

Text of the Proposed Rule Change:¹

Rules of The NYSE Arca, Inc.

**RULE 5
OPTION CONTRACTS TRADED ON THE EXCHANGE**

Section 3. Stock Index Options

Rule 5.10(a).

Applicability, Definitions and References

No Change

Rule 5.10(b).

Definitions

Definitions. Unless the context indicates otherwise, the following terms as used in this Section 3 shall have the meanings specified below:

(1)– (23) No Change

(24) The term "[One Week] Short Term Option Series" means, for the purposes of this Rule 5, a series in an index option class that is approved for listing and trading on the Exchange in which the series is opened for trading on any Thursday or Friday that is a business day and that expires at the close of business on the next Friday that is a business day. [One Week] Short Term Option Series shall be P.M. settled, except for [One Week] Short Term Option Series on indexes. [One Week] Short Term Option Series on indexes shall be A.M. settled. If a Thursday or Friday is not a business day, the series may be opened [(or shall expire)] on the first business day immediately prior to that Thursday or Friday. If a Friday is not a business day, the series shall expire on the first business day immediately prior to that Friday.

(25- (26) No Change

Rule 5.19.

¹ New text is underscored; deleted text is in brackets.

Terms of Index Option Contracts

(a) General

(1) – (2) No Change

(3) *Expiration Months*. Index Option contracts may expire at three (3) month intervals or in consecutive months. The Exchange may list up to six (6) months at any one time, but will not list index options that expire more than twelve (12) months out.

(A) No Change

(B) [One Week Option Series Pilot Program. Notwithstanding the restriction in section (a)(3) above, after an index option class has been approved for listing and trading on the Exchange, the Exchange may open for trading on any Friday that is a business day ("One Week Option Opening Date") series of options on that class that expire at the close of business on the next Friday that is a business day ("One Week Option Expiration Date"). If the Exchange is not open for business on a Friday, the One Week Option Opening Date will be the first business day immediately prior to that Friday. Similarly, if the Exchange is not open for business on a Friday, the One Week Option Expiration Date will be the first business day immediately prior to that Friday. One Week Option Series shall be P.M. settled, except for One Week Option Series on indexes. One Week Option Series on indexes shall be A.M. settled.

The Exchange may select up to five currently listed option classes on which One Week Option Series may be opened on any One Week Option Opening Date. In addition, to the five-option class restriction, the Exchange also may list One Week Option Series on any option classes that are selected by other securities exchanges that employ a similar Pilot Program under their respective rules. For each index option class eligible for participation in the One Week Option Series Pilot Program, the Exchange may open up to five One Week Option Series index options for each expiration date in that class. The strike price of each One Week Option Series will be fixed at a price per share, with at least two strike prices above and two strike prices below the calculated value of the underlying index value at about the time the One Week Option Series is opened for trading on the Exchange. No One Week Option Series on an index option class may expire in the same week during which any A.M. settled monthly option series on the same index class expire.

The Exchange may continue to list One Week Option Series until the One Week Option Series Pilot Program expires on July 12, 2010.] Reserved

(C) Quarterly Options Series Program. Notwithstanding the restriction in this Rule 5.19(a)(3) above, the Exchange may list and trade options series that expire at the close of business on the last business day of a calendar quarter ("Quarterly Options Series"). The Exchange may list Quarterly Options Series for up to five (5) currently listed options

classes that are either index options or options on exchange traded funds. In addition, the Exchange may also list Quarterly Options Series on any options classes that are selected by other securities exchanges that employ a similar program under their respective rules.

(i) *Initial Series.* The Exchange will list series that expire at the end of the next consecutive four (4) calendar quarters, as well as the fourth quarter of the next calendar year. For example, if the Exchange is trading Quarterly Options Series in the month of May 2008, it will list series that expire at the end of the second, third and fourth quarters of 2008, as well as the first and fourth quarters of 2009. Following the second quarter 2008 expiration, the Exchange will add series that expire at the end of the second quarter of 2009.

The Exchange will not list a [One Week] Short Term Option Series on an options class whose expiration coincides with that of a Quarterly Options Series on that same options class.

Quarterly Options Series shall be P.M. settled.

The strike price of each Quarterly Options Series will be fixed at a price per share, with at least two, but not more than five, strike prices above and at least two, but not more than five, strike prices below the value of the underlying index at about the time that a Quarterly Options Series is opened for trading on the Exchange. The Exchange shall list strike prices for Quarterly Options Series that are reasonably related to the current index value of the underlying index to which such series relates at about the time such series of options is first opened for trading on the Exchange. The term "reasonably related to the current index value of the underlying index" means that the exercise price is within thirty percent (30%) of the current index value.

(ii) No Change

(4)-(7) No Change

(b) No Change

(c) *Procedures for Adding and Deleting Strike Prices.* The procedures for adding and deleting strike prices for index options are provided in Rule 6.4, as amended by the following:

(1) No Change

(2) Except as provided for in Rule 6.4 Commentary .07, [N]new series of index option contracts may be added up to the fifth business day prior to expiration.

(3) – (4) No Change

(d)-(e) No Change

RULE 6
OPTIONS TRADING

Rule 6.4.

Series of Options Open for Trading

(a) - (f) No Change

Commentary:

.01 - .06 No Change

.07 [One Week] Short Term Option Series [Pilot] Program.

(a) ___ After an option class has been approved for listing and trading on the Exchange, the Exchange may open for trading on any Thursday or Friday that is a business day ("[One Week] Short Term Option Opening Date") series of options on that class that expire [at the close of business] on the next Friday that is a business day ("[One Week] Short Term Option Expiration Date"). If the Exchange is not open for business on [a] the respective Thursday or Friday, the [One Week] Short Term Option Opening Date will be the first business day immediately prior to that respective Thursday or Friday. Similarly, if the Exchange is not open for business on [a] the Friday of the following business week, the [One Week] Short Term Option Expiration Date will be the first business day immediately prior to that Friday. [One Week] Short Term Option Series shall be P.M. settled, except for [One Week] Short Term Option Series on indexes. [One Week] Short Term Option Series on indexes shall be A.M. settled.

For each option class eligible for participation in the Short Term Option Series Program, the Exchange may open up to twenty Short Term Option Series for each expiration date in that class.

No [new One Week Option Series may be added after the open of business on the One Week Option Opening Date and no One Week] Short Term Option Series may expire in the same week in which monthly option series on the same class expire or, in the case of Quarterly Options Series, on an expiration that coincides with an expiration of Quarterly Option Series on the same class.

(b) Classes. The Exchange may select up to five currently listed option classes on which [One Week] Short Term Option Series may be opened on any [One Week] Short Term Option Opening Date. In addition, to the five-option class

restriction, the Exchange also may list [One Week] Short Term Option Series on any option classes that are selected by other securities exchanges that employ a similar [Pilot] Program under their respective rules. [For each option class eligible for participation in the One Week Option Series Pilot Program, the Exchange may open up to five One Week Option Series for each expiration date in that class. The strike price of each One Week Option Series will be fixed at a price per share, with at least two strike prices above and two strike prices below the value of the underlying security or calculated index value at about the time the One Week Option Series is opened for trading on the Exchange.]

(c) Initial Series. The strike price of each Short Term Option Series will be fixed at a price per share, with approximately the same number of strike prices being opened above and below the value of the underlying security (or, in the case of index options, the calculated value of the index) at about the time that the Short Term Option Series are initially opened for trading on the Exchange (e.g., if seven series are initially opened, there will be at least three strike prices above and three strike prices below the value of the underlying security). Any strike prices listed by the Exchange shall be within thirty percent (30%) above or below the closing price of the underlying security from the preceding day.

(d) Additional Series. If the Exchange opens less than twenty Short Term Option Series for a Short Term Option Expiration Date, additional series may be opened for trading on the Exchange when the Exchange deems it necessary to maintain an orderly market, to meet customer demand or when the market price of the underlying security moves substantially from the exercise price or prices of the series already opened. Any additional strike prices listed by the Exchange shall be within thirty percent (30%) above or below the current price of the underlying security. The Exchange may also open additional strike prices of Short Term Option Series that are more than 30% above or below the current price of the underlying security provided that demonstrated customer interest exists for such series, as expressed by institutional, corporate or individual customers or their brokers. Market-Makers trading for their own account shall not be considered when determining customer interest under this provision. The opening of the new Short Term Option Series shall not affect the series of options of the same class previously opened.

(e) Strike Interval. The interval between strike prices on Short Term Option Series shall be the same as the strike prices for series in that same option class that expire in accordance with the normal monthly expiration cycle.

[The Exchange may continue to list One Week Option Series until the One Week Option Series Pilot Program expires on July 12, 2010.]

.08 *Quarterly Options Series Program.* The Exchange may list and trade options series that expire at the close of business on the last business day of a calendar quarter ("Quarterly Options Series"). The Exchange may list Quarterly

Options Series for up to five (5) currently listed options classes that are either index options or options on exchange traded funds. In addition, the Exchange may also list Quarterly Options Series on any options classes that are selected by other securities exchanges that employ a similar program under their respective rules.

(i) The Exchange will list series that expire at the end of the next consecutive four (4) calendar quarters, as well as the fourth quarter of the next calendar year. For example, if the Exchange is trading Quarterly Options Series in the month of May 2008, it will list series that expire at the end of the second, third and fourth quarters of 2008, as well as the first and fourth quarters of 2009. Following the second quarter 2008 expiration, the Exchange will add series that expire at the end of the second quarter of 2009.

The Exchange will not list a [One Week] Short Term Option Series on an options class whose expiration coincides with that of a Quarterly Options Series on that same options class.

(ii) – (iv) No Change