

**Form PILOT**

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**INITIAL OPERATION REPORT, AMENDMENT TO INITIAL OPERATION REPORT  
AND QUARTERLY REPORT FOR PILOT TRADING SYSTEMS OPERATED BY  
SELF-REGULATORY ORGANIZATIONS**

## FORM PILOT INSTRUCTIONS

### A. GENERAL INSTRUCTIONS

1. Form PILOT is the form a self-regulatory organization (“SRO”) files to notify the Securities and Exchange Commission (“SEC” or “Commission”) of its intention to operate a pilot trading system pursuant to Rule 19b-5, § 240.19b-5, under the Securities Exchange Act of 1934 (“Exchange Act”).
2. **WHEN TO FILE A FORM PILOT** - The SRO must file the initial operation report, Part I of Form PILOT, at least 20 days prior to commencing operation of the pilot trading system. The SRO operating a pilot trading system under Rule 19b-5 must update information reported in Part I of Form PILOT by submitting amendments to the initial operation report at least 20 calendar days prior to implementing a material change to the operation of the pilot trading system as described on Form PILOT or any amendment thereto, other than information reported in Items 3b and 4b on Form PILOT relating to subscribers to, and securities traded on, the pilot trading system. Additionally, the SRO must file Part II of Form PILOT by submitting quarterly reports within 30 calendar days after the end of each calendar quarter in which the pilot trading system has operated after the effective date of Regulation ATS.
3. **CONTACT EMPLOYEE** - The individual listed on page 1 as the contact employee must be authorized to receive all contact information, communications and mailings and be responsible for disseminating that information within the SRO.
4. **FORMAT**
  - Attach an Execution Page (Page 1) with original manual signatures.
  - Please type all information.
  - Provide the name of the SRO, pilot trading system and the filing date on each page.
  - Use only the current version of Form PILOT or a reproduction.
5. **WHERE TO FILE AND NUMBER OF COPIES** - Submit one original and eight copies of Form Pilot to: SEC, Division of Market Regulation, 450 Fifth Street, N.W., Washington D.C. 20549.
6. **RECORDKEEPING** - A copy of this Form PILOT, as well as any amendments thereto filed with the SEC, must be retained by the SRO operating the pilot trading system at its principal place of business and made available for inspection upon request of the SEC.
7. **PAPERWORK REDUCTION ACT DISCLOSURE**
  - Form PILOT requires an SRO intending to operate a pilot trading system pursuant to the temporary exemption under Rule 19b-5 to file certain information about the operation of the pilot trading system, and notices of material changes to the pilot trading system. In addition, Form PILOT requires SROs to report transaction volume on the pilot trading system on a quarterly basis.
  - An agency may not conduct or sponsor, and a person is not required to respond to, a collection of information unless it displays a currently valid control number. Sections 3(a)(26), 3(a)(27), 3(a)(28), 19(b), 23(a) and 36(a) authorize the Commission to collect information on this Form PILOT from SROs. See 15 U.S.C. §§78c(a)(26), 78c(a)(27), 78c(a)(28), 78s(b), 78w(a) and 78mm(a).
  - Any member of the public may direct to the Commission any comments concerning the accuracy of the burden estimate on the facing page of Form PILOT and any suggestions for reducing this burden.
  - Form PILOT is designed to enable the Commission to determine whether an SRO has properly availed itself of Rule 19b-5, is operating a pilot trading system in compliance with the Exchange Act, and is carrying out its statutory oversight obligations under the Exchange Act.
  - It is estimated that an SRO will spend approximately 24 hours completing the initial operation report on Form PILOT pursuant to Rule 19b-5. It is also estimated that each SRO will spend approximately 3 hours to prepare each notice of a material change and approximately 3 hours to prepare quarterly transaction information.
  - It is mandatory that an SRO seeking to operate a pilot trading system under Rule 19b-5 file a Form PILOT with the Commission. It is also mandatory that an SRO operating a pilot trading system file notices of material systems changes and quarterly transaction reports on Form PILOT.
  - All reports provided to the Commission on Form PILOT are deemed confidential and will be available only to the examination of Commission staff and state securities authorities. Subject to the provisions of the Freedom of Information Act, 5 U.S.C. 522 (“FOIA”) and the Commission’s rules thereunder (17 CFR 200.80(b)(4)(iii)), the Commission does not generally publish or make available information contained in any reports, summaries, analyses, letters, or memoranda arising out of, in anticipation of, or in connection with an examination or inspection of the books and records of any person or any other investigation.

## FORM PILOT INSTRUCTIONS

- This collection of information has been reviewed by the Office of Management and Budget (“OMB”) in accordance with the clearance requirements of 44 U.S.C. §3507. The applicable Privacy Act system of records is SEC-2 and the routine uses of the records are set forth at 40 FR 39255 (August 27, 1975) and 41 FR 5318 (February 5, 1976).

### B. EXPLANATION OF TERMS

**PILOT TRADING SYSTEM** - Shall mean any trading system, operated by an SRO, that:

- (1) (i) has been in operation for less than two years; (ii) is independent of any other trading system operated by such self-regulatory organization that has been approved by the Commission pursuant to Section 19(b) of the Exchange Act; (iii) with respect to each security traded on such pilot trading system, during at least two of the last four consecutive calendar months, has traded no more than 5% of the average daily trading volume of such security in the United States; and (iv) with respect to all securities traded on such pilot trading system, during at least two of the last four consecutive calendar months, has traded no more than 20% of the average daily trading volume of all trading systems operated by such self-regulatory organization; or
- (2) (i) has been in operation for less than two years; (ii) with respect to each security traded on such pilot trading system, during at least two of the last four consecutive calendar months, has traded no more than 1% of the average daily trading volume of such security in the United States; and (iii) with respect to all securities traded on such pilot trading system, during at least two of the last four consecutive calendar months, has traded no more than 20% of the average daily trading volume of all trading systems operated by such self-regulatory organization; or
- (3) (i) has been in operation for less than two years; and (ii)(A) satisfied the definition of “pilot trading system” under paragraph (1) above no more than 60 days ago, and continues to be independent of any other trading system operated by such self-regulatory organization that has been approved by the Commission pursuant to Section 19(b) of the Exchange Act; or (B) satisfied the definition of “pilot trading system” under paragraph (2) above no more than 60 days ago.

**INVESTMENT GRADE CORPORATE DEBT SECURITIES** - Shall mean any security that: (1) evidences a liability of the issuer of such security; (2) has a fixed maturity date that is at least one year following the date of issuance; (3) is rated in one of the four highest ratings categories by at least one Nationally Recognized Statistical Ratings Organization; and (4) is not an exempted security, as defined in §3(a)(12) of the Act (15 U.S.C. 78o).

**NON-INVESTMENT GRADE CORPORATE DEBT SECURITIES** - Shall mean any security that: (1) evidences a liability of the issuer of such security; (2) has a fixed maturity date that is at least one year following the date of issuance; (3) is not rated in one of the four highest ratings categories by at least one Nationally Recognized Statistical Ratings Organization; and (4) is not an exempted security, as defined in §3(a)(12) of the Act (15 U.S.C. 78o).

**DEBT SECURITIES** - Shall mean any security other than an equity security, as defined in §240.3a11-1.

**EQUITY SECURITIES** - Shall have the same meaning as in §240.3a11-1.

**GOVERNMENT SECURITIES** - Shall have the same meaning as in Exchange Act Section 3(a)(42).

**LISTED EQUITY SECURITIES** - Shall mean any equity securities that are listed and registered, or admitted to unlisted trading privileges, on a national securities exchange.

**LISTED OPTIONS** - Shall mean any options traded on a registered national securities exchange or automated facility of a registered national securities association.

**MORTGAGE RELATED SECURITIES** - Shall have the same meaning as in Exchange Act Section 3(a)(41).

**MUNICIPAL SECURITIES** - Shall have the same meaning as in Exchange Act Section 3(a)(29).

**NASDAQ NATIONAL MARKET SECURITIES** - Shall mean any securities designated as Nasdaq National Market Securities by The Nasdaq Stock Market.

**NASDAQ SMALLCAP MARKET SECURITIES** - Shall mean any securities designated as Nasdaq SmallCap Market Securities by The Nasdaq Stock Market.

**PENNY STOCK** - Shall have the same meaning as in Exchange Act Section 3(a)(51).

WARNING: Failure to keep this form current and to file accurate supplementary information on a timely basis, or the failure to keep accurate books and records or otherwise to comply with the provisions of law applying to the conduct of pilot trading systems would violate the federal securities laws and may result in disciplinary, administrative or criminal action.  
**INTENTIONAL MISSTATEMENTS OR OMISSIONS OF FACTS MAY CONSTITUTE CRIMINAL VIOLATIONS**

INITIAL OPERATION REPORT     AMENDMENT TO INITIAL OPERATION REPORT     QUARTERLY REPORT

1. Exact name, principal business address, mailing address, if different, and telephone number of pilot trading system:

A. Name of the SRO filing Form PILOT: \_\_\_\_\_ C. File No. PILOT- \_\_\_\_\_

B. Full Name of pilot trading system: \_\_\_\_\_

D. If this filing makes a name change on behalf of the pilot trading system, enter the previous name.  
 Previous name: \_\_\_\_\_

E. Pilot trading system's business address (Do not use a P.O. Box):  
 \_\_\_\_\_  
 \_\_\_\_\_

F. Business telephone and facsimile number:  
 \_\_\_\_\_  
 (Telephone) (Facsimile)

G. Contact employee:  
 \_\_\_\_\_  
 (Name and Title) (Telephone Number) (Facsimile)

2. If this is an initial operation report, the date the SRO expects to commence operation of the pilot trading system:  
 Operation Date: \_\_\_\_\_

**EXECUTION:** The SRO consents that service of any civil action brought by or notice of any proceeding before the Securities and Exchange Commission in connection with the pilot trading system's activities may be given by registered or certified mail or confirmed telegram to the pilot trading system's contact employee at the business address. The undersigned, being first duly sworn, deposes and says that he/she has executed this form on behalf of, and with the authority of, said pilot trading system. The undersigned and the SRO represent that the information and statements contained herein, including exhibits, schedules, or other documents attached hereto, and other information filed herewith, all of which are made a part hereof, are current, true and complete.

Date: \_\_\_\_\_ (MM/DD/YY) \_\_\_\_\_ (Name of SRO)

By: \_\_\_\_\_ (Signature) \_\_\_\_\_ (Printed Name and Title)

Subscribed and sworn before me this \_\_\_\_\_ day of \_\_\_\_\_, \_\_\_\_\_ by \_\_\_\_\_  
 (Month) (Year) (Notary Public)

My Commission expires \_\_\_\_\_ County of \_\_\_\_\_ State of \_\_\_\_\_

***This page must always be completed in full with original, manual signature and notarization.  
 Affix notary stamp or seal where applicable.***

**DO NOT WRITE BELOW THIS LINE - FOR OFFICIAL USE ONLY**

Form PILOT Page 2	<b>UNITED STATES SECURITIES AND EXCHANGE COMMISSION</b> <b>WASHINGTON, D.C. 20549</b> <b>PART 1</b> <b>INITIAL OPERATION REPORT, AMENDMENT TO INITIAL OPERATION REPORT, AND</b> <b>QUARTERLY REPORT FOR PILOT TRADING SYSTEMS OPERATED BY A</b> <b>SELF-REGULATORY ORGANIZATION</b> <b>(to be filed at least 20 calendar days prior to commencing operation)</b>	OFFICIAL USE	OFFICIAL USE ONLY
SRO name: _____ Pilot trading system name: _____ Filing date: _____			
<p>3. Attach as Exhibit A:</p> <ul style="list-style-type: none"> <li>a. A description of classes of members trading on the pilot trading system, and any persons to whom those members provide access to trading on the pilot trading system. Also describe any differences in access to the services offered by the pilot trading system to different classes of members.</li> <li>b. A list of the members, by name, or if this is an initial operation report, a list of the anticipated members who may trade on the pilot trading system.</li> </ul> <p>4. Attach as Exhibit B:</p> <ul style="list-style-type: none"> <li>a. A list of the types of securities the pilot trading system trades (for example, debt, equity, listed, Nasdaq NM), or if this is an initial operation report, the types of securities it expects to trade. Note whether any types of securities are not registered under Section 12(a) of the Exchange Act.</li> <li>b. A list of the securities the pilot trading system trades, or if this is an initial operation report, the securities the SRO expects to trade on the pilot trading system. Note whether any securities are not registered under Section 12(a) of the Exchange Act.</li> </ul> <p>5. Attach as Exhibit C, the name, address, and telephone number of counsel for the pilot trading system.</p> <p>6. Attach as Exhibit D, the name of any entity, other than the SRO, that will be involved in the operation of the pilot trading system, including the execution, trading, clearing and settling of transactions on behalf of the SRO. Provide a detailed description of the role and responsibilities of each entity.</p> <p>7. Attach as Exhibit E, the following information:</p> <ul style="list-style-type: none"> <li>a. The manner of operation of the pilot trading system;</li> <li>b. Procedures governing entry of orders into the pilot trading system;</li> <li>c. The SRO's means of granting access to the pilot trading system;</li> <li>d. The procedures governing execution, reporting, clearance and settlement of transactions effected through the pilot trading system;</li> <li>e. The procedures for ensuring compliance with system guidelines;</li> <li>f. A copy of the pilot trading system's manual and any other materials provided to members trading on the pilot trading system; and</li> <li>g. A copy of the agreement between the SRO and members trading on the pilot trading system, and, if applicable, any agreement between members and those persons members provide access to trading on the pilot trading system.</li> </ul> <p>8. Attach as Exhibit F, a brief description of the SRO's procedures for reviewing capacity, security and contingency planning with respect to the pilot trading system.</p>			
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SRO name: \_\_\_\_\_

Pilot trading system name: \_\_\_\_\_

Period covered in this report: \_\_\_\_\_ to \_\_\_\_\_

9. Provide the total unit and dollar volume of transactions in the following securities. For securities reported in Item 9J through 9O, report total settlement value in U.S. dollars. Enter "None," "N/A" or "0" where appropriate.

<i>Category of Securities</i>	<i>Total Unit Volume of Transactions</i>	<i>Total Dollar Volume of Transactions</i>
A. Listed Equity Securities	<input type="text"/>	<input type="text"/>
B. Nasdaq National Market Securities	<input type="text"/>	<input type="text"/>
C. Nasdaq SmallCap Market Securities	<input type="text"/>	<input type="text"/>
D. Equity securities issued pursuant to Rule 144A of the Securities Act of 1933	<input type="text"/>	<input type="text"/>
E. Penny Stock, other than any securities included in Items 9A-9D above	<input type="text"/>	<input type="text"/>
F. Other equity securities not included in Items 9A-9E above	<input type="text"/>	<input type="text"/>
G. Rights and warrants	<input type="text"/>	<input type="text"/>
H. Listed options	<input type="text"/>	<input type="text"/>
I. Unlisted options	<input type="text"/>	<input type="text"/>
J. Investment-grade corporate debt securities	<input type="text"/>	<input type="text"/>
K. Non-investment-grade corporate debt securities	<input type="text"/>	<input type="text"/>
L. Government securities	<input type="text"/>	<input type="text"/>
M. Municipal securities	<input type="text"/>	<input type="text"/>
N. Mortgage related securities	<input type="text"/>	<input type="text"/>
O. Debt securities other than any securities included in Items 9J - 9N above	<input type="text"/>	<input type="text"/>

10. A. List the types of equity securities reported in Item 9F above: \_\_\_\_\_

B. List the types of debt securities reported in Item 9O above: \_\_\_\_\_

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