

Additions: Underlined
 Deletions: [Bracketed]

Rules of NYSE Arca, Inc.

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Rule 6-O OPTIONS TRADING

Rules with a “P” modifier are operative for symbols that are trading on the Pillar trading platform. If a symbol is trading on the Pillar trading platform, a rule with the same number as a rule with a “P” modifier will no longer be operative for that symbol. The Exchange will announce by Trader Update when symbols are trading on the Pillar trading platform.

Rules Principally Applicable to Trading of Option Contracts

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Rule 6.40P-O. Pre-Trade and Activity-Based Risk Controls

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

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(6) “Auction-Only Orders” refer to the order types set forth in Rule 6.62P-O(c).

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(b) *Setting and Adjusting Pre-Trade, Activity-Based, and Global Risk Controls.*

- (1) Pre-Trade, Activity-Based and Global Risk Controls may be set before the beginning of a trading day and may be adjusted during the trading day.
- (2) Pre-Trade, Activity-Based and Global Risk Controls can be set at the MPID level or at one or more sub-IDs associated with that MPID, or both.

(c) *Automated Breach Actions.* The Exchange will automatically take the following actions.

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(2) *Activity-Based Risk Controls*

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- (C) When designating one of the three Activity-Based Risk Controls, the Entering Firm must indicate which of the following actions it wishes the Exchange to take if an Activity-Based Risk Limit is breached:

- (i) Notification Only: The Exchange will continue to accept new order and quote messages and related instructions and will not cancel any unexecuted orders or quotes in the Consolidated Book.
- (ii) Block Only: The Exchange will reject new order and quote messages and related instructions, provided that the Exchange will continue to process instructions from the Entering Firm to cancel one or more orders or quotes (including Auction-Only Orders) in full or any of the instructions specified in paragraph (e) of this Rule.
- (iii) Cancel and Block: In addition to the restrictions defined above for “Block Only,” the Exchange will cancel all unexecuted orders and quotes in the Consolidated Book other than Auction-Only Orders and orders designated GTC.

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(d) *Reinstatement of Entering Firm After Automated Breach Action.* If either a “Block Only” or “Cancel and Block” Automated Breach Action has been triggered, the Exchange will not reinstate the Entering Firm’s ability to enter orders and quotes and related instructions on the Exchange (other than instructions to cancel one or more orders or quotes (including Auction-Only Orders and orders designated GTC) in full) without the consent of the Entering Firm, which may be provided via automated contact if it was a breach of an Activity-Based Risk Control. An Entering Firm that breaches the Global Risk Control will not be reinstated unless the Entering Firm provides consent via non-automated contact with the Exchange.

(e) *Kill Switch Actions.* An Entering Firm can direct the Exchange to take one or more of the following actions with respect to orders and quotes (excluding those represented in open outcry, except CTB Orders) at either an MPID or sub-ID level:

- (1) Cancel all Auction-Only Orders;
- (2) Cancel all orders designated GTC;
- (3) Cancel all unexecuted orders and quotes in the Consolidated Book other than Auction-Only Orders and orders designated GTC; or
- (4) Block the entry of any new order and quote messages and related instructions, provided that the Exchange will continue to accept instructions from the Entering Firm to cancel one or more orders or quotes (including Auction-Only Orders and orders designated GTC) in full, and later, reverse that block.

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Rule 6.41P-O. Price Reasonability Checks - Orders and Quotes

- (a) The Exchange will apply Price Reasonability Checks defined in paragraphs (b) and (c) of this Rule to all Limit Orders and quotes during continuous trading on each trading

day (excluding those represented in open outcry, except CTB Orders), subject to the following:

- (1) A Limit Order or quote received during a pre-open state will be subject to the Price Reasonability Checks after an Auction concludes. A Limit Order or quote that was resting on the Consolidated Book before a trading halt will be subject to the Price Reasonability Checks again after the Trading Halt Auction. A put option message to buy will be subject to the Arbitrage Check regardless of when it arrives.
 - (2) If the calculation of the Price Reasonability Check is not consistent with the MPV for the series, it will be rounded down to the nearest price within the applicable MPV.
 - (3) The Price Reasonability Checks will not apply to:
 - (i) any options series for which the underlying security has a non-standard cash or stock deliverable as part of a corporate action;
 - (ii) any options series for which the underlying security is identified as over-the-counter (“OTC”);
 - (iii) any option series on an index; [and]
 - (iv) any options series for which there is no last-sale eligible trade in the underlying security on the Primary Market since the opening of trading; and
 - (v) any option series for which the Exchange determines it is necessary to exclude underlying securities in the interests of maintaining a fair and orderly market, which the Exchange will announce by Trader Update.
- (b) Arbitrage Checks for buy orders or quotes.
- (1) Puts. Order or quote messages to buy for put options will be rejected if the price of the order or quote is equal to or greater than the strike price of the option.
 - (2) Calls. Order or quote messages to buy for call options will be rejected or canceled (if resting) if the price of the order or quote is equal to or greater than the price of the last - sale eligible trade[price] of the underlying security on the Primary Market, plus a specified threshold to be determined by the Exchange and announced by Trader Update.
- (c) Intrinsic Value Checks for sell orders or quotes.
- (1) The Intrinsic Value for a put option is equal to the strike price minus the price of the last - sale eligible trade[price] of the underlying security on the Primary Market.

(2) The Intrinsic Value for a call option is equal to the price of the last - sale eligible trade[price] of the underlying security on the Primary Market minus the strike price.

(3) ISOs to sell are not subject to the Intrinsic Value Check described in this paragraph (c).

(4) Puts and calls.

(A) Orders or quotes to sell for both puts and calls will be rejected or canceled (if resting) if the price of the order or quote is equal to or lower than its Intrinsic Value, minus a specified threshold to be determined by the Exchange and announced by Trader Update.

(B) The threshold percentage is based on the NBB, provided that, immediately following an Auction, it is based on the Auction Price or, if none, the lower Auction Collar price, or, if none, the NBB. For purposes of determining the Intrinsic Value, the Exchange will not use an adjusted NBBO. The Intrinsic Value Check for sell orders and quotes will not be applied if the Intrinsic Value cannot be calculated.

(d) Automated Breach Action for Maker Makers. If a Market Maker's order or quote message is rejected or cancelled (if resting) pursuant to paragraph (b) or (c) of this Rule, the Exchange will Cancel and Block orders and quotes in the affected class of options per Rule 6.40P-O(c)(2)(iii).

(1) *Global Risk Control Trigger.* This breach will be counted towards the Market Maker's Global Risk Control limit per Rule 6.40P-O(a)(4).

(2) *Reinstatement of Market Maker After Automated Breach Action.* The Exchange will not reinstate the Market Maker's ability to enter orders and quotes and related instructions on the Exchange in that class of options (other than instructions to cancel one or more orders/quotes (including Auction-Only Orders and orders designated GTC) in full) without the consent of the Market Maker, which may be provided via automated contact.

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