

VIA EMAIL & FEDERAL EXPRESS

September 24, 2012

Ms. Elizabeth M. Murphy
Secretary
Securities and Exchange Commission
100 F Street, N.E.
Washington, DC 20549-1090

Re: Response to Comment Letter on File Number SR-NYSEArca-2012-64 ("Rule Proposal")

Dear Ms. Murphy:

NYSE Arca, Inc. ("NYSE Arca" or "Exchange") appreciates the opportunity to respond to the comment letter submitted by the Chicago Board Options Exchange Inc. ("CBOE") on July 24, 2012 regarding the Rule Proposal, which the Exchange filed with the Securities and Exchange Commission ("Commission") on June 27, 2012. In that filing, NYSE Arca proposes to list and trade option contracts overlying 10 shares of a security ("mini-options contracts").

In its comment letter, CBOE makes two general assertions. First, CBOE argues that allowing the Exchange to trade mini-options contracts would be inconsistent with prior Commission policy. Second, CBOE claims that the rule proposal is not clear whether mini-options contracts would be applicable for options with non-traditional expiration dates, i.e., weekly, quarterly, or LEAP options series.

NYSE Arca's Proposal to Trade Mini-Options Contracts is Consistent with Prior Commission Policy

CBOE's first comment against allowing the Exchange to trade mini-options contracts is based on its assertion that the current proposal is similar to a 2008 CBOE proposal to list and trade both full and reduced value BuyWrite Index Options ("BXM options"). As described by CBOE, the Commission declined to approve that filing based in part on potential price protection issues arising from having two sizes of options on the same underlying interest. CBOE now asserts that such a restriction is part of an overall Commission policy.

While the Exchange is not in a position to address whether CBOE has correctly described Commission policy, we note that the current proposal differs materially from the CBOE proposal to trade BXM options. Here, the Exchange proposes to restrict the eligibility of mini-options contracts to options that overlay highly liquid, high-priced, and actively traded ETFs and equities. The availability of mini-options on such securities is likely to result in more efficient pricing through arbitrage with the full-size options. In contrast, the BXM options proposal would have listed two new option products on the same index prior to development of an active liquid market, thus raising potential concerns about creating a bifurcated market without adequate liquidity in either market.

Moreover, contrary to CBOE's assertion, the concept of listing and trading parallel options products of multiplied or reduced values on the same underlying security is not novel. In fact, on one of the ETFs identified by NYSE Arca as eligible for mini-options contracts, SPDR S&P 500 ETF (SPY), the CBOE currently trades parallel product pairs on its own exchange on the Index related to the ETF. Specifically, CBOE trades the Full and Mini S&P 500 Index options ("SPX" and "XSP"), and also trades similar parallel options on the Nasdaq 100 and Mini-Nasdaq 100 ("NDX" and "MNX"), and options on the Dow Jones Industrial Average ("DJX") and the Jumbo-DJX ("DXL").

The Proposal to Trade Mini-Options Contracts Does Not Amend the NYSE Arca Rules Relating to the Listing of Options with Non-Traditional Expiration Dates

CBOE's second comment questions whether mini-option contracts would be available for any option series with non-traditional expiration dates. The Exchange notes that the Rule Proposal makes clear that "the Exchange may list options contracts overlying 10 shares of SPDR S&P 500 (SPY), Apple, Inc. (AAPL), SPDR Gold Trust (GLD), Google Inc. (GOOG), and Amazon.com Inc. (AMZN) for all expirations applicable to 100 share options in each class." (emphasis added). NYSEArca Rule 6.4 explains when option classes may be open for trading (including Long Term Equity Options Series ("LEAPs"), Short Term Options Series and Quarterly Options Series). The proposal to trade mini option contracts does not amend any section of that rule.

Conclusion

For the reasons stated above, as well as those set forth in the related filing, the Exchange respectfully requests that the Commission approve the Rule Proposal.

Sincerely,

A handwritten signature in blue ink that reads "Janet McHinniss". The signature is written in a cursive, flowing style.

cc: Heather Seidel
Richard Holley
John Roeser