

**Application For Approval As A  
Remote Streaming Quote Trader****GENERAL INFORMATION**

Pursuant to NASDAQ OMX PHLX, LLC ("Exchange") Rule 507, the following constitutes the application for assignment by the Exchange, in options as a Remote Streaming Quote Trader ("RSQT"), as defined in Rule 1014(b)(ii).

Exchange Rule 507 (attached to this application) indicates that, in addition to other criteria defined in the rule, an RSQT applicant must demonstrate to the Exchange that it has:

- 1) Significant market-making and/or specialist experience in a broad array of securities;
- 2) Superior resources, including capital, technology and personnel;
- 3) Demonstrated history of stability, superior electronic capacity, and superior operational capacity;
- 4) Proven ability to interact with order flow in all types of markets;
- 5) Existence of order flow commitments;
- 6) Willingness to accept allocations as an RSQT in options overlying 400 or more securities; and
- 7) Willingness and ability to make competitive markets on the Exchange and otherwise to promote the Exchange in a manner that is likely to enhance the ability of the Exchange to compete successfully for order flow in the options it trades.

Please complete **Section A and Attachment I** of this application and include the requested documents. You are welcome and invited to submit additional materials for consideration by the Committee in making its determinations.

Questions concerning this application should be directed to Walt Smith at 215-496-5532 or via email at [walt.smith@nasdaqomx.com](mailto:walt.smith@nasdaqomx.com)

Questions concerning Exchange membership should be directed to Susan Murray at 215-496-5322 or via email at [susan.murray@nasdaqomx.com](mailto:susan.murray@nasdaqomx.com)

Completed applications with attached materials should be forwarded to:

NASDAQ OMX PHLX, LLC  
Listings Administration  
1900 Market Street  
Philadelphia, PA 19103

**SECTION A (To be completed by applicant)**

Firm Name: \_\_\_\_\_

Firm Representative: \_\_\_\_\_

Telephone Number: \_\_\_\_\_

List Individual Registered Options Traders (**Please attach a description of their experience or individual resumes**):

_____	_____
_____	_____
_____	_____

List Current Exchange Memberships:

_____	_____
_____	_____
_____	_____
_____	_____

Please describe your market making and/or specialist experience, including the types of securities traded (**Please attach current Form BD, FOCUS IIA Report and a copy of Options Clearing Corp. application for a Universal Market Maker Account**):

Please describe any quoting or market making technology (proprietary or vendor) to be utilized and operational capacity (attach additional documentation as needed):

Please describe the existence of order flow commitments and current or future order flow attainment plans (attach additional documentation as needed):

Please attach to this application a list of the options allocations that are being sought pursuant to Exchange Rule 507 and proposed Start Date (please include a diskette with an electronic version of the requested options allocations):

Please indicate willingness to accept allocations as an RSQT in options overlying 400 or more securities. If unwilling or unable accept allocations as described above, please indicate reasons as to why and explain the firm's market making objectives (please attach any supplementary materials or summary business plan):

You may add any other information in the below space. If you have attached any further documents to this application, please describe here.

**SIGNATURE**

\_\_\_\_\_

Firm Representative (please print)

\_\_\_\_\_

Title

\_\_\_\_\_

Signature of Representative

\_\_\_\_\_

Date

**ATTACHMENT I**

**PAYMENT FOR ORDER FLOW ELECTION CERTIFICATION FORM**

\_\_\_\_\_ payment for order flow participation election is as follows:

(member firm)

Please mark the box that applies

- A.  Elects to participate in (opt into) the payment for order flow program as a Specialist
- B.  Elects **not** to participate in (opt out of) the payment for order flow program Specialist
- C.  Elects to participate in (opt into) the payment for order flow program as a DROT
- D.  Elects **not** to participate in (opt into) the payment for order flow program as a DROT

This election is to be effective on \_\_\_\_\_ (MM/DD/YYYY).

***Election Certification (Applies only to member firms that mark box A and/or C)*** By electing to participate in the payment for order flow program, we certify that the monies collected on our behalf will be used to pay for order flow delivered to the Exchange. We further certify and understand that the Exchange will not be involved in the determination of the terms governing the orders that qualify for payment or the amount of any payment and the Exchange will provide administrative support for the program in such matters as maintaining the funds, keeping track of the number of qualified orders directed to the Exchange, and making payments to the order flow providers on our behalf and pursuant to our written instructions. In the event that payments are sent directly to non-member payment for order flow providers, we also certify that this practice is not unacceptable to the member order flow providers through whom the orders are routed. We understand that the Exchange will not pay out more than has been collected.

I certify that I am authorized to sign this **payment for order flow election certification form** on behalf of the above named member firm.

Signature \_\_\_\_\_

Printed Name \_\_\_\_\_

Date \_\_\_\_\_

## RETURN COMPLETED FORM WITH YOUR APPLICATION

### ATTACHMENT II

#### Rule 507. Application for Assignment in Streaming Quote Options

(a) Approval as an SQT or RSQT. Registered Options Traders ("ROT's"), as defined in Rule 1014, may apply for approval as Streaming Quote Traders ("SQT's") and Remote Streaming Quote Traders ("RSQT's"), as defined in Rule 1014(b)(ii).

This Rule 507 places no limit on the number of qualifying ROTs that may become SQTs or RSQTs; any applicant that is qualified as an ROT in good standing, and that satisfies the technological readiness and testing requirements described in sub-paragraph (b)(ii) below, shall be approved as an SQT. However, based on system constraints, capacity restrictions or other factors relevant to the maintenance of a fair and orderly market, the Board may defer, for a period to be determined in the Board's discretion, approval of qualifying applications for SQT or RSQT status pending any action required to address the issue of concern to the Board. The Board may not defer a determination of the approval of the application of any SQT or RSQT applicant or place any limitation(s) on access to Phlx XL on any SQT or RSQT applicant unless the basis for such limitation(s) or deferral have been objectively determined by the Board, subject to Securities and Exchange Commission approval or effectiveness pursuant to a rule change filing under Section 19(b) of the Securities Exchange Act of 1934, as amended. The Exchange shall provide written notification to any SQT or RSQT applicant whose application is the subject of such limitation(s) or deferral, describing the objective basis for such limitation(s) or deferral.

(i) RSQT applicants must demonstrate that they have:

- (A) Significant market-making and/or specialist experience in a broad array of securities;
- (B) Superior resources, including capital, technology and personnel;
- (C) Demonstrated history of stability, superior electronic capacity, and superior operational capacity;
- (D) Proven ability to interact with order flow in all types of markets;
- (E) Existence of order flow commitments;
- (F) Willingness to accept allocations as an RSQT in options overlying 400 or more securities; and
- (G) Willingness and ability to make competitive markets on the Phlx and otherwise to promote the Phlx in a manner that is likely to enhance the ability of the Phlx to compete successfully for order flow in the options it trades.

(ii) SQT applicants must demonstrate that they have:

- (A) Significant market-making and/or specialist experience in a broad array of securities;
- (B) Superior resources, including capital, technology and personnel;
- (C) Demonstrated history of stability, superior electronic capacity, and superior operational capacity

(D) Proven ability to interact with order flow in all types of markets;

(E) Willingness and ability to make competitive markets on the Phlx and otherwise to promote the Phlx in a manner that is likely to enhance the ability of the Phlx to compete successfully for order flow in the options it trades.

(b)(i) Assignment in Options. When an option is to be assigned or reassigned by the Exchange, the Exchange will solicit applications from all eligible SQTs and RSQTs, as defined in Rule 1014(b)(ii). Each application for assignment in an option shall be submitted to the Exchange's designated staff in writing (electronically or otherwise as specified by the Exchange) in a form and/or format prescribed by the Exchange and shall include, at a minimum, the name of the SQT or RSQT applicant, the appropriate Exchange account number, the requested start date for each option applied for, and the name of the member organization.

(ii) No application for assignment in an option shall be approved without verification that (A) the SQT or RSQT applicant has sufficient technological ability to support his/her continuous quoting requirements as set forth in Rule 1014(b)(ii), and (B) the SQT or RSQT applicant has successfully completed, or is scheduled to complete, testing of its quoting system with the Exchange.

(iii) In addition to the criteria described in this sub-paragraph, the Exchange shall consider the following factors in making its decision concerning an application for assignment in an option when there are more applicants for assignment in a particular option than there are positions available:

(A) the financial and technical resources available to the applicant;

(B) the applicant's experience and expertise in market making or options trading;

(C) the applicant's prior performance as a specialist, SQT or RSQT based on evaluations conducted pursuant to Exchange Rule 510.

(c) Decisions concerning applications for assignment in Streaming Quote Options shall be in writing and shall be distributed to all floor members.

(d) The SQT or RSQT, upon initial assignment in an option, may not withdraw from such option assignment for ten (10) or fewer business days after the effective date of assignment. However, the Exchange may, in exceptional circumstances, approve withdrawal from an option assignment in ten (10) or fewer business days. If an SQT or RSQT seeks to withdraw from assignment in an option, it should so notify the Exchange at least one business day prior to the desired effective date of such withdrawal.

(e) An appeal to the Board of Directors from a decision of the Exchange may be requested by a member or member organization interested therein by filing with the Secretary of the Exchange written notice of appeal within ten (10) days after the decision has been rendered. Any appeal from a decision pursuant to Rule 507 shall be heard by a special committee of the Board of Directors composed of three (3) Directors, of whom at least one (1) shall be an Independent. The person requesting review shall be permitted to submit a written statement to and/or appear before this special committee. The Secretary of the Exchange shall certify the record of the proceeding, if any and the written decision and shall submit these documents to the special committee. The special committee's review of the action shall be based solely on the record, the written decision and any statement submitted by the person requesting the review. The special committee shall prepare and deliver to such person a written decision and reasons therefore. If the special committee affirms the action, the action shall become effective ten (10) days from the date of the special committee's decision. There shall be no appeal to the Board of Directors from any decision of the special committee.

f) Nothing in this Rule 507 shall be construed to automatically qualify an RSQT to be a Remote Specialist on the Exchange.

