

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

**Rules of NYSE Amex LLC**

\*\*\*\*\*

**Trading of Option Contracts**

\*\*\*\*\*

**Section 1. General Rules Relating to Options**

\*\*\*\*\*

**Rule 903.**

**Series of Options Open for Trading**

(a) – (g) No Change

(h) *Short Term Option Series [Pilot] Program.* 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 ("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 ("Short Term Option Expiration Date"). If the Exchange is not open for business on a Thursday or Friday, the Short Term Option Opening Date will be the first business day immediately prior to that Thursday or Friday. Similarly, if the Exchange is not open for business on a Friday, the Short Term Option Expiration Date will be the first business day immediately prior to that Friday. Short Term Option Series shall be P.M.-settled, except for Short Term Option Series on indexes. Short Term Option Series on indexes shall be A.M.-settled.

Regarding Short Term Option Series, [no new Short Term Option Series may be added after the open of business on the Short Term Option Opening Date and] no Short Term Option Series may expire in the same week in which monthly or Quarterly option series on the same class expire.

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

••• *Commentary* -----

<sup>1</sup> New text is underscored and deleted text is in brackets.

**.01 - .09      No Change**

**.10** Short Term Option Series[.]. (a) the Exchange may select up to five currently listed option classes on which Short Term Option Series may be opened on any Short Term Option Opening Date. In addition to the five-option class restriction, the Exchange also may list 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 Short Term Option Series Pilot Program, the Exchange may open up to five Short Term Option Series for each expiration date in that class. The strike price of each Short Term 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 that Short Term Option Series is opened for trading on the Exchange.] 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.

(b) 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 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.

(c) 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.

(d) 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.

\*\*\*\*\*

## Section 11. Stock Index Options

\*\*\*\*\*

### Rule 900C.

#### Applicability and Definitions

(a) No Change

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

(1) – (26) No Change

(27) **Short Term Option Series**—The term "Short Term Option Series" means, for the purposes of Section 11, 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. Short Term Option Series shall be P.M.-settled, except for Short Term Option Series on indexes. 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.

\*\*\*\*\*

### Rule 903C.

#### Series Of Stock Index Options

(a) After a particular class of stock index options has been approved for listing and trading on the Exchange, the Exchange shall from time to time open for trading series of options therein. Within each approved class of stock index options, the Exchange may open for trading series of options expiring in consecutive calendar months ("consecutive month series"), as provided in subparagraph (i) of this paragraph (a), series of options expiring at three-month intervals ("cycle month series"), as provided in subparagraph (ii) of this paragraph (a), series of options having up to sixty months to expiration ("long-term options series") as provided in subparagraph (iii) of this paragraph (a) and/or series of options having one week to expiration ("short term option series") as provided in [subparagraph (v) of this paragraph (a)] Commentary .10 to Rule 903. Prior to the opening of trading in any series of stock index options, the Exchange shall fix the

expiration month, expiration date and exercise price of option contracts included in each such series.

(i) – (iv) No Change

[(v) Short Term Option Series Pilot Program. 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 ("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 ("Short Term Option Expiration Date"). If the Exchange is not open for business on a Friday, the Short Term 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 Short Term Option Expiration Date will be the first business day immediately prior to that Friday. Short Term Option Series shall be A.M.-settled.

The Exchange may continue to list Short Term Option Series until the Short Term Option Series Pilot Program expires on July 12, 2010.

Regarding Short Term Option Series, the Exchange may select up to five currently listed option classes on which Short Term Option Series may be opened on any Short Term Option Opening Date. In addition to the five-option class restriction, the Exchange also may list 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 index option class eligible for participation in the Short Term Option Series Pilot Program, the Exchange may open up to five Short Term Option Series on index options for each expiration date in that class. The strike price of each Short Term 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 at about the time that Short Term Option Series is opened for trading on the Exchange. No Short Term 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 or, in the case of Quarterly Index Options ("QIX"), in the same week during which the QIXs expires.]

(b)- (c) No Change

••• *Commentary* -----

**.01 - .06** No Change

\*\*\*\*\*