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RULES OF THE NYSE ARCA, INC.

RULE 5 OPTION CONTRACTS TRADED ON THE EXCHANGE

Section 4. Flexible Exchange ("FLEX") Options

Rule 5.30. Applicability, Definitions and References

(a) *Applicability.* The rules in this Section 4 are applicable only to Flexible Exchange Options. Except to the extent that specific rules in this Section govern, or unless the context otherwise requires, the provisions of the Bylaws, Rules and procedures of the Board of Directors shall be applicable to the trading on the Exchange of such securities. Pursuant to the provisions of Rule 1, Flexible Exchange Options are included within the definition of "security" or "securities" as such terms are used in the Bylaws and Rules of the Exchange.

(b) *Definitions.* The following terms as used in this Section 4 shall, unless the context otherwise indicates, have the meanings herein specified.

- (1) The term "BBO" means the best bid or offer, or both as applicable, entered in response to a Request for Quotes.
- (2) The term "BBO[;] Improvement Interval" means the minimum period of time established by the Exchange during which OTP Holder's or OTP Firm's may submit FLEX Quotes to meet or improve the BBO established during the Request Response Time.
- (3) The term "Cap Interval" for purposes of this Section 4 means the value specified by the Submitting OTP Holder or OTP Firm in a Request for Quotes that is to be added to the exercise price for a European-capped FLEX Option (in the case of a call) or subtracted from the exercise price for a European-capped FLEX Option (in the case of a put) in setting the cap price.
- (4) The term "Flexible Exchange Option" or "FLEX Option" means a customized options contract.

- (5) The term "FLEX Equity Option" means an option on a specified underlying equity security or Exchange-Traded Fund Share.
- (6) The term "FLEX Index Option" means an index option.
- (7) The term "FLEX [Post] Official" means [the]an Exchange employee designated to perform the FLEX [post]Official functions set forth in Rule 5.38.
- (8) The term "FLEX Quote" means:
- (A) FLEX bids and offers entered by Market Makers and
 - (B) orders to purchase and orders to sell FLEX Options entered by Floor Brokers, in each case in response to a Request for Quotes.
- (9) The term "Index Multiplier" means the monetary amount, stated in terms of the settlement currency specified in the contract, by which the current index value is to be multiplied to arrive at the value required to be delivered to the holder of a call or by the holder of a put upon valid exercise of the option. The Exchange has established the following Index Multipliers for FLEX Index Options on domestic indexes: U.S. Dollars-\$100; Canadian Dollars-\$100; Japanese Yen-10,000Y; [Deutsche Marks-200DM;] British Pounds-100pounds; Swiss Francs-200SF; [French Francs-500F;] E.C.U.-100ECU.
- (10) The term "Non-FLEX Options" means an option contract that is not a FLEX Option.
- (11) The term "Non-FLEX Equity Option" means a Non-FLEX Option that is an option on a specified underlying equity security or Exchange-Traded Fund Share.
- (12) The term "Non-FLEX Index Option" means a Non-FLEX Option that is an index option.
- (13) The term "Request for Quotes" means the initial request supplied by a Submitting OTP Holder or OTP Firm to initiate FLEX bidding and offering.
- (14) The term "Request Response Time" means the minimum period of time established by the Exchange during which Exchange OTP Holder or OTP Firm participating in FLEX Options may provide FLEX Quotes in response to a Request for Quotes.
- (15) The term "Series of FLEX Options" means in the case of FLEX Index Options, all such options contracts of the same class having the same exercise price, exercise style, exercise settlement value, expiration date, and index multiplier, and denominated in the same settlement currency[, and,]; in the case of FLEX Equity Options, all such option contracts of the same class having the same exercise price,

exercise style and expiration date; and, in the case of FLEX ByRDs, all such option contracts of the same class having the same expiration date, strike price, and exercise settlement amount.

(16) The term "Submitting OTP Holder or OTP Firm" means an Exchange OTP Holder or OTP Firm (who is deemed eligible by the Exchange to trade FLEX Options) who initiates FLEX Option bidding and offering by submitting a FLEX Request for Quotes.

(17) The term "Underlying Equivalent Value" in respect of a given number of FLEX Index Options means the aggregate underlying monetary value of a FLEX Option derived by multiplying the index multiplier by the current index value times the given number of FLEX Index Options.

(18) The term "Market Maker" shall include Lead Market Makers.

(19) The term "FLEX ByRDs" means a Binary Return Derivatives contract on any ByRDs-eligible underlying security that is subject to the rules in this Section.

(20) The term "Asian style settlement" is a settlement style that may be designated for FLEX Index Options on Broad-Based Index Options and results in the contract settling to an exercise settlement value that is based on an arithmetic average of the specified closing prices of an underlying Broad-Based Index taken on 12 predetermined monthly observation dates (including on the expiration date). FLEX Index Options with Asian style settlement have "preceding business day convention," meaning that if a monthly observation date falls on a non NYSE Arca business day (e.g., holiday or weekend), the monthly observation would be on the immediately preceding business day. FLEX Index Options on Broad-Based Index Options with Asian style settlement have European-style exercise.

(21) The term "Cliquet style settlement" is a settlement style that may be designated for FLEX Index Options on Broad-Based Index Options and results in the contract settling to an exercise settlement value that is equal to the greater of \$0 or the sum of capped monthly returns (i.e., percent changes in the closing value of the underlying Broad-Based Index from one month to the next month) applied over 12 predetermined monthly observation dates (including on the expiration date). FLEX Index Options with Cliquet style settlement have "preceding business day convention," meaning that if a monthly observation date falls on a non NYSE Arca business day (e.g., holiday or weekend), the monthly observation would be on the immediately preceding business day. FLEX Index Options on Broad-Based Index Options with Cliquet style settlement have European-style exercise.

(22) The term "Non-FLEX ByRDs " means a Non-FLEX Option that is a Binary Return Derivatives contract.

(c) The Automatic Execution System shall not be available for transactions in FLEX Options.

(d) The following rules shall not apply to transactions in FLEX Options: Rule 6.75 Priority and Order Allocation Procedures For Open Outcry and Rule 6.80 (Accommodation Transactions (Cabinet Trades)).

Rule 5.31[(a). Hours of Trading]. FLEX Options Trading

(a) Hours of Trading. FLEX Options transactions may be effected during normal Exchange options trading hours on any business day; provided, however, that the Board of Directors, in its discretion at any time, may determine to narrow or otherwise restrict the time set for FLEX [o]Options trading.

[Rule 5.31(b). Trading Rotations]

(b) Trading Rotations. There shall be no trading rotations in FLEX Options.

Rule 5.32. Terms of FLEX Options

(a) Option series will not be pre-established for FLEX trading. The terms of a particular FLEX contract shall be established through the Request for Quotes process and the bidding and offering mechanics detailed in this Rule. The applicable index multiplier in the case of the U.S. dollar-denominated FLEX Index Options shall be the same multiplier that applies to Non-FLEX Options.

(b) Every FLEX Request for Quotes and every FLEX contract shall contain one element, as designated by the parties to the contract, from each of the following contract term categories:

- (1) Underlying security in the case of FLEX Equity Options [and]or underlying index in the case of FLEX Index Options;
- (2) Type (put, call or spread);
- (3) Exercise Style (American, European or Capped);
- (4) Expiration date (any business day specified as to day, month and year, except that a FLEX Index Option that expires on or within two business days of a third Friday-of-the-month expiration day for any non-FLEX option) ("Expiration Friday"), may only have an exercise settlement value on the expiration date determined by reference to the reported level of the index as derived from the opening prices of the component securities ("a.m. settlement");
- (5) Exercise Prices (specified as described in Rule 5.32(e)(2) for FLEX Index Options and in Rule 5.32(f)(2) for FLEX Equity Options);

(6) The maximum term shall be fifteen years for both Equity and Index FLEX Options[.]; and

(7) The minimum value size for both Equity and Index FLEX Options transactions and quotations shall be 1 contract.

(c) In addition to the terms listed in paragraph (b) of this Rule, every Request for Quotes shall contain the following additional transaction specifications:

(1) Quote Type and Form Sought (i.e., specify whether bid, offer, or both is sought; and whether the quote, which must be stated in the currency designated in the Request for Quotes, is to be submitted as a specific dollar amount, or in the case of a FLEX Equity Option, as a percentage of the underlying stock or Exchange-Traded Fund Share price, or in the case of a FLEX Index Option, as a percentage of the Underlying Equivalent Value, and whether such price is contingent on specified factors in other related markets);

(2) Submitting OTP Holder or OTP Firm Crossing Intention (specify any intention to cross in compliance with Exchange Rules); and

(3) Request Response Time Interval (to be specified in minutes, provided that the length of the interval must fall within the time ranges established by the Exchange).

(d) Reserved.

(e) Special Terms for FLEX Index Options.

(1) The Exchange may approve and open for trading any FLEX Options series on any index that is eligible for Non-FLEX Options trading under Rules 5.12 or 5.13, and that has Non-FLEX Options on such index listed and traded on at least one national securities exchange, even if the Exchange does not list and trade such Non-FLEX Options.

(2) Exercise prices shall be specified in terms of

(A)

(i) a specific index value number,

(ii) a method for fixing such a number at the time a FLEX Quote is accepted, or

(iii) a percentage of index value calculated as of the open or close of trading on the Exchange on the trade date; and

(B) the cap interval in the case of a European-Capped style option.

(C) Exercise prices may be rounded to the nearest minimum tick or other decimal increment determined by the Exchange on a class-by-class basis that may not be smaller than \$0.01. Premiums will be rounded to the nearest minimum tick. For exercise prices and premiums stated using a percentage-based methodology, such values may be stated in a percentage increment determined by the Exchange on a class-by-class basis that may not be smaller than 0.01% and will be rounded as provided above.

- (3) Exercise Settlement Value shall be specified, for use in setting the exercise settlement amount, as the index value reported at the close or at the open of trading on the Exchange or as a specified average, provided that any average index value must conform to the averaging parameters established by the Exchange.
 - (4) FLEX Index Options shall be designated for settlement in U.S. Dollars, Canadian Dollars, British Pounds, Japanese Yen, [Deutsche Marks,] Swiss Francs, [French Francs] or European Currency Units only and shall settle in the designated currency.
 - (5) Asian style settlement. The parties to FLEX Index Options on Broad-Based Index Options may designate Asian style settlement. FLEX Index Options with Asian style settlement shall be call options (no puts) and designated by: (i) the duration of the contract which may range from 350 to 371 days (which is approximately 50 to 53 calendar weeks) from the date of listing; (ii) the strike price; (iii) the expiration date, which must be a NYSE Arca business day; and (iv) a set of monthly observation dates.
 - (6) Cliquet style settlement. The parties to FLEX Index Options may designate Cliquet style settlement. FLEX Index Options on Broad-Based Index Options with Cliquet style settlement shall be call options (no puts) and be designated by: (i) the duration of the contract which may range from 350 to 371 days (which is approximately 50 to 53 calendar weeks) from the date of listing; (ii) the capped monthly return that must be expressed in dollars and cents and in increments not less than \$0.05 and must be a value between \$0.05 and \$25.95; (iii) the expiration date, which must be a NYSE Arca business day; and (iv) a set of monthly observation dates. The capped monthly return will serve as the "exercise (strike) price" for a FLEX Index Option with Cliquet style settlement.
- (f) Special Terms for FLEX Equity Options

- (1) The Exchange may approve and open for trading any FLEX Equity Options series on any security that is eligible for Non-FLEX Options trading under Rule 5.3, and that has Non-FLEX Options on such security listed and traded on at least one national securities exchange, even if the Exchange does not list and trade such Non-FLEX Options;
- (2) Exercise prices and premiums may be stated in [dollar amount or percentage of the price of the underlying security or Exchange-Traded Fund Shares rounded to the

nearest minimum tick or, in the case of exercise prices, to the nearest .10 or one-eighth of a dollar]terms of (i) a dollar amount; (ii) a method for fixing such a number at the time a FLEX Request for Quote or FLEX Order is traded; or (iii) a percentage of the price of the underlying security at the time of the trade or as of the close of trading on the Exchange on the trade date. Exercise prices may be rounded to the nearest minimum tick or other decimal increment determined by the Exchange on a class-by-class basis that may not be smaller than \$0.01. Premiums will be rounded to the nearest minimum tick. For exercise prices and premiums stated using a percentage-based methodology, such values may be stated in a percentage increment determined by the Exchange on a class-by-class basis that may not be smaller than 0.01% and will be rounded as provided above.

(3) Exercise settlement shall be[by]:

(i) for FLEX Equity Options other than FLEX ByRDs, by physical delivery of the underlying security or Exchange-Traded Fund Shares[.]; and

(ii) for FLEX ByRDs, in the same manner and style as Non-FLEX ByRDs, pursuant to the VWAP settlement provision contained in Rule 5.89 and pursuant to the European exercise style, per Rule 5.82(b)(1).

(4) FLEX Equity Options shall be subject to the exercise by exception provisions of Rule 805 of the Options Clearing Corporation.

[(5) Exercise prices and premiums may be stated in dollar amount or percentage of the price of the underlying security, rounded to the nearest minimum tick or, in the case of exercise prices, to the nearest .10.]

Commentary:

.01 Provided the options on an underlying security or index are otherwise eligible for FLEX trading, FLEX Options shall be permitted in puts and calls that do not have the same exercise style, same settlement style, same expiration date and same exercise price as Non-FLEX Options that are already available for trading on the same underlying security or index. FLEX Options shall also be permitted before the options are listed for trading as Non-FLEX Options. Once and if the option series are listed for trading as Non-FLEX Options, (i) all existing open positions established under the FLEX trading procedures shall be fully fungible with transactions in the respective Non-FLEX Option series, and (ii) any further trading in the series would be as Non-FLEX Options subject to the Non-FLEX trading procedures and rules.

However, in the event the Non-FLEX series is added intra-day, the holder of a position established under FLEX Trading Procedures would be permitted to close such position using FLEX trading procedures against another closing only FLEX position for the balance of the trading day on which the series is added.

Rule 5.33. FLEX Trading Procedures and Principles

(a) Initiating a FLEX Request for Quotes.

- (1) To initiate a FLEX transaction, a Submitting OTP Holder or OTP Firm shall submit to the [FLEX Market Maker]FLEX Official a Request for Quotes, utilizing for that purpose the forms, formats and procedures established by the Exchange.
- (2) On receipt of a Request for Quotes in proper form, the [FLEX Market Maker] FLEX Official shall cause the terms and specifications of the Request for Quotes to be immediately [displayed]disseminated at the post. Such communication shall be made over facilities maintained or approved by the Exchange for that purpose, including any off-floor communications networks approved by the Exchange.

(b) FLEX Bidding and Offering in Response to Requests for Quotes.

- (1) OTP Holders or OTP Firms may enter at the [FLEX] post FLEX Quotes responsive to each Request for Quotes. FLEX Quotes must be entered during the Request Response Time.
- (2) Each FLEX Quote shall refer to the identifier assigned to the Request for Quotes or to such other reference indicator as the Exchange determines appropriate from time to time.
- (3) All FLEX Quotes may be entered, modified or withdrawn at any point during the Request Response Time. At the Expiration of the Request Response Time, the BBO shall be identified in accordance with the price and time priority principles set forth in Rule 5.33(e).

(c) Formation of Contracts Following the Processing of Initial Quotes.

- (1) At the expiration of the Request Response Time, the BBO shall be [visibly displayed both]disseminated at the post and on such market data systems as are available.
- (2) If the Submitting OTP Holder or OTP Firm has not indicated an intention to cross or act as principal with respect to any part of the FLEX trade, such OTP Holder or OTP Firm shall promptly accept or reject the [displayed]disseminated BBO; provided, however, that if such Submitting OTP Holder or OTP Firm either rejects the BBO or is given a BBO for less than the entire size requested, all FLEX participating OTP Holder or OTP Firm (other than the Submitting OTP Holder or OTP Firm) will have an opportunity during the BBO Improvement Interval, in which to match, or improve (as applicable), the BBO. At the expiration of any such BBO Improvement Interval, the Submitting OTP Holder or OTP Firm must promptly accept or reject the BBO(s).

(3) If the Submitting OTP Holder or OTP Firm has indicated an intention to cross or act as principal with respect to any part of the FLEX trade, acceptance of the [displayed]disseminated BBO shall be automatically delayed until the expiration of the BBO Improvement Interval. Prior to the BBO Improvement Interval, the Submitting OTP Holder or OTP Firm must indicate at the post the price at which the OTP Holder or OTP Firm expects to trade. In these circumstances, the Submitting OTP Holder or OTP Firm may participate with all other FLEX-participating OTP Holders or OTP Firms in attempting to improve or match the BBO during the BBO Improvement Interval. At the expiration of the BBO Improvement Interval, the Submitting OTP Holder or OTP Firm must promptly accept or reject the BBO(s).

(4) The Submitting OTP Holder or OTP Firm has no obligation to accept any FLEX bid or offer.

(5) Whenever, following the completion of FLEX bidding and offering responsive to a given Request for Quotes, the Submitting OTP Holder or OTP Firm rejects the BBO or the BBO size exceeds the FLEX transaction size indicated in the Request for Quotes, OTP Holders or OTP Firms may accept the entire order or the unfilled balance of the BBO.

(d) Quote Acceptance and Rejection. Acceptance of the BBO(s) will take place when each party to the FLEX transaction signs a Trade Sheet, which will create a binding contract.

(e) Priority of Bids and Offers. Quote priorities are based on price and time as set forth below. All transactions must be in compliance with Section 11(a) of the Securities Exchange Act of 1934 and the rules promulgated thereunder.

(1) Bids. The highest bid shall have priority, but where the two or more best bids are submitted at the same price, the bid(s) submitted first in time will have priority, and where the two or more best bids are submitted at the same time and at the same price, priority will be given to such of those bid(s) as were submitted by FLEX Appointed Market Maker(s) appointed to FLEX Index Options on that underlying index or by FLEX Qualified Market Makers appointed to FLEX Equity Options of that class.

(2) Offers. The lowest offer shall have priority, but where the two or more best offers are submitted at the same price, the offer(s) submitted first in time will have priority, and where the two or more best offers are submitted at the same time and at the same price, priority will be given to such of those offer(s) as were submitted by FLEX Appointed Market Maker(s) appointed to FLEX Index Options on that underlying index or by FLEX Qualified Market Makers appointed to FLEX Equity Options of that class.

(3) Notwithstanding the foregoing Subsections (1) and (2) of this Rule, whenever the Submitting OTP Holder or OTP Firm has indicated an intention to cross or act as

principal on the trade and has matched or improved the BBO during the BBO Improvement Interval, the following priority principles will apply:

- (A) In the event that the Submitting OTP Holder or OTP Firm has matched the BBO, the Submitting OTP Holder or OTP Firm will have priority to execute the contra side of the trade that is the subject of the Request for Quotes, but only to the extent of the largest of 1/2 of the trade, \$1 million Underlying Equivalent Value, or the remaining Underlying Equivalent Value on a closing transaction valued at less than \$1 million in the case of FLEX Index Options; and
- (B) In the event that the Submitting OTP Holder or OTP Firm has improved the BBO by at least the MPV and any other FLEX-participating member matches the improved BBO, the Submitting OTP Holder or OTP Firm will have priority to execute the contra side, but only to the extent of the largest of 2/3 of the trade, \$1 million Underlying Equivalent Value, or the remaining Underlying Equivalent Value on a closing transaction valued at less than \$1 million in the case of FLEX Index Options, or 25% of the trade in the case of FLEX Equity Options.

(f) **Crossing Limitations.** A Submitting OTP Holder or OTP Firm may effect crossing transactions only on public customer orders or orders respecting the Submitting OTP Holder's or OTP Firm's propriety account.

(g) **Incremental Changes for Bids and Offers.** Changes in decimal bids and offers for FLEX Index Options in the designated currency shall meet or exceed the following minimums (or such other minimums as the Exchange sets from time to time to ensure fair and orderly markets): U.S. Dollars-\$.01; Canadian Dollars-\$.01; Japanese Yen-.01Y; [Deutsche Marks-.011)M; French Francs-.01F;] Swiss Francs-.01F; British Pounds-.01 pounds; European Currency Units-.01 ECU.

Rule 5.35. Position Limits for FLEX [Index] Options

(a) *FLEX Index Options.* (i) In determining compliance with Rule 5.16, FLEX Index Options shall be subject to FLEX contract position limitations fixed by the Exchange. In no event shall those limits exceed in the aggregate 200,000 contracts on the same side of the market.

[(b)](ii) At the close of trading two business days prior to the last day of trading of the calendar quarter, positions in p.m. settled FLEX Index Options (i.e., options having a settlement value that is determined by the level of the index at the close of trading on the last trading day before expiration) shall be aggregated with positions in Quarterly Index Options on the same index with the same expiration shall be subject to the position limits set forth in Rule 5.16(a).

(iii) Aggregation of Positions. Except as provided in Rule 5.35(a)(ii) above, and in (A) below, FLEX Option positions shall not be aggregated with positions in Non-FLEX Options, and positions in FLEX Index Options on a given index shall not be aggregated with options on any stocks included in the index or with FLEX Index Options positions on another index.

(A) As long as the options positions remain open, positions in FLEX Index Options that expire on a third Friday-of-the-month expiration day shall be aggregated with positions in Non-FLEX Index Options on the same underlying security ("comparable Non-FLEX Index Options") and shall be subject to the position limits set forth in Rule 5.15 and 5.16, and the exercise limits set forth in Rule 5.18

[(c)](b) FLEX Equity Options. Except as provided in (i) and (ii) below, there shall be no position limits for FLEX Equity Options. However, every OTP Holder or OTP Firm (other than a Market Maker) that maintains a position on the same side of the market in excess of the standard position limit established pursuant to Rule 6.8 for Non-FLEX Equity Options overlying the same underlying issue on behalf of its own account or for the account of a customer shall report information on such FLEX Equity Option position, positions in any related instrument, the purpose or, strategy for the position, and the collateral used by the account. This report shall lie in the form and manner prescribed by the Exchange. In addition, whenever the Exchange determines that a higher margin requirement is necessary in light of the risks associated with a FLEX Equity Option position in excess of the standard position limit established for Non-FLEX Equity Options overlying the same underlying issue, the Exchange may, pursuant to its authority under Exchange Rule 4.16(a), consider imposing additional margin upon the account maintaining such under-hedged position. It should be noted that the clearing firm carrying the account will be subject to capital charges under SEC Rule 15c3-1 to the extent of any margin deficiency resulting from the higher margin requirement.

(i) As long as the options positions remain open, positions in FLEX Options that expire on a third Friday-of-the-month expiration day shall be aggregated with positions in Non-FLEX Options on the same underlying ("comparable Non-FLEX Options") and shall be subject to the position limits set forth in Rule 6.8, and the exercise limits set forth in Rule 6.9

(ii) Position limits for FLEX ByRDs shall be the same as Non-FLEX ByRDs, as set forth in Rule 5.86(a), except that positions in FLEX ByRDs shall be aggregated with positions in Non-FLEX ByRDs on the same or similar underlying ("comparable Non-FLEX ByRDs") for the purpose of calculating position limits. For purposes of the position limits established under this Rule, long positions in "Finish Low" and short positions in "Finish High" Binary Return Derivatives shall be considered to be on the same side of the market; and short positions in "Finish Low" and long positions in "Finish High" Binary Return Derivatives shall be considered to be on the same side of the market.

[(d) *Aggregation of Positions*. Except as provided in Rule 5.35(b) above, and in (A) below, FLEX Option positions shall not be aggregated with positions in Non-FLEX Options, and positions in FLEX Index Options on a given index shall not be aggregated with options on any stocks included in the index or with FLEX Index Options positions on another index.

(A) As long as the options positions remain open, positions in FLEX Index Options that expire on a third Friday-of-the-month expiration day shall be aggregated with positions in Non-FLEX Index Options on the same underlying security ("comparable Non-FLEX Index Options") and shall be subject to the position limits set forth in Rule 5.15 and 5.16, and the exercise limits set forth in Rule 5.18]

Rule 5.36. Exercise Limits

(a) Exercise limits for FLEX Options shall be equivalent to the FLEX position limits prescribed in Rule 5.35.

[(b) The minimum value size for FLEX Equity Option exercises shall be 100 contracts or the remaining size of the position, whichever is less.

(c) The minimum value size for FLEX Index Option exercises shall be \$1 million Underlying Equivalent Value or the remaining Underlying Equivalent Value of the position, whichever is less.

(d)](b) Except as provided in Rule 5.35(c)(i) and (d)(A), FLEX Options shall not be taken into account when calculating exercise limits for non-FLEX option contracts.

Rule 5.37. Appointment of FLEX Market Makers and Market-Making Obligations

(a) – (b) No change.

(c) A FLEX [Post] Official may call upon FLEX Qualified Market Makers appointed in a class of FLEX Equity Options to make FLEX Quotes in response to a specific Request for Quotes in that class of FLEX Equity Options whenever in the opinion of the FLEX [Post] Official the interests of a fair, orderly and competitive market are best served by such action and shall make such a call upon FLEX Qualified Market Makers whenever no FLEX Quotes are made in response to a specific Request for Quotes.

(d) No change.

Rule 5.38. FLEX [Post] Official

(a) The Exchange may at any time designate an Exchange employee to act as a FLEX [Post] Official in one or more classes of FLEX Options. The FLEX [Post] Official shall perform the functions set forth in paragraph (b) of this Rule. The Exchange may also designate other qualified employees to assist the FLEX [Post] Official as the need arises.

(b) A FLEX [Post] Official is responsible for:

(1) reviewing the conformity of FLEX Requests for Quotes and FLEX Quotes to the terms and specifications contained in Rule 5.32;

(2) posting FLEX Requests for Quotes for dissemination;

(3) determining the BBO;

(4) ensuring that FLEX contracts are executed in conformance with the priority principles set forth in Rule 5.33; and

(5) calling upon FLEX Qualified Market Makers to make FLEX Quotes in specific classes of FLEX Equity Options as provided in paragraph (c) of Rule 5.37.

Rule 6.78. Transactions Off the Exchange

(a) – (d) No change.

(e) Transfer of Positions Offered on the Floor. "Transfer of positions offered on the floor" is defined as moving an OTP Holder or OTP Firm ownership interest in securities from its account to an account of another OTP Holder or OTP Firm or person in circumstances other than those set forth in subsection (d)(1).

(1) Transfer Procedure for Positions Offered on the Floor. An OTP Holder or OTP Firm seeking a transfer must offer the positions on the floor in the following manner:

(A) – (B) No change.

(C) A Transfer Package consisting of positions in an option issue and other financial instruments must be offered at the [FLEX] post. In addition, notice must be given to the Trading Official of each post (or the LMM for the particular issue, as appropriate) where a component of the Transfer Package trades. The Trading Official will announce the pending transfer of positions prior to the offer being made at the [FLEX] post.

(D) An OTP Holder or OTP Firm submitting a Transfer Package must designate an OTP Holder or OTP Firm of the Exchange ("Transferor Designee") to represent the order on the floor. The Transferor Designee must be available to answer questions regarding the Transfer Package during the entire Request Response Time (as defined in subsection (e)(1)(G)).

(E) To the extent applicable and as modified by subsection (e), Transfer Packages offered at the [FLEX] post will be subject to the procedures set forth in Rule 5.33 (FLEX Trading Procedures and Principles), subsections (a) through (g).

(F) – (K) No change.
