to rely on electronic signatures to clear the backlog. Moreover, the proposed manual signature rule change is based on a similar rule change by FINRA that has already taken effect.

Accordingly, because the proposed rule change does not introduce any new regulatory issues, the Exchange has filed this rule filing as non-controversial under Section 19(b)(3)(A) of the Act<sup>65</sup> and paragraph (f)(6) of Rule 19b-4 thereunder.<sup>66</sup>

**8. Proposed Rule Change Based on Rules of Another Self-Regulatory Organization or of the Commission**

The proposed rule changes to Exchange Rules 1900 and 1903 are materially identical to FINRA Rules 1210 and 1240. The proposed changes to Exchange Rule 1904 are materially identical to FINRA Rule 1010(c).<sup>67</sup> The proposed rule changes to Exchange Rules 1900, 1903, and 1904 are identical to proposed rule changes made by the Exchange's affiliate, MIAX Options.<sup>68</sup>

**9. Security-Based Swap Submissions Filed Pursuant to Section 3C of the Act**

Not applicable.

**10. Advance Notices Filed Pursuant to Section 806(e) of the Payment, Clearing and Settlement Supervision Act**

Not applicable.

**11. Exhibits**

1. Notice of proposed rule for publication in the Federal Register.

5. Text of proposed rule change.

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<sup>65</sup> 17 CFR 240.19b-4.

<sup>66</sup> 17 CFR 240.19b-4(f)(6).

<sup>67</sup> Supra note 3 and 5.

<sup>68</sup> See Securities Exchange Act Release No. 95140 (June 22, 2022) (SR-MIAX-2022-23).

**EXHIBIT 1**

SECURITIES AND EXCHANGE COMMISSION  
(Release No. 34- ; File No. SR-EMERALD-2022-22)

June \_\_, 2022

Self-Regulatory Organizations: MIAX Emerald, LLC; Notice of Filing and Immediate Effectiveness of a Proposed Rule Change to Amend Exchange Rule 1900, Registration Requirements, Exchange Rule 1903, Continuing Education Requirements, and Exchange Rule 1904, Electronic Filing Requirements For Uniform Forms

Pursuant to the provisions of Section 19(b)(1) of the Securities Exchange Act of 1934 (“Act”)<sup>1</sup> and Rule 19b-4 thereunder,<sup>2</sup> notice is hereby given that on June XX, 2022, MIAX Emerald, LLC (“MIAX Emerald” or “Exchange”) filed with the Securities and Exchange Commission (“Commission”) a proposed rule change as described in Items I, II, and III below, which Items have been prepared by the Exchange. 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 to amend Exchange Rule 1903, Continuing Education Requirements. The proposed rule change also makes conforming amendments to Exchange Rule 1900, Registration Requirements. Among other changes, the proposed rule change requires that the Regulatory Element of continuing education be completed annually rather than every three years and provide a path through continuing education for individuals to maintain their qualification following the termination of a registration. The Exchange also proposes to amend its manual signature requirements in Exchange Rule 1904, Electronic Filing Requirements for Uniform Forms.

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<sup>1</sup> 15 U.S.C. 78s(b)(1).

<sup>2</sup> 17 CFR 240.19b-4.

The text of the proposed rule change is available on the Exchange's website at <http://www.miaxoptions.com/rule-filings/emerald>, at MIAX Emerald's principal office, 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 Exchange 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 these 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 aspects of such statements.

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

1. Purpose

The Exchange proposes to amend Exchange Rules 1900 and 1903. This proposed rule change is based on a filing recently submitted by the Financial Industry Regulatory Authority, Inc. ("FINRA")<sup>3</sup> and is intended to harmonize the Exchange's registration rules with those of FINRA so as to promote uniform standards across the securities industry.<sup>4</sup> The Exchange also proposes to amend its manual signature requirements in Exchange Rule 1904, Electronic Filing

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<sup>3</sup> See Securities Exchange Act Release Nos. 92183 (June 15, 2021), 86 FR 33427 (June 24, 2021) (SR-FINRA-2021-15); and 93097 (September 21, 2021), 86 FR 53358 (September 27, 2021) (SR-FINRA-2021-15).

<sup>4</sup> See, e.g., Securities Exchange Act Release Nos. 94400 (March 11, 2022), 87 FR 15286 (March 17, 2022) (SR-NASDAQ-2022-021); 92562 (August 4, 2021), 86 FR 143701 (August 10, 2021) (SR-CBOE-2021-043); 94794 (April 26, 2022), 87 FR 25683 (May 2, 2022) (SR-BOX-2022-016); 94429 (March 16, 2022), 87 FR 16268 (March 22, 2022) (SR-MEMX-2022-05); and 95140 (June 22, 2022) (SR-MIAX-2022-23).

Requirements for Uniform Forms, to align with changes FINRA has made to similar rules.<sup>5</sup>

Each change is discussed in detail below.

The proposed changes are based on the changes filed with the Commission in SR-FINRA-2021-003 and SR-FINRA-2021-015.<sup>6</sup> The Exchange proposes to adopt such changes substantially in the same form as proposed by FINRA, with only minor changes necessary to conform to the Exchange's existing rules such as to remove cross-references and rules that are applicable to FINRA members but not to Exchange Members.<sup>7</sup>

### **Continuing Education Rules**

#### **i. Background**

The continuing education program for registered persons of broker-dealers ("CE Program") currently requires registered persons to complete continuing education consisting of a Regulatory Element and a Firm Element. The Regulatory Element, which is administered by FINRA on behalf of the Exchange, focuses on regulatory requirements and industry standards, while the Firm Element is provided by each firm and focuses on securities products, services, and strategies the firm offers, firm policies, and industry trends. The CE Program is codified under the rules of the self-regulatory organizations ("SROs"). The CE Program for registered persons of Exchange Members is codified under Exchange Rules 1900 and 1903.<sup>8</sup>

#### **a. Regulatory Element**

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<sup>5</sup> See Securities Exchange Act Release No. 91262 (March 5, 2021), 86 FR 13935 (March 11, 2021) (SR-FINRA-2021-003).

<sup>6</sup> See supra notes 3 and 5.

<sup>7</sup> The term "Member" means an individual or organization approved to exercise the trading rights associated with a Trading Permit. Members are deemed "members" under the Exchange Act. See Exchange Rule 100.

<sup>8</sup> See Exchange Rules 1900 and 1903.

Exchange Rule 1903(a), Regulatory Element, currently requires a registered person to complete the applicable 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.<sup>9</sup> The Exchange may extend these time frames for good cause shown.<sup>10</sup> Registered persons who have not completed the Regulatory Element within the prescribed time frames will have their Exchange registrations deemed inactive and will be designated as "CE inactive" in the CRD system until the requirements of the Regulatory Element have been satisfied.<sup>11</sup> A CE inactive person is prohibited from performing, or being compensated for, any activities requiring Exchange registration, including supervision. Moreover, if registered persons

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<sup>9</sup> See Exchange Rule 1903(a)(1). An individual's registration anniversary date is generally the date they initially registered with the Exchange in the Central Registration Depository ("CRD<sup>®</sup>") system. However, an individual's registration anniversary date would be reset if the individual has been out of the industry for two or more years and is required to requalify by examination, or obtain an examination waiver, in order to reregister. An individual's registration anniversary date would also be reset if the individual obtains a conditional examination waiver that requires them to complete the Regulatory Element by a specified date. Non-registered individuals who are participating in the waiver program under Exchange Rule 1900, Interpretation and Policy .09, Waiver of Examinations for Individuals Working for a Financial Services Industry Affiliate of a Member, ("FSAWP participants") are also subject to the Regulatory Element. See also Exchange Rule 1903(a)(5), Definition of Covered Person. The Regulatory Element for FSAWP participants correlates to their most recent registration(s), and it must be completed based on the same cycle had they remained registered. FSAWP participants are eligible for a single, fixed seven-year waiver period from the date of their initial designation, subject to specified conditions. Registered persons who become subject to a significant disciplinary action, as specified in Exchange Rule 1903(a)(3), Disciplinary Actions, may be required to retake the Regulatory Element within 120 days of the effective date of the disciplinary action, if they remain registered. Further, their cycle for participation in the Regulatory Element may be adjusted to reflect the effective date of the disciplinary action rather than their registration anniversary date.

<sup>10</sup> See Exchange Rule 1903(a)(2).

<sup>11</sup> See *id.* Individuals must complete the entire Regulatory Element session to be considered to have "completed" the Regulatory Element; partial completion is the same as non-completion.

remain CE inactive for two consecutive years, they must requalify by retaking required examinations (or obtain a waiver of the applicable qualification examinations).<sup>12</sup>

The Regulatory Element consists of a subprogram for registered persons generally, and a subprogram for principals and supervisors.<sup>13</sup> While some of the current Regulatory Element content is unique to particular registration categories, most of the content has broad application to both representatives and principals.<sup>14</sup>

The Regulatory Element was originally designed at a time when most individuals had to complete the Regulatory Element at a test center, and its design was shaped by the limitations of the test center-based delivery model. In 2015, FINRA transitioned the delivery of the Regulatory Element to an online platform (“CE Online”), which allows individuals to complete the content online at a location of their choosing, including their private residence. This online delivery provides FINRA with much greater flexibility in updating content in a timelier fashion, developing content tailored to each registration category and presenting the material in an optimal learning format.

b. Firm Element

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<sup>12</sup> This CE inactive two-year period is calculated from the date such persons become CE inactive, and it continues to run regardless of whether they terminate their registrations before the end of the two-year period. Therefore, if registered persons terminate their registrations while in a CE inactive status, they must satisfy all outstanding Regulatory Element prior to the end of the CE inactive two-year period in order to reregister with a Member without having to requalify by examination or having to obtain an examination waiver.

<sup>13</sup> The S101 (General Program for Registered Persons) and the S201 (Registered Principals and Supervisors). For more information on both subprograms, see Content Outline for the S101 Regulatory Element Program, available at [https://www.finra.org/sites/default/files/S101P\\_Outline.pdf](https://www.finra.org/sites/default/files/S101P_Outline.pdf) and Content Outline for the S201 Regulatory Element Program, available at <https://www.finra.org/sites/default/files/2020-11/s201.pdf>.

<sup>14</sup> The current content is presented in a single format leading individuals through a case that provides a story depicting situations that they may encounter in the course of their work.

Exchange Rule 1903(b), Firm Element, currently requires each firm to develop and administer an annual Firm Element training program for covered registered persons.<sup>15</sup> The rule requires firms to conduct an annual needs analysis to determine the appropriate training.<sup>16</sup> Currently, at a minimum, the Firm Element must cover training in ethics and professional responsibility as well as the following items concerning securities products, services, and strategies offered by the Member: (1) general investment features and associated risk factors; (2) suitability and sales practices considerations; and (3) applicable regulatory requirements.<sup>17</sup>

A firm, consistent with its needs analysis, may determine to apply toward the Firm Element other required training. The current rule does not expressly recognize other required training, such as training relating to the anti-money laundering (“AML”) compliance program,<sup>18</sup> for purposes of satisfying Firm Element training.

c. Termination of a Registration

Currently, individuals whose registrations as representatives or principals have been terminated for two or more years may reregister as representatives or principals only if they requalify by retaking and passing the applicable representative- or principal-level examination or if they obtain a waiver of such examination(s) (the “two-year qualification period”).<sup>19</sup> The two-

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<sup>15</sup> “Covered registered persons” means any person registered with the Exchange pursuant to Rule 1900, including any person who is permissively registered pursuant to Exchange Rule 1900, Interpretation and Policy .02, and any person who is designated as eligible for a waiver pursuant to Exchange Rule 1900, Interpretation and Policy .09. See Exchange Rule 1903(a)(5).

<sup>16</sup> See Exchange Rule 1903(b)(2), Standards for the Firm Element.

<sup>17</sup> Id.

<sup>18</sup> See MIAX Rule 315(e) (applicable to the Exchange by being incorporated into the Exchange Rules by reference).

<sup>19</sup> See Exchange Rule 1900, Interpretation and Policy .08. The two-year qualification period is calculated from the date individuals terminate their registration and the date the Exchange receives a new application for registration. The two-year qualification period does not apply to individuals who terminate a limited registration category that is a subset

year qualification period was adopted prior to the creation of the CE Program and was intended to ensure that individuals who reregister are relatively current on their regulatory and securities knowledge.

ii. Proposed Rule Change

After extensive work with the Securities Industry/Regulatory Council on Continuing Education (“CE Council”) and discussions with stakeholders, including industry participants and the North American Securities Administrators Association (“NASAA”), FINRA adopted the following changes to the CE Program under its rules.<sup>20</sup> In order to promote uniform standards

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of a broader registration category for which they remain qualified. For instance, it would not apply to an individual who maintains his registration as a General Securities Representative but who terminates his registration as an Investment Company and Variable Contracts Products Representative. Such individuals have the option of reregistering in the more limited registration category without having to requalify by examination or obtain an examination waiver so long as they continue to remain qualified for the broader registration category. Further, the two-year qualification period only applies to the representative- and principal-level examinations; it does not extend to the Securities Industry Essentials (“SIE”) examination. The SIE examination is valid for four years, but having a valid SIE examination alone does not qualify an individual for registration as a representative or principal. Individuals whose registrations as representatives or principals have been revoked pursuant to MIAX Rule 1011, Judgment and Sanction (applicable to the Exchange by being incorporated into the Exchange Rules by reference), may only requalify by retaking the applicable representative- or principal-level examination in order to reregister as representatives or principals, in addition to satisfying the eligibility conditions for association with a firm. Waivers are granted either on a case-by-case basis under Exchange Rule 1900, Interpretation and Policy .03, Qualification Examinations and Waivers of Examinations, or as part of the waiver program under Exchange Rule 1900, Interpretation and Policy .09.

<sup>20</sup> See supra note 3. FINRA’s changes are based on the CE Council’s September 2019 recommendations to enhance the CE Program. See Recommended Enhancements for the Securities Industry Continuing Education Program, available at <http://cecouncil.org/media/266634/council-recommendations-final-.pdf>. The CE Council is composed of securities industry representatives and representatives of SROs. The CE Council was formed in 1995 upon a recommendation from the Securities Industry Task Force on Continuing Education and was tasked with facilitating the development of uniform continuing education requirements for registered persons of broker-dealers.

across the securities industry, the Exchange now proposes to adopt the same changes to its continuing education rules.

a. Transition to Annual Regulatory Element for Each Registration Category

As noted above, currently, the Regulatory Element generally must be completed every three years, and the content is broad in nature. Based on changes in technology and learning theory, the Regulatory Element content can be updated and delivered in a timelier fashion and tailored to each registration category, which would further the goals of the Regulatory Element.<sup>21</sup> Therefore, to provide registered persons with more timely and relevant training on significant regulatory developments, the Exchange proposes to amend Exchange Rule 1903(a) to require registered persons to complete the Regulatory Element annually by December 31.<sup>22</sup> The proposed amendment would also require registered persons to complete the Regulatory Element content for each representative or principal registration category that they hold, which would also further the goals of the Regulatory Element.<sup>23</sup>

Under the proposed rule change, firms would have the flexibility to require their registered persons to complete the Regulatory Element sooner than December 31, which would allow firms to coordinate the timing of the Regulatory Element with other training requirements,

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<sup>21</sup> When the CE Program was originally adopted in 1995, registered persons were required to complete the Regulatory Element on their second, fifth and tenth registration anniversary dates. See Securities Exchange Act Release No. 35341 (February 8, 1995), 60 FR 8426 (February 14, 1995) (Order Approving File Nos. SR-AMEX-94-59; SR-CBOE-94-49; SR-CHX-94-27; SR-MSRB-94-17; SR-NASD-94-72; SR-NYSE-94-43; SR-PSE-94-35; and SR-PHLX-94-52). The change to the current three-year cycle was made in 1998 to provide registered persons more timely and effective training, consistent with the overall purpose of the Regulatory Element. See Securities Exchange Act Release No. 39712 (March 3, 1998), 63 FR 11939 (March 11, 1998) (Order Approving File Nos. SR-CBOE-97-68; SR-MSRB-98-02; SR-NASD-98-03; and SR-NYSE-97-33).

<sup>22</sup> See proposed changes to Exchange Rules 1903(a)(1) and (a)(4).

<sup>23</sup> See proposed changes to Exchange Rules 1900, Interpretation and Policy .07, and 1903(a)(1).

including the Firm Element.<sup>24</sup> For example, a firm could require its registered persons to complete both their Regulatory Element and Firm Element by October 1 of each year.

Individuals who would be registering as a representative or principal for the first time on or after the implementation date of the proposed rule change would be required to complete their initial Regulatory Element for that registration category in the next calendar year following their registration.<sup>25</sup> In addition, subject to specified conditions, individuals who would be reregistering as a representative or principal on or after the implementation date of the proposed rule change would also be required to complete their initial Regulatory Element for that registration category in the next calendar year following their reregistration.<sup>26</sup>

Consistent with current requirements, individuals who fail to complete their Regulatory Element within the prescribed period would be automatically designated as CE inactive.<sup>27</sup> However, the proposed rule change preserves the Exchange's ability to extend the time by which a registered person must complete the Regulatory Element for good cause shown.<sup>28</sup>

The Exchange also proposes to amend Exchange Rule 1903(a) to clarify that: (1) individuals who are designated as CE inactive would be required to complete all of their pending and upcoming annual Regulatory Element, including any annual Regulatory Element that becomes due during their CE inactive period, to return to active status;<sup>29</sup> (2) the two-year CE inactive period is calculated from the date individuals become CE inactive, and it continues to

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<sup>24</sup> See proposed changes to Exchange Rules 1903(a)(1) and (a)(4).

<sup>25</sup> See proposed changes to Exchange Rule 1903(a)(1).

<sup>26</sup> See proposed changes to Exchange Rule 1903(a)(4).

<sup>27</sup> See proposed changes to Exchange Rule 1903(a)(2).

<sup>28</sup> See *id.* The proposed rule change clarifies that the request for an extension of time must be in writing and include supporting documentation, which is consistent with current practice.

<sup>29</sup> *Id.*

run regardless of whether individuals terminate their registrations;<sup>30</sup> (3) individuals who become subject to a significant disciplinary action may be required to complete assigned continuing education content as prescribed by the Exchange;<sup>31</sup> (4) individuals who have not completed any Regulatory Element content for a registration category in the calendar year(s) prior to reregistering would not be approved for registration for that category until they complete that Regulatory Element content, pass an examination for that registration category or obtain an unconditional examination waiver for that registration category, whichever is applicable;<sup>32</sup> and (5) the Regulatory Element requirements apply to individuals who are registered, or in the process of registering, as a representative or principal.<sup>33</sup> In addition, the Exchange proposed making conforming amendments to Exchange Rule 1900, Interpretation and Policy .07.

Under the proposed rule change, the amount of content that registered persons would be required to complete in a three-year, annual cycle for a particular registration category is expected to be comparable to what most registered persons are currently completing every three years. In some years, there may be more required content for some registration categories depending on the volume of rule changes and regulatory issues. In addition, an individual who holds multiple registrations may be required to complete additional content compared to an individual who holds a single registration because, as noted above, individuals would be required

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<sup>30</sup> Id.

<sup>31</sup> See proposed changes to Exchange Rule 1903(a)(3). As previously noted, Exchange Rule 1903(a)(3) currently provides that such individuals may be required to retake the Regulatory Element. See supra note 9.

<sup>32</sup> See proposed changes to Exchange Rule 1903(a)(4).

<sup>33</sup> See proposed changes to Exchange Rule 1903(a)(5).

to complete content specific to each registration category that they hold.<sup>34</sup> However, individuals with multiple registrations would not be subject to duplicative regulatory content in any given year. The more common registration combinations would likely share much of their relevant regulatory content each year. For example, individuals registered as General Securities Representatives and General Securities Principals would receive the same content as individuals solely registered as General Securities Representatives, supplemented with a likely smaller amount of supervisory-specific content on the same topics. The less common registration combinations may result in less topic overlap and more content overall.

b. Recognition of Other Training Requirements for Firm Element and Extension of Firm Element to All Registered Persons

To better align the Exchange's Rulebook with FINRA's Rulebook, and, in addition, to better align the Firm Element requirement with other required training, the Exchange proposes amending Rule 1903(b) to expressly allow firms to consider training relating to the AML compliance program and the annual compliance meeting toward satisfying an individual's annual Firm Element requirement.<sup>35</sup> The Exchange also proposes to amend the rule to extend the Firm Element requirement to all registered persons, including individuals who maintain solely a permissive registration consistent with Exchange Rule 1900, Interpretation and Policy .02, Permissive Registrations, thereby further aligning the Firm Element requirement with other broadly-based training requirements.<sup>36</sup> In conjunction with this proposed change, the Exchange

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<sup>34</sup> As discussed in the Economic Impact Assessment section in the FINRA Rule Change, supra note 3, individuals with multiple registrations represent a small percentage of the population of registered persons.

<sup>35</sup> See proposed Exchange Rule 1903(b)(2)(iv).

<sup>36</sup> See proposed changes to Exchange Rule 1903(b)(1). As noted earlier, the current requirement only applies to "covered registered persons" and not all registered persons.

proposes modifying the current minimum training criteria under Exchange Rule 1903(b) to instead provide that the training must cover topics related to the role, activities, or responsibilities of the registered person and to professional responsibility.<sup>37</sup>

c. Maintenance of Qualification After Termination of Registration

The Exchange proposes adopting paragraph (c) under Exchange Rule 1903 and Interpretation and Policies .01 and .02 to Exchange Rule 1903 to provide eligible individuals who terminate any of their representative or principal registrations the option of maintaining their qualification for any of the terminated registrations by completing continuing education.<sup>38</sup> The proposed rule change would not eliminate the two-year qualification period. Rather, it would provide such individuals as alternative means of staying current on their regulatory and securities knowledge following the termination of a registration(s). Eligible individuals who elect not to participate in the proposed continuing education program would continue to be subject to the current two-year qualification period. The proposed rule change is generally aligned with other professional continuing education programs that allow individuals to maintain their qualification to work in their respective fields during a period of absence from their careers

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<sup>37</sup> See proposed changes to Exchange Rule 1903(b)(2)(ii).

<sup>38</sup> The proposed option would also be available to individuals who terminate any permissive registrations as provided under Exchange Rule 1900, Interpretation and Policy .02. However, the proposed option would not be available to individuals who terminate a limited registration category that is a subset of a broader registration category for which they remain qualified. As previously noted, such individuals currently have the option of reregistering in the more limited registration category without having to requalify by examination or obtain an examination waiver so long as they continue to remain qualified for the broader registration category. In addition, the proposed option would not be available to individuals who are maintaining an eliminated registration category, such as the category for Corporate Securities Representative, or individuals who have solely passed the Securities Industry Essentials examination, which does not, in and of itself, confer registration.

(including an absence of more than two years) by satisfying continuing education requirements for their credential.

The proposed rule change would impose the following conditions and limitations:

- Individuals would be required to be registered in the terminated registration category for at least one year immediately prior to the termination of that category;<sup>39</sup>
- Individuals could elect to participate when they terminate a registration or within two years from the termination of a registration;<sup>40</sup>
- Individuals would be required to complete annually all prescribed continuing education;<sup>41</sup>

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<sup>39</sup> See proposed Exchange Rule 1903(c)(1).

<sup>40</sup> See proposed Exchange Rule 1903(c)(2). Individuals who elect to participate at the later date would be required to complete, within two years from the termination of their registration, any continuing education that becomes due between the time of their Form U5 (Uniform Termination Notice for Securities Industry Registration) submission and the date that they commence their participation. In addition, FINRA would enhance its systems to notify individuals of their eligibility to participate, enable them to affirmatively opt in, and notify them of their annual continuing education requirement if they opt in.

<sup>41</sup> See proposed Exchange Rule 1903(c)(3). However, upon a participant's request and for good cause shown, the Exchange would have the ability to grant an extension of time for the participant to complete the prescribed continuing education. A participant who is also a registered person must directly request an extension of the prescribed continuing education from the Exchange. The continuing education content for participants would consist of a combination of Regulatory Element content and content selected by FINRA and the CE Council from the Firm Element content catalog. The content would correspond to the registration category for which individuals wish to maintain their qualifications. Participants who are maintaining their qualification status for a principal registration category that includes one or more co-requisite representative registrations must also complete required annual continuing education for the co-requisite registrations in order to maintain their qualification status for the principal registration category. The proposed rule change clarifies that the prescribed continuing education must be completed by December 31 of the calendar year, which is consistent with the timing for the proposed annual Regulatory Element.

- Individuals would have a maximum of five years in which to reregister;<sup>42</sup>
- Individuals who have been CE inactive for two consecutive years, or who become CE inactive for two consecutive years during their participation, would not be eligible to participate or continue;<sup>43</sup> and
- Individuals who are subject to a statutory disqualification, or who become subject to a statutory disqualification following the termination of their registration or during their participation, would not be eligible to participate or continue.<sup>44</sup>

The proposed rule change also includes a look-back provision that would, subject to specified conditions, extend the proposed option to individuals who have been registered as a representative or principal within two years immediately prior to the implementation date of the

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<sup>42</sup> See proposed Exchange Rule 1903(c). In addition, individuals applying for reregistration must satisfy all other requirements relating to the registration process (e.g., submit a Form U4 (Uniform Application for Securities Industry Registration or Transfer) and undergo a background check).

<sup>43</sup> See proposed Exchange Rules 1903(c)(4) and (c)(5).

<sup>44</sup> See proposed Exchange Rules 1903(c)(1) and (c)(6). Further, any content completed by participants would be retroactively nullified upon disclosure of the statutory disqualification. The following example illustrates the application of the proposed rule change to individuals who become subject to a statutory disqualification while participating in the proposed continuing education program. Individual A participates in the proposed continuing education program for four years and completes the prescribed content for each of those years. During year five of his participation, he becomes subject to a statutory disqualification resulting from a foreign regulatory action. In that same year, the Exchange receives a Form U4 submitted by a Member on behalf of Individual A requesting registration with the Exchange. The Form U4 discloses the statutory disqualification event. The Exchange would then retroactively nullify any content that Individual A completed while participating in the proposed continuing education program. Therefore, in this example, in order to become registered with the Exchange, he would be required to requalify by examination. This would be in addition to satisfying the eligibility conditions for association with an Exchange Member firm. See Exchange Act Sections 3(a)(39) and 15(b)(4).

proposed rule change and individuals who have been FSAWP participants immediately prior to the implementation date of the proposed rule change.<sup>45</sup>

In addition, the proposed rule change includes a re-eligibility provision that would allow individuals to regain eligibility to participate each time they reregister with a firm for a period of at least one year and subsequently terminate their registration, provided that they satisfy the other participation conditions and limitations.<sup>46</sup> Finally, the Exchange proposes making conforming amendments to Exchange Rule 1900, including adding references to proposed Exchange Rule 1903(c) and Interpretation and Policy .08 to Exchange Rule 1900.

The proposed rule change will have several important benefits. It will provide individuals with flexibility to address life and career events and necessary absences from

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<sup>45</sup> See proposed Exchange Rule 1903, Interpretation and Policy .01. Such individuals would be required to elect whether to participate by the implementation date of the proposed rule change. If such individuals elect to participate, they would be required to complete their initial annual content by the end of the calendar year in which the proposed rule change is implemented. In addition, if such individuals elect to participate, their initial participation period would be adjusted based on the date that their registration was terminated. The current waiver program for FSAWP participants would not be available to new participants upon implementation of the proposed rule change. See proposed Exchange Rule 1900, Interpretation and Policy .09. However, individuals who are FSAWP participants immediately prior to the implementation date of the proposed rule change could elect to continue in that waiver program until the program has been retired. As noted above, FSAWP participants may participate for up to seven years in that waiver program, subject to specified conditions. See supra note 9. As discussed above, the proposed rule change provides a five-year participation period for participants in the proposed continuing education program. So as not to disadvantage FSAWP participants, the Exchange has determined to preserve that waiver program for individuals who are participating in the FSAWP immediately prior to the implementation date of the proposed rule change. Because the proposed rule change transitions the Regulatory Element to an annual cycle, FSAWP participants who remain in that waiver program following the implementation of the proposed rule change would be subject to an annual Regulatory Element requirement. See proposed changes to Exchange Rule 1903(a)(1). Finally, the proposed rule change preserves the Exchange's ability to extend the time by which FSAWP participants must complete the Regulatory Element for good cause shown. See proposed changes to Exchange Rule 1903(a)(2).

<sup>46</sup> See proposed Exchange Rule 1903, Interpretation and Policy .02.

registered functions without having to requalify each time. It will also incentivize them to stay current on their respective securities industry knowledge following the termination of any of their registrations. The continuing education under the proposed option will be as rigorous as the continuing education of registered persons, which promotes investor protection. Further, the proposed rule change will enhance diversity and inclusion in the securities industry by attracting and retaining a broader and diverse group of professionals.

Significantly, the proposed rule change will be of particular value to women, who continue to be the primary caregivers for children and aging family members and, as a result, are likely to be absent from the industry for longer periods.<sup>47</sup> In addition, the proposed rule change will provide longer-term relief for women, individuals with low incomes and other populations, including older workers, who are at a higher risk of a job loss during certain economic downturns and who are likely to remain unemployed for longer periods.<sup>48</sup>

d. CE Program Implementation

As stated in the FINRA Rule Change, FINRA and the CE Council also plan to enhance the CE Program in other ways, and these additional enhancements do not require any changes to the FINRA rules.<sup>49</sup> As it relates to the rule changes themselves, the changes relating to the Maintaining Qualifications Program (proposed paragraph (c) of Exchange Rule 1903, and

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<sup>47</sup> See The Female Face of Family Caregiving (November 2018), available at <https://www.nationalpartnership.org/our-work/resources/economic-justice/female-face-family-caregiving.pdf>.

<sup>48</sup> The COVID-19 Recession Is the Most Unequal in Modern U.S. History (September 30, 2020), available at <https://www.washingtonpost.com/graphics/2020/business/coronavirus-recession-equality/> and Unemployment's Toll on Older Workers Is Worst in Half a Century (October 21, 2020), available at <https://www.aarp.org/work/working-at-50-plus/info-2020/pandemic-unemployment-older-workers>.

<sup>49</sup> See supra note 3. Similar to FINRA, these additional enhances do not require any changes to Exchange Rules.

Interpretations and Policies .01 and .02) and the Financial Services Affiliate Waiver Program (FSAWP) (Interpretation and Policy .09 to Exchange Rule 1900) will be implemented July 1, 2022. All other changes related to the FINRA Rule Change, including the changes relating to the Regulatory Element, Firm Element and the two-year qualification period, will be implemented January 1, 2023.<sup>50</sup>

### **Manual Signature**

Exchange Rule 1904(c) currently provides that every initial and transfer electronic Form U4 filing and any amendments to the disclosure information on Form U4 must be based on a manually signed Form U4 provided to the Member or applicant for membership by the person on whose behalf the Form U4 is being filed, consistent with FINRA Rule 1010(c). Similarly, Exchange Rule 1904, Interpretation and Policy .03, currently provides that in the event a Member is not able to obtain an associated person's manual signature or written acknowledgement of amended disclosure information on that person's Form U4 prior to filing on such amendment reflecting the information pursuant to proposed Exchange Rule 1903(c)(3), the Member must enter "Representative Refused to Sign/Acknowledge" or "Representative Not Available" or a substantially similar entry in the electronic Form U4 field for the associated person's signature. However, FINRA has since amended their Rule 1010(c) to permit firms to choose to rely on electronic signatures to satisfy the signature requirements when filing Form U4.<sup>51</sup> Several other exchanges have also updated their rules to reflect FINRA's updated Rule 1010(c).<sup>52</sup>

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<sup>50</sup> See FINRA Regulatory Notice 21-41 at <https://www.finra.org/rules-guidance/notices/21-41>.

<sup>51</sup> See *supra* note 5.

<sup>52</sup> See e.g., Securities Exchange Act Release Nos. 94400 (March 11, 2022), 87 FR 15286 (March 17, 2022) (SR-NASDAQ-2022-021); 92562 (August 4, 2021), 86 FR 143701

The Exchange proposes to amend Exchange Rule 1904(c) and Interpretation and Policy .03 to similarly allow firms to rely on electronic signatures when filing Form U4, consistent with FINRA Rule 1010(c). Specifically, the Exchange proposes to remove the term “manual” from “manual signature” and the term “manually” from “manually signed.” The proposed rule change provides Members, and applicants for membership, with an opportunity to better manage operational challenges. Particularly, the COVID-19 pandemic amplified the need to better manage operational challenges like those that arose during the pandemic and that may continue to arise in the future. Additionally, the proposed rule change would not require the use of a particular type of technology to obtain a valid electronic signature from the associated person. The Exchange believes that some firms may be unable to obtain the manual signature of applicants for registration resulting in a significant operational backlog. By permitting these firms to rely on electronic signatures to satisfy the signature requirements of Exchange Rule 1904(c) and Interpretation and Policy .03, the proposed rule change may reduce or eliminate this backlog. For purposes of the proposed rule change, a valid electronic signature would be any electronic mark that clearly identifies the signatory and is otherwise in compliance with the Electronic Signatures in Global and National Commerce Act (“E-Sign Act”) and the guidance issued by the Commission relating to the E-Sign Act.<sup>53</sup>

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(August 10, 2021) (SR-CBOE-2021-043); and 94794 (April 26, 2022), 87 FR 25683 (May 2, 2022) (SR-BOX-2022-016).

<sup>53</sup> See accord Securities Exchange Act Release No. 85282 (March 11, 2019), 84 FR 9573 (March 15, 2019) (Order Approving File No. SR-FINRA-2018-040) (discussing valid electronic signatures under existing guidance).

## 2. Statutory Basis

The Exchange believes that its proposal is consistent with Section 6(b) of the Act,<sup>54</sup> in general, and furthers the objectives of Section 6(b)(5) of the Act,<sup>55</sup> in particular, in that it is designed to prevent fraudulent and manipulative practices, to promote just and equitable principles of trade, to foster cooperation and coordination with persons engaged in regulating, clearing, settling, processing information with respect to, and 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.

As noted above, the proposed rule changes seek to align the Exchange Rules with recent changes to FINRA rules.<sup>56</sup> The Exchange believes the proposed rule changes are consistent with the provisions of Section 6(b)(5) of the Act,<sup>57</sup> which requires, among other things, that Exchange Rules must be designed to prevent fraudulent and manipulative acts and practices, to promote just and equitable principles of trade, and, in general, to protect investors and the public interest, and Section 6(c)(3) of the Act,<sup>58</sup> which authorizes the Exchange to prescribe standards of training, experience, and competence for persons associated with the Exchange. The Exchange is proposing to adopt such changes substantially in the same form proposed by FINRA with only minor changes necessary to conform to the Exchange's existing rules, such as removal of cross-

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<sup>54</sup> 15 U.S.C. 78f(b).

<sup>55</sup> 15 U.S.C. 78f(b)(5).

<sup>56</sup> See supra note 3.

<sup>57</sup> 15 U.S.C. 78f(b)(5).

<sup>58</sup> 15 U.S.C. 78f(c)(3).

references to rules that are applicable to FINRA members but not Members of the Exchange.<sup>59</sup>

The Exchange believes the proposal is consistent with the Act for the reasons described above.

The Exchange believes the proposed changes to the Regulatory Element will ensure that all Registered Representatives receive timely and relevant training, which will, in turn, enhance compliance and investor protection. The Exchange believes that establishing a path for individuals to maintain their qualification following the termination of a registration will reduce unnecessary impediments to requalification and promote greater diversity and inclusion in the securities industry without diminishing investor protection.

As it relates to the proposed changes to Exchange Rule 1904(c), the Exchange believes the proposed rule change provides firms with the flexibility to rely on electronic signatures to satisfy the signature requirements of Exchange Rule 1904(c). Specifically, the Exchange proposes to amend Exchange Rule 1904(c) and Interpretation and Policy .03, similar to the amendments made by FINRA, to provide the option of filing an initial or a transfer Form U4 based on a manually or an electronically signed copy of the form provided to the Member, or applicant for membership, by the individual on whose behalf the form is being filed. Considering the technological advancements that provide for enhanced authentication and security of electronic signatures, the Exchange believes that it is appropriate to amend Exchange Rule 1904(c) and Interpretation and Policy .03 to provide such flexibility. The proposed rule change also addresses the ongoing public health risks stemming from the outbreak of COVID-19 and the

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<sup>59</sup> Proposed changes to Interpretation and Policy .08 of Exchange Rule 1900 is based on and substantially similar to FINRA Rule 1210.08. The proposed changes to Exchange Rule 1903(a)(1)–(4), proposed changes to Exchange Rule 1903(b), proposed Exchange Rule 1903(c), and proposed Interpretations and Policies .01–.02 to Exchange Rule 1903(c) are based on and substantially similar to FINRA Rules 1240(a)(1)–(4), FINRA Rule 1240(b), FINRA Rule 1240(c) and Supplementary Materials .01 and .02 to FINRA Rule 1240. The Exchange does not currently have a provision analogous to FINRA Rule 3110 and thus has omitted language referring to such provision in its proposed Rules.

operational challenges that firms continue to face as a result of pandemic repercussions. By permitting these firms to rely on electronic signatures to satisfy the signature requirements of Exchange Rule 1904(c) and Interpretation and Policy .03, the proposed rule change may reduce or eliminate an operational backlog due to the difficulty firms may have faced in obtaining the manual signature of applicants for registration as a result of the impact of the pandemic on daily work environments. The Exchange believes the proposal is consistent with the Act for the reasons described above and for the reasons outlined in the recent filings SR-FINRA-2021-003 and SR-FINRA-2021-015.<sup>60</sup>

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. All Members would be subject to the proposed rule change. The proposed rule change relating to the Exchange's CE Program, which is materially identical to the FINRA Rule Change, is designed to result in a more efficient CE Program that addresses relevant regulatory requirements and provides individuals with improved tools and resources to understand and comply with such requirements, enhancing investor protection. Moreover, the proposed rule change would provide new channels for individuals to maintain their qualification status for a terminated registration category and, in so doing, could increase the likelihood that professionals who need to step away from the industry for a period could return, subject to satisfying all other requirements relating to the registration process.

As it relates to the proposed amendments to Exchange Rule 1904(c), the proposed rule change relating to manual signatures is, in all material respects, substantively identical to a recent

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<sup>60</sup> See supra notes 3 and 5.

rule change adopted by FINRA. The Exchange believes the proposed change will reduce a regulatory filing burden for Members by allowing them to rely on Form U4 copies with an electronic signature. All Members will have the option to rely on such forms with an electronic signature (or continue to rely on forms with a manual signature).

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

Written comments were neither solicited nor received.

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 after the date of the filing, or such shorter time as the Commission may designate, it has become effective pursuant to 19(b)(3)(A) of the Act<sup>61</sup> and Rule 19b-4(f)(6)<sup>62</sup> thereunder.

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. If the Commission takes such action, the Commission shall institute proceedings to determine whether the proposed rule should be approved or disapproved.

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<sup>61</sup> 15 U.S.C. 78s(b)(3)(A).

<sup>62</sup> 17 CFR 240.19b-4(f)(6). In addition, Rule 19b-4(f)(6) requires a self-regulatory organization to give the Commission written notice of its intent to file the proposed rule change at least five business days prior to the date of filing of the proposed rule change, or such shorter time as designated by the Commission. The Exchange has satisfied this requirement.

#### 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 e-mail [to rule-comments@sec.gov](mailto:to-rule-comments@sec.gov). Please include File Number SR-EMERALD-2022-22 on the subject line.

##### Paper comments:

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

All submissions should refer to File Number SR-EMERALD-2022-22. This file number should be included on the subject line if e-mail 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 Web site (<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; the

Commission does not edit personal identifying information from submissions. You should submit only information that you wish to make available publicly.

All submissions should refer to File Number SR-EMERALD-2022-22 and should be submitted on or before [insert date 21 days from publication in the Federal Register]. For the Commission, by the Division of Trading and Markets, pursuant to delegated authority.<sup>63</sup>

Vanessa Countryman  
Secretary

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<sup>63</sup> 17 CFR 200.30-3(a)(12).

**EXHIBIT 5**

New text is underlined;  
Deleted text is in [brackets]

**MIAX Emerald Options Exchange Rules**

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**Rule 1900.** No change.

**Interpretations and Policies:**

.01-.06 No Change.

**.07 All Registered [Persons]Representatives and Principals Must Satisfy the Regulatory Element of Continuing Education.** All registered [persons]representatives and principals, including those individuals who solely maintain permissive registrations pursuant to Rule 1900, Interpretation and Policy .02, shall satisfy the Regulatory Element of continuing education for each representative or principal registration category that they hold as specified in Rule 1903(a). If a person registered with a Member has a continuing education deficiency with respect to that registration as provided under Rule 1903(a), such person shall not be permitted to be registered in another registration category with the Exchange under Rule 1901 with that Member or to be registered in any registration category with the Exchange under Rule 1901 with another Member, until the person has satisfied the deficiency.

**.08 Lapse of Registration and Expiration of SIE.** Any person who was last registered [as]in a representative registration category two or more years immediately preceding the date of receipt by the Exchange of a new application for registration in that registration category[as a representative] shall be required to pass a representative qualification examination appropriate to that registration[his or her] category [of registration ]as specified in Rule 1901(c), unless the person has maintained his or her qualification status for that registration category in accordance with Rule 1903(c) or as otherwise permitted by the Exchange. Any person who last passed the SIE or who was last registered as a representative, whichever occurred last, four or more years immediately preceding the date of receipt by the Exchange of a new application for registration as a representative shall be required to pass the SIE in addition to a representative qualification examination appropriate to his or her category of registration as specified in Rule 1901(c).

Any person who was last registered [as]in a principal registration category two or more years immediately preceding the date of receipt by the Exchange of a new application for registration in that registration category[as a principal] shall be required to pass a principal qualification examination appropriate to that registration[his or her] category [of registration ]as specified in Rule 1901(b), unless the person has maintained his or her qualification status for that registration category in accordance with Rule 1903(c) or as otherwise permitted by the Exchange. Any person whose registration has been revoked pursuant to Rule 1011 and any person who has a continuing education deficiency for a period of two years as provided under Rule 1903(a) shall be required to pass a representative or principal [or representative ]qualification examination

appropriate to his or her category of registration as specified in Rule 1901(b) or Rule 1901(c), respectively, to be eligible for registration with the Exchange. For purposes of Interpretation and Policy .08 of this Rule, an application shall not be considered to have been received by the Exchange if that application does not result in a registration.

**.09 Waiver of Examinations for Individuals Working for a Financial Services Industry Affiliate of a Member.** Upon request by a Member, the Exchange shall waive the applicable qualification examination(s) for an individual designated with the Exchange as working for a financial services industry affiliate of a Member if the following conditions are met: (i) prior to the individual's initial designation, the individual was registered as a representative or principal for a total of five years within the most recent 10-year period, including for the most recent year with the Member that initially designated the individual; (ii) the waiver request is made within seven years of the individual's initial designation; (iii) the initial designation and any subsequent designation(s) were made concurrently with the filing of the individual's related Form U5; (iv) the individual continuously worked for the financial services industry affiliate(s) of a Member since the individual's last Form U5 filing; (v) the individual has complied with the Regulatory Element of continuing education as specified in Rule 1903(a); and (vi) 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 as defined in Section 3(a)(39) of the Exchange Act while the individual was designated as eligible for a waiver.

As used in Interpretation and Policy .09 of this Rule, a "financial services industry affiliate of a Member" is a legal entity that controls, is controlled by or is under common control with a Member and is regulated by the SEC, Commodity Futures Trading Commission, state securities authorities, federal or state banking authorities, state insurance authorities, or substantially equivalent foreign regulatory authorities.

Effective July 1, 2022, the Exchange will not accept any new initial designations for individuals under the waiver program set forth in Interpretation and Policy .09 of this Rule.

.10-.13 No Change.

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### **Rule 1903. Continuing Education [Requirements]**

This Rule prescribes requirements regarding the continuing education of [specified]registered persons[ subsequent to their initial registration with the Exchange]. The requirements shall consist of a Regulatory Element and a Firm Element as set forth below. This Rule also sets forth continuing education programs through which specified persons may maintain their qualification in a representative or principals registration category following the termination of that registration category.

#### **(a) Regulatory Element.**

(1) **Requirements.** All covered persons shall comply with the requirement to complete the Regulatory Element. Each covered person registered with the Exchange in a representative or principal registration category immediately preceding January 1, 2023 shall complete the Regulatory Element for the registration category annually by December 31 of 2023[on the occurrence of their second registration anniversary date ] and by December 31 of every [three ]year[s] thereafter in which the person remains registered, or as otherwise prescribed by the Exchange. Each covered person registering with the Exchange in a representative or principal registration category for the first time on or after January 1, 2023 shall complete the Regulatory Element for the registration category annually by December 31 of the subsequent calendar year following the calendar year in which the person becomes registered and by December 31 of every year thereafter in which the person remains registered, or as otherwise prescribed by the Exchange. Nothing in this paragraph (a)(1) shall prohibit a member from requiring its covered persons to complete their Regulatory Element for their registration categories at any time during the calendar year. [On each occasion, the Regulatory Element must be completed within 120 days after the person’s registration anniversary date. A person’s initial registration date, also known as the “base date,” shall establish the cycle of anniversary dates for purposes of this Rule. ]The content of the Regulatory Element shall be appropriate to [either the registered]each representative or principal [status of the person subject to the Rule]registration category. A covered person shall complete Regulatory Element content for each registration category that he or she holds. The content of the Regulatory Element for a covered person designated as eligible for a waiver pursuant to Rule 1900, Interpretation and Policy .09, shall be determined based on the person’s most recent registration(s), [status ]and the Regulatory Element shall be completed based on the same annual cycle had the person remained registered.

2) **Failure to Complete.** Unless otherwise determined by the Exchange, as provided in this paragraph (a)(2), any covered person[s], other than a covered person designated as eligible for a waiver pursuant to Rule 1900, Interpretation and Policy .09, who [have]has not completed the Regulatory Element within the prescribed calendar year in which the Regulatory Element is due[time frames] will have [their]his or her registration(s) deemed inactive until such time as [the requirements of the program have been satisfied]he or she completes all required Regulatory Element, including any Regulatory Element that becomes due while his or her registration(s) is deemed inactive. Any covered person, other than a covered person designated as eligible for a waiver pursuant to Rule 1900, Interpretation and Policy .09, whose registration(s) has been deemed inactive under this [Rule ]paragraph (a)(2) shall cease all activities as a registered person and is prohibited from performing any duties and functioning in any capacity requiring registration. Further, such covered person may not accept or solicit business or receive any compensation for the purchase or sale of securities. However, such covered person may receive trail or residual commissions resulting from transactions completed before the inactive status, unless the Member with which such covered person is associated has a policy prohibiting such trail or residual commissions. A registration that [is]remains inactive for a period of two consecutive years will be administratively terminated by the Exchange. A person whose registration(s) is so terminated or who otherwise fails to complete required Regulatory Element for two consecutive years may reactivate the registration(s) only by reapplying for registration and meeting the qualification requirements of the applicable provisions of Rules 1900 and 1901. The two-year period under this paragraph (a)(2) is calculated from the date a person’s registration(s) is deemed inactive.[The Exchange may, upon application and a showing of good

cause, allow for additional time for a covered person to satisfy the program requirements.] If a covered person designated as eligible for a waiver pursuant to Rule 1900, Interpretation and Policy .09, fails to complete the Regulatory Element within the prescribed time frames, the person shall no longer be eligible for such a waiver. The Exchange may, upon written application, with supporting documentation, and a showing of good cause, allow for additional time for a covered person to satisfy the Regulatory Element requirements.

(3) **Disciplinary Actions.** [Unless otherwise determined by the Exchange, a covered person other than a person designated as eligible for a waiver pursuant to Rule 1900, Interpretation and Policy .09, will be required to retake the Regulatory Element and satisfy all of its requirements]A covered person, other than a covered person designated as eligible for a waiver pursuant to Interpretation and Policy .09, may be required to complete assigned continuing education as prescribed by the Exchange in the event 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]complete continuing education by any securities governmental agency or self-regulatory organization.

[The retaking of the Regulatory Element shall commence with participation]Such covered person must complete any continuing education required under this paragraph (a)(3) within 120 days of the covered person becoming subject to the statutory disqualification, in the case of (i) above, or the disciplinary action becoming final, in the case of (ii) and (iii) above.[ The date of the disciplinary action shall be treated as such person's new base date with the Exchange. ]

(4) **Reregistration**[Reassociation in a Registered Capacity]. Any covered person who reregisters[has terminated association] with the Exchange in a representative or principal registration category[with a Member and who has, within two years of the date of termination, become reassociated in a registered capacity with a Member] shall complete[participate in] the Regulatory Element content for the registration category[at such intervals that may apply (second anniversary and every three years thereafter) based on the initial registration anniversary date rather than based on the date of reassociation in a registered capacity] annually by December 31 of the subsequent calendar year following the calendar year in which the person becomes reregistered and by December 31 of every year thereafter in which the person remains registered, or as otherwise prescribed by the Exchange, provided that he or she has already completed Regulatory Element content for that registration category for the calendar year in which he or she is reregistering, he or she is reregistering by having passed an examination for that registration

category or he or she is reregistering by having obtained an unconditional examination waiver for that registration category.

Any covered person who is reregistering with the Exchange in a representative or principal registration category without having completed any Regulatory Element content for that registration category for the calendar year in which he or she is reregistering or without having passed an examination for that registration category or without having obtained an unconditional examination waiver for that registration category shall complete the Regulatory Element content for that registration category annually by December 31 of the calendar year in which he or she reregisters and by December 31 of every year thereafter in which he or she remains registered, or as otherwise prescribed by the Exchange.

If a covered person has not completed any Regulatory Element content for a registration category in the calendar year(s) prior to reregistering, the Exchange would not approve a registration request for that category until he or she completes that Regulatory Element content or he or she passes an examination for that registration category or he or she obtains an unconditional examination waiver for that registration category, whichever is applicable.

Nothing in this paragraph (a)(4) shall prohibit a Member from requiring covered persons, other than a covered person designated as eligible for a waiver pursuant to Rule 1900, Interpretation and Policy .09, to complete their Regulatory Element for their registration categories at any time during the calendar year.

(5) **Definition of Covered Person.** For purposes of this Rule, the term “covered person” means any person registered, or registering, with the Exchange as a representative or principal[pursuant to] as specified in Rule [1900]1901, including any person who is permissively registered as such pursuant to Rule 1900, Interpretation and Policy .02, and any person who is designated as eligible for a waiver pursuant to Rule 1900, Interpretation and Policy .09.

(6) **Delivery of the Regulatory Element.** The [continuing education ]Regulatory Element shall[will] be administered through Web-based delivery or such other technological manner and format as specified by the Exchange.

(7) **Regulatory Element Contact Person.** Each Member shall designate and identify (by name and e-mail address) an individual or individuals responsible for receiving e-mail notifications [provided via the Central Registration Depository ]regarding [when ]a covered person’s completion of [is approaching the end of ]his or her Regulatory Element [time frame and when a covered person is deemed inactive due to failure to complete the requirements of the Regulatory Element program]. Each Member shall identify, review, and, if necessary, update the information regarding its Regulatory Element contact person(s) in the manner prescribed by Exchange Rules.

(b) **Firm Element.**

(1) **Persons Subject to the Firm Element.** The requirements of this [sub]paragraph (b) shall apply to any person registered with a Member, including any person who is permissively

registered as a representative or principal pursuant to Rule 1900, Interpretation and Policy .02 [who has direct contact with customers in the conduct of the Member's securities sales and trading activities, and to the immediate supervisors of such persons (collectively, "covered registered persons"). "Customer" shall mean any natural person and any organization, other than another broker or dealer, executing securities transactions with or through a Member].

**(2) Standards for the Firm Element.**

(i) Each Member must maintain a continuing and current education program for its [covered] registered persons to enhance their securities knowledge, skill, and professionalism. At a minimum, each Member shall at least annually evaluate and prioritize its training needs and develop a written training plan. The plan must take into consideration the Member's size, organizational structure, and scope of business activities, as well as regulatory developments and the performance of [covered] registered persons in the Regulatory Element. If a Member's analysis establishes the need for supervisory training for persons with supervisory responsibilities, such training must be included in the Member's training plan.

(ii) **Minimum Standards for Training Programs.** Programs used to implement a Member's training plan must be appropriate for the business of the Member and, at a minimum must cover training topics related to the role, activities or responsibilities of the registered person[in ethics] and to professional responsibility[ and the following matters concerning securities products, services, and strategies offered by the Member: (A) General investment features and associated risk factors; (B) Suitability and sales practice considerations; and (C) Applicable regulatory requirements].

(iii) **Administration of Continuing Education Program.** A Member must administer its continuing education programs under this paragraph (b) in accordance with its annual evaluation and written plan and must maintain records documenting the content of the programs and completion of the programs by [covered] registered persons.

(iv) Participation in Other Required Training. A Member may consider a registered person's participation in the Member's anti-money laundering compliance training under Rule 315(e) and a registered person's participation in the Member's annual compliance training toward satisfying the registered person's continuing education requirement under this paragraph (b).

(3) **Participation in the Firm Element.** [Covered r]Registered persons [included in a Member's plan]of a Member must take all appropriate and reasonable steps to participate in continuing education programs under this paragraph (b) as required by the Member.

(4) **Specific Training Requirements.** The Exchange may require a Member, individually or as part of a larger group, to provide specific training to its [covered] registered persons in such areas as the Exchange deems appropriate. Such a requirement may stipulate the class of [covered] registered persons for which it is applicable, the time period in which the requirement must be satisfied and, where appropriate, the actual training content.

**(c) Continuing Education Program for Persons Maintaining Their Qualification Following the Termination of a Registration Category.**

A person who terminates any of his or her representative or principal registration categories with the Exchange may maintain his or her qualification for any of the terminated registration categories for a period of five years following the termination of the registration category, subject to the following conditions:

(1) The person was registered in the registration category for at least one year immediately preceding the termination of the registration category and the person was not subject to a statutory disqualification as defined in Section 3(a)(39) of the Exchange Act during this registration period;

(2) The person elects to participate in the continuing education program under this paragraph (c) at the time of his or her Form U5 submission or at a later date within two years from the termination of his or her registration category, provided that if the person commences at the later date the person completes within two years from the termination of his or her registration category any continuing education that was due under the program between the time of his or her Form U5 submission and the later date he or she commences participating in the program;

(3) The person completes annually by December 31 of the calendar year in a manner specified by the Exchange all prescribed continuing education during his or her participation in the program under this paragraph (c), provided that the Exchange may, upon written application by the person, with supporting documentation, and a showing of good cause, allow for additional time for the person to complete the prescribed continuing education;

(4) The person does not have a continuing education deficiency with respect to his or her Regulatory Element for two consecutive years as provided in paragraph (a)(2) of this Rule;

(5) The person does not become subject to a continuing education deficiency with respect to his or her Regulatory Element for two consecutive years as provided in paragraph (a)(2) of this Rule while participating in the program under this paragraph (c); and

(6) The person does not become subject to a statutory disqualification as defined in Section 3(a)(39) of the Exchange Act following the termination of his or her registration category or while participating in the program under this paragraph (c).

**Interpretations and Policies:**

**.01 Eligibility of Other Persons to Participate in the Continuing Education Program Specified in Paragraph (c) of this Rule.** A person registered in a representative or principal registration category with the Exchange within two years immediately preceding July 1, 2022 shall be eligible to participate in the continuing education program under paragraph (c) of this Rule, provided that he or she satisfies the conditions set forth in paragraphs (c)(1) and (c)(3) through (c)(6) of this Rule. In addition, a person participating in the Financial Services Affiliate

Waiver Program under Rule 1900, Interpretation and Policy .09 immediately preceding July 1, 2022 shall be eligible to participate in the continuing education program under paragraph (c) of this Rule, provided that he or she satisfies the conditions set forth in paragraphs (c)(3), (c)(5) and (c)(6) of this Rule. Persons eligible under this Interpretation and Policy .01 shall make their election to participate in the continuing education program under paragraph (c) of this Rule by July 1, 2022. If such persons elect to participate in the continuing education program, the Exchange shall adjust their participation period by deducting from that period the amount of time that has lapsed between the date that such persons terminated their registration categories and July 1, 2022.

**.02 Re-Eligibility to Participate in the Continuing Education Program Specified in Paragraph (c) of this Rule.** A person who previously participated in the continuing education program under paragraph (c) of this Rule may become re-eligible to participate in the program if he or she reregisters with a Member firm and subsequently satisfies the conditions set forth in paragraphs (c)(1) and (c)(4) of this Rule. In such an event, the person may elect to again participate in the program subject to satisfying the remaining conditions set forth in paragraph (c) of this Rule.

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#### **Rule 1904. Electronic Filing Requirements for Uniform Forms**

(a) – (b) No change.

#### **(c) Form U4 Filing Requirements.**

(1) Except as provided in paragraphs (c)(2) and (c)(3) below, every initial and transfer electronic Form U4 filing and any amendments to the disclosure information on Form U4 shall be based on a [manually] signed Form U4 provided to the Member or applicant for membership by the person on whose behalf the Form U4 is being filed. As part of the Member's recordkeeping requirements, it shall retain the person's [manually] signed Form U4 or amendments to the disclosure information on Form U4 in accordance with Exchange Act Rule 17a-4(e)(1) and make them available promptly upon regulatory request. An applicant for membership also shall retain in accordance with Exchange Act Rule 17a-4(e)(1) every [manually] signed Form U4 it receives during the application process and make them available promptly upon regulatory request.

(2) A Member may file electronically amendments to the disclosure information on Form U4 without obtaining the subject associated person's [manual] signature on the form, provided that the Member shall use reasonable efforts to:

(i) – (ii) No change.

(3) In the event a Member is not able to obtain an associated person's [manual] signature or written acknowledgement of amended disclosure information on Form U4 prior to filing of such information pursuant to paragraph (c)(1) or (2), the Member is obligated to file the disclosure information as to which it has knowledge in accordance with Exchange Rule 1901. The Member

shall use reasonable efforts to provide the associated person with a copy of the amended disclosure information that was filed.

(4) No change.

(d) – (e) No change.

### **Interpretations and Policies:**

.01 – .02 No change.

**.03 Filing of Amendments Involving Disclosure Information.** In the event a Member is not able to obtain an associated person's [manual] signature or written acknowledgement of amended disclosure information on that person's Form U4 prior to filing of such amendment reflecting the information pursuant to paragraph (c)(3) (examples of reasons why a Member may not be able to obtain the [manual] signature or written acknowledgement may include, but are not limited to, the associated person refuses to acknowledge such information, is on active military service or otherwise is unavailable during the period provided for filing of such amendments under Exchange Rule 1901), the Member shall enter "Representative Refused to Sign/Acknowledge" or "Representative Not Available" or a substantially similar entry in the electronic Form U4 field for the associated person's signature.

.04 No change.

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