



April 4, 2022

**VIA E-MAIL**

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

Re: Securities Exchange Act Rel. 34-92563 (SR-NYSEArca-2021-68)

Dear Secretary:

NYSE Arca, Inc. filed the attached Partial Amendment No. 2 to the above-referenced filing on April 4, 2022.

Sincerely,

A handwritten signature in blue ink, appearing to be "MR" or similar initials.

Encl. (Partial Amendment No. 2 to SR-NYSEArca-2021-68)

Required fields are shown with yellow backgrounds and asterisks.

Page 1 of \* 15

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

F e No. \* SR 2021 \* 68

Amendment No. (req. for Amendments \*) 2

F ng by NYSE Arca, Inc.

Pursuant to Ru e 19b 4 under the Secur tes Exchange Act of 1934

<input type="checkbox"/> In t a *	<input checked="" type="checkbox"/> Amendment *	<input type="checkbox"/> W thdrawa	<input checked="" type="checkbox"/> Sect on 19(b)(2) *	<input type="checkbox"/> Sect on 19(b)(3)(A) *	<input type="checkbox"/> Sect on 19(b)(3)(B) *
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<input type="checkbox"/> P ot	Extens on of T me Per od for Comm ss on Act on *	Date Exp res *	Ru e		
<input type="checkbox"/>	<input type="checkbox"/>	<input type="text"/>	<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 type="checkbox"/> 19b 4(f)(6)	

Not ce of proposed change pursuant to the Payment, C ear ng, and Sett ement Act of 2010

Sect on 806(e)(1) \*

Sect on 806(e)(2) \*

Secur ty Based Swap Subm ss on pursuant to the Secur tes Exchange Act of 1934

Sect on 3C(b)(2) \*

Exh b t 2 Sent As Paper Document

Exh b t 3 Sent As Paper Document

### Description

Prov de a br ef descr pt on of the act on ( m t 250 characters, requ red when In t a s checked \*).

### Contact Information

Prov de the name, te ephone number, and e ma address of the person on the staff of the se f regu atory organ zat on prepared to respond to quest ons and comments on the act on.

F rst Name \* Kathleen Last Name \* Murphy

T te \* Sen or Course , NYSE Group Inc.

E ma \*

Te ephone \* Fax

### Signature

Pursuant to the requ rements of the Secur tes Exchange of 1934, NYSE Arca, Inc. has duty caused th s f ng to be s gned on ts beha f by the unders gned thereunto duty author zed.

Date 04/04/2022

( tle \*)

By Martha Redd ng

Corporate Secretary

(Name \*)

NO E Clicking the signature block at right will initiate digitally signing the orm A digital signature is as legally binding as a physical signature and once signed this orm cannot be changed

Martha Redding

Digitally signed by Martha Redding  
Date 2022 04 04 10 21 37 -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 EDFS website.

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

Add Remove View

The self-regulatory organization must provide a 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 proposals consistent with the Act and applicable rules and regulations under the Act.

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

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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 (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 (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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The self-regulatory organization may choose to attach as Exhibit 5 proposed changes to rule text in place of providing them 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 (i.e. part amendments) so clearly understandable on its face. Such part amendments shall be clearly identified and marked to show deletions and additions.

Part a Am No 2 to SR NYSEArca 202

## SR-NYSEArca-2021-68, Partial Amendment No. 2

NYSE Arca, Inc. (the “Exchange”) hereby submits this partial amendment to SR-NYSEArca-2021-68, which was superseded by Amendment No. 1 (the “Filing”), in connection with the proposed new rule for Electronic Complex Order trading on the Exchange under Pillar. The Exchange proposes the following amendments to the Filing:

**1. Insert the following underlined text, and delete the bracketed text, under the heading “*Priority and Pricing of ECOs*,” on page 17 of the Filing and pages 76 of Exhibit 1.**

- Proposed Rule 6.91P-O(c)(4) would provide that bids and offers for complex strategies may be expressed in one cent (\$0.01) increments, and the leg(s) of complex strategies may trade in one cent (\$0.01) increments regardless of the MPV otherwise applicable to the individual leg(s) of the ECO[an ECO may trade in one cent (\$0.01) increments regardless of the MPV otherwise applicable to any leg of the complex strategy], which is based on current Rule 6.91-O, Commentary .01 without any substantive differences, except that it provides for bids and offers to be expressed in pennies rather than in decimals which is consistent with current functionality as well as with other options exchanges.<sup>fn</sup>

<sup>fn</sup> See e.g., Nasdaq ISE, Options 3, Section 14 (c)(1) (providing, in relevant part, that “[b]ids and offers for Complex Options Strategies may be expressed in one cent (\$0.01) increments, and the options leg of Complex Options Strategies may be executed in one cent (\$0.01) increments, regardless of the minimum increments otherwise applicable to the individual options legs of the order”).

**2. Delete the bracketed text, under the heading “*Execution of ECOs at the Open (or Reopening after a Trading Halt)*,” on page 17 of the Filing and pages 77 of Exhibit 1.**

- Proposed Rule 6.91P-O(d)(1) would set forth the conditions required for the commencement of an ECO Opening Auction Process. Specifically, as proposed, the Exchange would initiate an ECO Opening Auction Process for a complex strategy only if all legs of the complex strategy have opened or reopened for trading, which text is based on current Rule 6.91-O(a)(2)(i)(A) without any substantive differences. Proposed Rule 6.91P-O(d)(1)(A)-(B) would set forth conditions that would prevent the opening of a complex strategy, as follows:
  - Any leg of the complex strategy has neither an Exchange BO nor an ABO; or
  - The complex strategy cannot trade per proposed Rule 6.91P-O(a)(5)[(B)-(C)].

The proposal to detail these conditions for opening (and reopening) are consistent with current functionality not set forth in the current rule. The Exchange believes that this added detail would not only add clarity and transparency to Exchange rules but would also protect market participants from potentially erroneous executions when there is a lack of reliable information regarding the price at which a complex strategy should execute, thereby promoting a fair and orderly ECO Opening Auction Process.

\* \* \* \* \*

Additionally, the Exchange requests the Commission to find good cause to grant accelerated approval of NYSEArca-2021-68, as amended, pursuant to Section 19(b)(2) of the Act. Accelerated approval would allow the Exchange to implement, without delay, the proposed modifications at the same time that the Filing goes into effect, which would improve the rule overall by adding more specificity and transparency making the rule easier for market participants to navigate and comprehend. The Exchange believes the Filing, as amended, would benefit all market participants because it more clearly and accurately sets forth how ECOs are handled on the Exchange. In particular, the proposed change to specify that bids and offers for complex strategies may be expressed in pennies, which is consistent with current functionality, is non-controversial, does not pose an undue burden on competition, and does not raise any novel issues because it would bring the Exchange's rule regarding the MPV for trading in ECOs into alignment with the rules of other options exchanges. Further, the proposed change to remove an erroneous (and overly-inclusive) cross-reference to market conditions that would prevent a complex strategy from opening or reopening would make clear that the Exchange would not open a complex strategy in the absence of an Exchange BO or ABO, even if there is an Exchange BB or an ABB, which clarification would reduce potential investor confusion regarding the ECO Opening Process.

The Exchange believes that proposed Partial Amendment No. 2 would not significantly affect the protection of investors or the public interest but would instead provide greater clarity and transparency to the Filing, which sets forth the rule changes being adopted for trading of ECOs under Pillar.

**Text of the Proposed Rule Change:<sup>1</sup>**

**RULES OF THE NYSE ARCA, INC.**

\* \* \* \* \*

**OPTIONS RULES**

\* \* \* \* \*

**Rule 6.91P-O. Electronic Complex Order Trading**

\* \* \* \* \*

(c) Priority and Pricing of ECOs. An ECO received by the Exchange that is not immediately executed (or cancelled), including if it cannot trade under paragraphs (a)(5)(B)-(C) and (c)(1)-(2) of this Rule, or does not initiate a COA per paragraph (f)(1), will be ranked in the Consolidated Book according to price-time priority based on the total net price and the time of entry of the order. Unless otherwise specified in this Rule, ECOs are processed as follows:

\* \* \* \* \*

(4) *Bids and offers for complex strategies may be expressed in one cent (\$0.01) increments, and the leg(s) of complex strategies.* ~~An ECO may trade in one cent (\$0.01) increments regardless of the MPV otherwise applicable to *the individual leg(s) of the ECO complex strategy.*~~

(d) Execution of ECOs at the Open (or Reopening after a Trading Halt).

(1) The Exchange will initiate an ECO Opening Auction Process for a complex strategy only if all legs of the complex strategy have opened or reopened for trading, provided that a complex strategy will not be opened if:

(A) Any leg of the complex strategy has neither an Exchange BO nor an ABO; or

(B) The complex strategy cannot trade per Rule 6.91P-O(a)(5)(B)-(C).

\* \* \* \* \*

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<sup>1</sup> For changes made pursuant to Amendment No. 1, which superseded the original filing, new text is underscored and deleted text is in brackets; for changes made pursuant to the Partial Amendment No. 2, new text is italicized in bold and double-underscored and deleted text is struck-through.

Additions underscored  
Deletions [bracketed]

**RULES OF THE NYSE ARCA, INC.**

\* \* \* \* \*

**OPTIONS RULES**

\* \* \* \* \*

**RULE 6-O OPTIONS TRADING**

\* \* \* \* \*

**Rule 6.47A-O. Order Exposure Requirements [— OX]**

With respect to orders routed to the Exchange[OX], Users may not execute as principal orders they represent as agent unless (i) agency orders are first exposed on the Exchange for at least one (1) second; (ii) the User has been bidding or offering on the Exchange for at least one (1) second prior to receiving an agency order that is executable against such bid or offer; or (iii) the User utilizes the Complex Order Auction [Process] (“COA”) pursuant to Rule 6.91-O(c) or 6.91P-O(f).

\* \* \* \* \*

Commentary:

.03 [Reserved.]Prior to or after submitting an order to the Exchange, an OTP Holder or OTP Firm cannot inform another OTP Holder or OTP Firm or any other third party of any of the terms of the order.

\* \* \* \* \*

**Rule 6.91-O. Electronic Complex Order Trading**

*This Rule is not applicable to trading on Pillar.*

\* \* \* \* \*

**Rule 6.91P-O. Electronic Complex Order Trading**

(a) Definitions. The following are definitions for purposes of this Rule.

(1) “Away Market Deviation” means the difference between the Exchange BB (BO) for a series and the ABB (ABO) for that same series when the Exchange BB

(BO) is lower (higher) than the ABB (ABO). The maximum allowable Away Market Deviation is the greater of \$0.05 or 5% below (above) the ABB (ABO) (rounded down to the nearest whole penny). No ECO on the Exchange will execute at a price that would exceed the maximum allowable Away Market Deviation on any component of the complex strategy.

(2) “Complex NBBO” means the derived national best net bid and derived national best net offer for a complex strategy calculated using the NBB and NBO for each component leg of a complex strategy.

(3) “Complex Order Auction” or “COA” means an auction of an ECO as set forth in paragraph (f) of this Rule. The following terms are used for purposes of a COA:

(A) “COA Order” means an ECO that is designated by the OTP Holder as eligible to initiate a COA.

(B) “Request for Response” or “RFR” means the message disseminated to the Exchange’s proprietary complex data feed announcing that the Exchange has received a COA Order and has begun a COA. Each RFR message will identify the component series, the price, the size and side of the market of the COA Order.

(C) “RFR Response” means any ECO received during the Response Time Interval that is in the same complex strategy, on the opposite side of the market of the COA Order that initiated the COA and marketable against the COA Order.

(D) “Response Time Interval” means the period of time during which RFR Responses for a COA may be entered. The Exchange will determine and announce by Trader Update the length of the Response Time Interval; provided, however, that the duration of the Response Time Interval will not be less than 100 milliseconds and will not exceed one (1) second.

(4) “Complex strategy” means a particular combination of leg components and their ratios to one another. New complex strategies can be created when the Exchange receives either a request to create a new complex strategy or an ECO with a new complex strategy.

(5) “DBBO” means the derived best net bid (“DBB”) and derived best net offer (“DBO”) for a complex strategy. The bid (offer) price used to calculate the DBBO on each leg will be the Exchange BB (BO) (if available), bound by the maximum allowable Away Market Deviation. If a leg of a complex strategy does not have an Exchange BB (BO), the bid (offer) price used to calculate the DBBO will be the ABB (ABO) for that leg. The DBBO will be updated as the Exchange BBO or ABBO, as applicable, is updated.



(A) If, for a leg, there is no Exchange BB (BO) and no ABB (ABO), the bid (offer) price used to calculate the DBBO will be the offer (bid) price for that leg (i.e., the Exchange BO (BB), bound by the maximum allowable Away Market Deviation (or the ABO (ABB) for that leg if no Exchange BO (BB) is available)), minus (plus) “one collar value,” which is (i) \$0.25 where the offer (bid) is priced \$1.00 or lower, or the lesser of \$2.50 or 25% of the offer (bid) where the offer (bid) is priced above \$1.00 (rounded down to the nearest whole penny); or (ii) \$0.01 if the offer is equal to or less than one collar value.

(B) If, for a leg of a complex strategy, there is neither an Exchange BBO nor an ABBO, the Exchange will not allow the complex strategy to trade until, for that leg, there is either an Exchange BB or BO, or an ABB or ABO, on at least one side of the market.

(C) If the best bid and offer prices (when not based solely on the Exchange BBO) for a component leg of the complex strategy are locked or crossed, the Exchange will not allow an ECO for that strategy to execute against another ECO until this condition resolves. If an Away Market quote updates to lock or cross the current Exchange BB (BO) or ABB (ABO) for a component leg of a complex strategy, the Exchange will allow an ECO for that strategy to execute against leg market interest on the Exchange.

(6) “ECO Order Instruction” means a request to cancel, cancel and replace, or modify an ECO.

(7) “Electronic Complex Order” or “ECO” means a Complex Order as defined in Rule 6.62P-O(f) that is submitted electronically to the Exchange.

(8) “Leg” or “leg market” means each of the component option series that comprise an ECO.

(9) “Ratio” or “leg ratio” means the quantity of each leg of an ECO reduced to the least common denominator. The “smallest leg ratio” is the portion of the ratio represented by the leg with the fewest contracts.

(b) Types of ECOs.

(1) ECOs may be entered as Limit Orders, Limit Orders designated as Complex Only Orders, or as Complex QCCs.

(2) ECOs may be designated with a time-in-force of Day, IOC, FOK, or GTC, as those terms are defined in Rule 6.62P-O(b), or GTX.

(A) An ECO designated as IOC or FOK will be rejected if entered during a pre-open state.

(B) An ECO designated as FOK must also be designated as a Complex Only Order.

(C) An ECO designated as GTX (“ECO GTX Order”) will not be displayed, may be entered only during the Response Time Interval of a COA, must be on the opposite side of the COA Order, and must specify the price, size, and side of the market. ECO GTX Orders may be modified or cancelled during the Response Time Interval and any remaining size that does not trade with the COA Order will be cancelled at the end of the COA.

(c) Priority and Pricing of ECOs. An ECO received by the Exchange that is not immediately executed (or cancelled), including if it cannot trade under paragraphs (a)(5)(B)-(C) and (c)(1)-(2) of this Rule, or does not initiate a COA per paragraph (f)(1), will be ranked in the Consolidated Book according to price-time priority based on the total net price and the time of entry of the order. Unless otherwise specified in this Rule, ECOs are processed as follows:

(1) When trading with the leg markets, an ECO will trade at the price(s) of the leg markets unless the leg markets are priced more than the maximum allowable Away Market Deviation.

(2) When trading with another ECO, each component leg of the ECO must trade at a price at or within the Exchange BBO for that series, and no leg of the ECO may trade at a price of zero.

(3) An ECO may trade without consideration of prices of the same complex strategy available on other exchanges.

(4) Bids and offers for complex strategies may be expressed in one cent (\$0.01) increments, and the leg(s) of complex strategies may trade in one cent (\$0.01) increments regardless of the MPV otherwise applicable to the individual leg(s) of the ECO.

(d) Execution of ECOs at the Open (or Reopening after a Trading Halt).

(1) The Exchange will initiate an ECO Opening Auction Process for a complex strategy only if all legs of the complex strategy have opened or reopened for trading, provided that a complex strategy will not be opened if:

(A) Any leg of the complex strategy has neither an Exchange BO nor an ABO; or

(B) The complex strategy cannot trade per Rule 6.91P-O(a)(5)(C).

(2) ECOs in a complex strategy with prices that lock or cross one another will be eligible to trade in the ECO Opening Auction Process.

(A) An ECO received during a pre-open state does not participate in the Auction Process for the leg markets pursuant to Rule 6.64P-O.

(B) A complex strategy created intra-day when all leg markets are open will not be subject to an ECO Opening Auction Process and will instead trade pursuant to paragraph (e) of this Rule.

(C) The ECO Opening Auction Process will be used to reopen trading in ECOs after a trading halt.

(3) *ECO Opening Auction Process.*

(A) *ECO Auction Collars.* The upper (lower) price of an ECO Auction Collar for a complex strategy is the DBO (DBB). If the DBO (DBB) is calculated using the Exchange BBO for all legs of the complex strategy and all such Exchange BBOs have displayed Customer interest, the upper (lower) price of an ECO Auction Collar will be one penny (\$0.01) times the smallest leg ratio inside the DBO (DBB).

(B) *ECO Auction Price.* The ECO Auction Price will be the price at which the maximum volume of ECOs can be traded in an ECO Opening Auction, subject to the ECO Auction Collar. If there is more than one price at which the maximum volume of ECOs can be traded within the ECO Auction Collar, the ECO Auction Price will be the price closest to the midpoint of the ECO Auction Collar, or, if the midpoint falls within such prices, the ECO Auction Price will be the midpoint, provided that the ECO Auction Price will not be lower (higher) than the highest (lowest) price of an ECO to buy (sell) that is eligible to trade in the ECO Opening (or Reopening) Auction Process. If the ECO Auction Price is a sub-penny price, it will be rounded to the nearest whole penny.

(i) An ECO to buy (sell) with a limit price at or above (below) the upper (lower) ECO Auction Collar will be included in the ECO Auction Price calculation at the price of the upper (lower) ECO Auction Collar, but ranked for participation in the ECO Opening (or Reopening) Auction Process in price-time priority based on its limit price.

(ii) Locking and crossing ECOs in a complex strategy will trade at the ECO Auction Price. If there are no locking or crossing ECOs in a complex strategy at or within the ECO Auction Collars, the Exchange will open the complex strategy without a trade.

(4) *ECO Order Processing during ECO Opening Auction Process.* New ECOs and ECO Order Instructions received when the Exchange is conducting the ECO Opening Auction Process for the complex strategy will be accepted but will not be processed until after the conclusion of this process. When the Exchange is conducting the ECO Opening Auction Process, ECO Order Instructions will be processed as follows:

(A) An ECO Order Instruction received during the ECO Opening Auction Process will not be processed until after this process concludes if it relates to

an ECO that was received before the process begins. Any subsequent ECO Order Instruction(s) relating to such ECO will be rejected if received during the ECO Opening Auction Process when a prior ECO Order Instruction is pending.

(B) An ECO Order Instruction received during the ECO Opening Auction Process will be processed on arrival if it relates to an order that was received during this process.

(5) Transition to continuous trading. After the ECO Opening Auction, ECOs will be subject to ECO Price Protection, per paragraph (g)(2) of this Rule and, if eligible to trade, will trade as follows:

(A) ECOs received before the complex strategy was opened that did not trade in whole in the ECO Opening Auction Process and that lock or cross other ECOs or leg markets in the Consolidated Book will trade pursuant to paragraph (e) of this Rule; otherwise, such ECOs will be added to the Consolidated Book.

(B) Next, ECOs received during the ECO Opening Auction Process will be processed in time sequence relative to one another based on original entry time.

(e) Execution of ECOs During Core Trading Hours.

(1) Once a complex strategy is open for trading, an ECO will trade with the best-priced contra-side interest as follows:

(A) If, at a price, the leg markets can trade with an eligible ECO, in full or in a permissible ratio, the leg markets will trade first at that price, pursuant to Rule 6.76AP-O, until the quantities on the leg markets are insufficient to trade with the ECO, at which time such ECO will trade with contra-side ECOs resting in the Consolidated Book at that price.

(B) An ECO will not trade with orders in the leg markets designated as AON, FOK, or with an MTS modifier.

(C) An ECO designated as Complex Only is eligible to trade solely with another ECO and will not trade with the leg markets. A Complex Only Order must trade at a price at or within the DBBO, provided that if the DBB (DBO) is calculated using the Exchange BBOs for all legs of the complex strategy and all such Exchange BBOs have displayed Customer interest, the Complex Only Order will not trade below (above) one penny (\$0.01) times the smallest leg ratio inside the DBB (DBO), regardless of whether there is sufficient quantity on such leg markets to satisfy the ECO.

(D) An ECO will be processed as a Complex Only Order if the ECO has a complex strategy with:

(i) more than five legs;

(ii) two legs and both legs are buying or both legs are selling, and both legs are calls or both legs are puts; or

(iii) three or more legs and all legs are buying or all legs are selling.

(2) The Exchange will evaluate trading opportunities for a resting ECO when the leg markets comprising a complex strategy update, provided that during periods of high message volumes, such evaluation may be done less frequently.

(f) Execution of ECOs During a COA. A COA Order received when a complex strategy is open for trading and that satisfies the requirements of paragraph (1) below will initiate a COA only on arrival after trading with eligible interest per paragraph (2)(A) below. A COA Order will be rejected if entered during a pre-open state or if entered during Core Trading Hours with a time-in-force of FOK or GTX. Only one COA may be conducted at a time in a complex strategy.

(1) Initiation of a COA. To initiate a COA, the limit price of the COA Order to buy (sell) must be higher (lower) than the best-priced, same-side ECOs resting on the Consolidated Book and equal to or higher (lower) than the midpoint of the DBBO. A COA Order that does not satisfy these pricing parameters will not initiate a COA and, unless cancelled, will be ranked in the Consolidated Book and processed as an ECO pursuant to paragraph (e) above. Once a COA is initiated, the Exchange disseminates a Request for Response message, the Response Time Interval begins and, during such interval, the Exchange will accept RFR Responses, including ECO GTX Orders.

(2) Pricing of a COA. A COA Order to buy (sell) will initiate a COA at its limit price, unless its limit price locks or crosses the DBO (DBB), in which case it will initiate a COA at a price equal to one penny (\$0.01) times the smallest leg ratio inside the DBO (DBB) (the "COA initiation price").

(A) Prior to initiating a COA, a COA Order to buy (sell) will trade with any ECO to sell (buy) resting in the Consolidated Book that is priced equal to or lower (higher) than the DBO (DBB), unless the DBO (DBB) is calculated using the Exchange BBO for all legs of the complex strategy and all such Exchange BBOs have displayed Customer interest, in which case the COA Order will trade up (down) to one penny (\$0.01) times the smallest leg ratio inside the DBO (DBB). Any unexecuted portion of such COA Order will initiate a COA.

(B) A COA Order will not be eligible to trade with the leg markets until after the COA ends.

(3) Early End to a COA. A COA will end before the expiration of the Response Time Interval if:

(A) The Exchange receives an incoming ECO or COA Order to buy (sell) in the same complex strategy that is priced higher (lower) than the initiating COA Order to buy (sell).

(B) The Exchange receives an RFR Response that locks or crosses the DBBO on the same side as the COA Order.

(C) The leg markets update causing the DBBO on the same side as the COA Order to lock or cross (i) any RFR Response(s) or (ii) if no RFR Responses have been received, the best-priced, contra-side ECOs.

(D) The leg markets update causing the contra-side DBBO to lock or cross the COA initiation price.

(4) Allocation of COA Orders. When a COA ends early or at the end of the Response Time Interval, a COA Order will be executed as follows:

(A) RFR Responses to sell (buy) that are priced lower (higher) than a COA Order to buy (sell) will trade in price-time priority up (down) to the DBBO, but if all legs of the DBB (DBO) are calculated using Exchange BBOs and all such Exchange BBOs have displayed Customer interest, RFR Responses to sell (buy) will not trade below (above) one penny (\$0.01) times the smallest leg ratio inside the DBB (DBO).

(B) After COA allocations pursuant to paragraph (f)(4)(A) of this Rule, any unexecuted balance of a COA Order (including those designated as IOC) will be eligible to trade with any contra-side interest, including the leg markets, unless the COA Order is designated or treated as a Complex Only Order.

(C) After a COA Order trades pursuant to paragraph (f)(4)(B) of this Rule, any unexecuted balance of a COA Order that is not cancelled will be ranked in the Consolidated Book and processed as an ECO pursuant to paragraph (e) of this Rule.

(5) Prohibited Conduct related to COAs. A pattern or practice of submitting unrelated quotes or orders that cause a COA to conclude early will be deemed conduct inconsistent with just and equitable principles of trade.

(g) ECO Risk Checks

(1) Complex Strategy Limit. The Exchange will establish a limit on the maximum number of new complex strategies that may be requested to be created per MPID, which limit will be announced by Trader Update. When an MPID reaches the limit on the maximum number of new complex strategies, the Exchange will reject all requests to create new complex strategies from that MPID for the rest of the trading day. Notwithstanding the established Complex Strategy Limit, the Exchange may reject a request to create a new complex strategy from any MPID

whenever the Exchange determines it is necessary in the interests of a fair and orderly market.

(2) ECO Price Protection.

(A) Each trading day, an ECO to buy (sell) will be rejected or cancelled (if resting) if it is priced a Specified Threshold amount or more above (below) the Reference Price, as follows:

(i) An ECO that arrives when a complex strategy is open for trading will be evaluated for ECO Price Protection on arrival.

(ii) An ECO received during a pre-open state will be evaluated for ECO Price Protection after the ECO Opening Auction Process concludes.

(iii) An ECO resting on the Consolidated Book before a trading halt will be reevaluated for ECO Price Protection after the ECO Opening Auction Process concludes.

(iv) QCC Orders will not be subject to ECO Price Protection.

(v) ECO Price Protection will not be applied if there is no Reference Price for an ECO.

(B) Reference Price. The Reference Price for calculating ECO Price Protection for an ECO to buy (sell) will be the Complex NBO (NBB), provided that, immediately following an ECO Opening Auction Process, the Reference Price will be the ECO Auction Price or, if none, the Complex NBO (NBB). There will be no Reference Price for an ECO if there is no NBBO for any leg of such ECO. For purposes of determining a Reference Price, the Exchange will not use an adjusted NBBO.

(C) Specified Threshold. The Specified Threshold for calculating ECO Price Protection will be \$1.00, unless determined otherwise by the Exchange and announced to OTP Holders and OTP Firms by Trader Update.

(3) Complex Strategy Protections. To protect an OTP Holder or OTP Firm that sends an ECO (each an “ECO sender”) with the expectation that it will receive (or pay) a net premium but has priced the ECO such that the ECO sender will instead pay (or receive) a net premium, the Exchange will reject any ECO that is comprised of the following erroneously-priced complex strategies:

(A) “All buy” or “all sell” strategies. An ECO for a complex strategy where all legs are to buy (sell) and it is entered at a price less than one penny (\$0.01) times the sum of the number of options in the ratio of each leg of such strategy (e.g., a complex strategy to buy (sell) 2 calls and buy (sell) 1 put with a price less than \$0.03).

(B) Vertical spreads. A vertical spread complex strategy consists of a leg to sell a call (put) option and a leg to buy a call (put) option in the same option class with the same expiration but at different strike prices, as follows:

(i) An ECO for a vertical spread to buy a lower (higher) strike call and sell a higher (lower) strike call and the ECO sender would receive (pay) a net premium.

(ii) An ECO for a vertical spread to buy a higher (lower) strike put and sell a lower (higher) strike put and the ECO sender would receive (pay) a net premium.

(C) Calendar spreads. A calendar spread consists of a leg to sell a call (put) option and a leg to buy a call (put) option in the same option class at the same strike price but with different expirations, as follows.

(i) An ECO for a calendar spread to buy a call leg with a shorter (longer) expiration while selling a call leg with a longer (shorter) expiration and the ECO sender would pay (receive) a net premium.

(ii) An ECO for a calendar spread to buy a put leg with a shorter (longer) expiration while selling a put leg with a longer (shorter) expiration and the ECO sender would pay (receive) a net premium.

(D) Any ECO that is not rejected by the Complex Strategy Protections would still be subject to the ECO Price Protection, per paragraph (g)(2) of this Rule.

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