

Additions: Underlined

Deletions: [Bracketed]

NYSE American LLC Rules

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**Equities Rules**

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**Cash Equities Pillar Platform Rules (Rules 1E—13E)**

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**RULE 7E - EQUITIES TRADING**

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**Section 3. Exchange Trading**

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**Rule 7.31E. Orders and Modifiers**

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(d) Orders with a Conditional or Undisplayed Price and/or Size

- (1) Reserve Order. A Limit or Inside Limit Order with a quantity of the size displayed and with a reserve quantity of the size ("reserve interest") that is not displayed. The displayed quantity of a Reserve Order is ranked Priority 2 - Display Orders and the reserve interest is ranked Priority 3 - Non-Display Orders. Both the display quantity and the reserve interest of an arriving marketable Reserve Order are eligible to trade with resting interest in the Exchange Book or route to Away Markets.

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(C) A Reserve Order must be designated Day and may be combined with a Non-[r]Routable Limit Order.

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(e) Orders with Instructions Not to Route

(1) Non-[r]Routable Limit Order. A Limit Order that does not route.

(A) An Non-[r]Routable Limit Order to buy (sell) that, at the time of entry and after trading with any sell (buy) orders in the Exchange Book priced at or below (above) the PBO (PBB), would create a violation of Rule 610(d) of Regulation NMS by locking or crossing the protected quotation of an Away Market or would cause a violation of Rule 611 of Regulation NMS, will be priced as follows:

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(B) A Non-[r]Routable Limit Order with a working price different from the display price is ranked Priority 3-Non-Display Orders and a Non-[r]Routable Limit Order with a working price equal to the display price is ranked Priority 2-Display Orders.

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(j) Q Order. A Limit Order submitted to the Exchange by a Market Maker, and designated by a Market Maker as a "Q Order" through such means as the Exchange will specify. Q Orders entered by ETP Holders that are not registered in that security as a market maker will be rejected.

(1) A Q Order must have a minimum of one round lot displayed on entry, must be designated Day, and does not route. A Q Order to buy (sell) will be rejected if: (i) it has limit price at or above (below) the PBO (PBB); or (ii) it is designated as a Non-[r]Routable Limit Order or ISO.

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**Section 5. Plan to Implement a Tick Size Pilot Program**

**Rule 7.46E. Tick Size Pilot Plan**

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(f) Exchange handling of orders during the Pilot Period for the Plan.

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(5) For Pilot Securities in Test Groups Three:

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(F) Orders with instructions not to route, as defined in Rule 7.31E(e):

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- (ii) When being added to the Exchange Book, a Non-[r]Routable Limit Order to buy (sell) with a limit price equal to or above (below) the PBO (PBB) will be assigned a display price and working price one MPV below (above) the PBO (PBB).
- (iii) Once resting on the Exchange Book, a Non-[r]Routable Limit Order to buy (sell) will not be eligible to trade with later-arriving orders to sell (buy) ranked Priority 2 - Display Orders priced equal to the PBO (PBB). A later arriving order to buy (sell) that is eligible to trade with the PBO (PBB) may trade before such resting order.

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## **General Rules [(Rules 1 - Equities—38 - Equities)]**

### **Definitions of Terms [(Rules 1 - Equities—19 - Equities)]**

#### **[Rule 1 - Equities. "The Exchange and Related Entities"]**

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

The term "the Exchange," when used with reference to the administration of any rule, means NYSE American LLC or the officer, employee, person, entity or committee to whom appropriate authority to administer such rule has been delegated by the Exchange.

Unless otherwise indicated in the rule, the terms Board, Board of Directors, Chairman, Chairman of the Board, Chief Executive Officer, or CEO refer to the Board, Board of Directors, Chairman, Chairman of the Board, Chief Executive Officer and CEO of the Exchange.

The CEO or the Chief Regulatory Officer ("CRO") of the Exchange may formally designate one or more qualified employees of ICE to act in place of any person named in a rule as having authority to act under such rule in the event that the named person in the rule is not available to administer that rule. For purposes of a designation by the CEO, a qualified employee is: 1) any officer of ICE that the CEO deems to possess the requisite knowledge and job qualifications to administer that rule; or 2) any employee of the Exchange that the CEO and the Board of Directors deems to possess the requisite knowledge and job qualifications to administer that rule. For purposes of a designation by the CRO, a qualified employee is: 1) any Exchange officer that the CRO deems to possess the requisite knowledge and job qualifications to administer that rule; or 2) an

Exchange employee that the CRO and the Board of Directors deems to possess the requisite knowledge and job qualifications to administer that rule.]

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**[Rule 3 - Equities. 'Security']**

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

The term `security' or `securities' shall have the meaning given those terms in the Securities Exchange Act of 1934, as amended, and the General Rules and Regulations thereunder.

**Rule 4 - Equities. `Stock'**

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

The term `stock' includes voting trust certificates, certificates of deposit for stocks, rights, warrants, and other securities of a type classified for trading as stocks by the Exchange.

**Rule 5 - Equities. 'Bond'**

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

The term "bond" includes debentures, notes, certificates of deposit for bonds, debentures or notes, and other securities of a type classified for trading as bonds by the Exchange.

**Rule 6 - Equities. `Floor'**

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

The term "Floor" means the trading floor of the Exchange and the premises immediately adjacent thereto, such as the various entrances and lobbies of the 11 Wall Street, 18 New Street, 8 Broad Street, 12 Broad Street and 18 Broad Street Buildings, and also means the telephone facilities available in these locations.

**Rule 6A - Equities. `Trading Floor'**

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

(a) The term "Trading Floor" means the restricted-access physical areas designated by the Exchange for the trading of securities, commonly known as the "Main Room" and the "Buttonwood Room."

(b) The Exchange's Trading Floor does not include (i) the areas in the "Buttonwood

Room" designated by the Exchange for the trading of its listed options securities, which, for the purposes of the Exchange's Equities Rules, shall be referred to as the "NYSE American Options Trading Floor" or (ii) the physical area within fully enclosed telephone booths located in 18 Broad Street at the Southeast wall of the Trading Floor.

**Rule 7 - Equities. Exchange BBO**

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

The term "Exchange BBO" shall refer to the best bid or offer disseminated to the Consolidated Quotation System ("CQS") by the Exchange.]

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**[Rule 11 - Equities. Effect of Definitions**

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

Unless the context requires otherwise, the terms defined in Exchange Rules shall, for all purposes of the Exchange Rules, have the meanings therein specified.

**Rule 12 - Equities. `Business Day'**

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

Except as may be otherwise determined by the Exchange as to particular days, the term `business day' means any day on which the Exchange is open for business: provided, however, on any business day that the banks, transfer agencies and depositories for securities in New York State are closed:

- (1) Except for orders containing non-regular way settlement instructions pursuant to Rule 14, deliveries or payments ordinarily due on such a day shall be due on the following business day;
- (2) such a day shall not be considered as a business day in determining the day for settlement of a contract, the day on which stock shall be quoted ex-dividend or ex-rights, or in computing interest on contracts in bonds or premiums on loans of securities; and
- (3) the right to mark to the market or to make reclamation (other than `cash' contracts made on such a day) shall not be exercised on such a day.

For list of holidays on which the Exchange will not be open for business see Rule 51 - Equities.

### **Rule 13 - Equities. Orders and Modifiers**

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

Unless otherwise specified in this Rule, Rule 70 (for Floor brokers), or Rule 104 (for DMMs), orders and modifiers are available for all member organizations.

(a) Primary Order Types. All orders entered electronically at the Exchange are eligible for automatic execution consistent with the terms of the order and Rules 1000 - 1004 - Equities. Interest represented manually by a Floor broker is not eligible for automatic execution.

(1) Market Order. A Market Order that is eligible for automatic executions is an unpriced order to buy or sell a stated amount of a security that is to be traded at the best price obtainable without trading through the NBBO.

(A) Definitions for purposes of Market Orders:

(i) The term "Away Market" means any exchange with which the Exchange maintains an electronic linkage and which provides instantaneous responses to order routed from the Exchange.

(ii) The term "NBBO" means the national best bid or offer and the terms "NBB" means the national best bid and "NBO" means the national best offer.

(iii) the term "working price" means the price at which an order is eligible to trade at any given time.

(iv) The term "MPV" means the minimum price variation for quoting and entry of orders as specified in Supplementary Material .10 to Rule 62 - Equities.

(B) When the Exchange is open for continuous trading, a Market Order will operate as follows:

(i) A Market Order will be rejected on arrival or cancelled if resting if there is no contra-side NBBO.

(ii) On arrival, a Market Order to buy (sell) is assigned a working price of the NBO (NBB) and will trade with all sell (buy) orders on the Exchange priced at or below (above) the NBO (NBB) before routing to the NBO (NBB) on an Away Market. The quantity of a Market Order to buy (sell) not traded or routed will remain undisplayed on the Exchange at a working price of the NBO (NBB) and be eligible to trade with incoming sell (buy) orders at that price. When the NBO (NBB) is updated, the Market Order to buy (sell) will be assigned a new working price of the updated NBO (NBB) and will trade with all sell (buy) orders on the Exchange priced at or below (above) the

updated NBO (NBB) before routing to the updated NBO (NBB) on an Away Market. Such assessment will continue at each new contra-side NBBO until the order is filled or a Trading Collar is reached. If the NBBO becomes locked or crossed either on arrival or while the order is held undisplayed, the Market Order to buy (sell) will be assigned a working price of the NBB (NBO).

(iii) Unexecuted Market Orders that are held undisplayed in Exchange systems will not be available to the DMM either as part of the aggregated interest at a price point or in disaggregated form and will not participate in intra-day manual executions.

(C) A Market Order will participate in auctions as follows:

(i) A Market Order that was entered before the opening of trading, or was entered before or during a halt, pause, or suspension in trading, will be made available to the DMM as provided for in Rule 104(a)(2) and (3) - Equities and will be included in Order Imbalance Information and allocated in the applicable auction as a Market Order.

(ii) A Market Order that was entered during continuous trading and remains unexecuted for the close will be made available to the DMM as provided for in Rule 104(a)(3) - Equities and will be included in Order Imbalance Information and allocated in the closing transaction as a Limit Order with its limit price being the last working price assigned to the unexecuted Market Order.

(iii) During a Short Sale Period, as defined in Rule 440B(d) - Equities, a short sale Market Order re-priced to a Permitted Price, as defined in Rule 440B(e) - Equities, will be made available to the DMM as provided for in Rules 104(a)(2) and (3) - Equities and will be included in Order Imbalance Information and allocated in the applicable auction as a Limit Order with its limit price being the last Permitted Price assigned to the short sale Market Order.

(D) For Market Orders that are not eligible for automatic executions, a Market Order is an order to buy or sell a stated amount of a security at the most advantageous price obtainable after the order is represented in the Trading Crowd or routed to Exchange systems. If a Market Order to sell has exhausted all eligible buy interest, any unfilled balance of the Market Order to sell will be cancelled.

(2) Limit Order. An order to buy or sell a stated amount of a security at a specified price or better. A marketable Limit Order is a Limit Order to buy (sell) at or above (below) the Exchange best offer (bid) for the security.

(A) Limit Order Price Protection. A Limit Order to buy (sell) will be rejected if it is priced at or above (below) a specified percentage away from the NBO (NBB).

(i) If the NBB or the NBO is greater than \$0.00 up to and including \$25.00, the specified percentage will be 10%. If the NBB or NBO is greater than \$25.00 up to and including \$50.00, the specified percentage will be 5%. If the NBB or NBO is greater than \$50.00, the specified percentage will be 3%. If the NBBO is crossed, the Exchange will use the Exchange Best Offer ("BO") instead of the NBO for buy orders and the Exchange Best Bid ("BB") instead of the NBB for sell orders. If the NBBO is crossed and there is no BO (BB), Limit Order Price Protection will not be applied to an incoming Limit Order to buy (sell). Limit Order Price Protection will also not be applied to an incoming Limit Order to buy (sell) if there is no NBO (NBB). If the specified percentage is not in the minimum price variation ("MPV") for the security, as defined in Supplemental Material .10 to Rule 62, it will be rounded down to the nearest price at the applicable MPV.

(ii) Limit Order Price Protection will be applicable only when automatic executions are in effect. Limit Order Price Protection will not be applicable: (a) before a security opens for trading or during a trading halt or pause; (b) during a trading suspension; (c) to incoming Auction Only Orders; and (d) to high-priced securities, as defined in Rule 1000 (a)(iii) - Equities.

(b) Time in Force Modifiers

(1) Day. A Market Order or Limit Order that, if not executed, expires at the end of the 9:30 a.m. to 4:00 p.m. trading session on the day on which it was entered.

(2) Immediate or Cancel ("IOC").

(A) Regulation NMS-compliant IOC Order: A Limit Order designated IOC that will be automatically executed against the displayed quotation up to its full size and sweep the Exchange's book, as provided in Rule 1000 - Equities, to the extent possible without being routed elsewhere for execution, and the portion not so executed will be immediately and automatically cancelled. A Regulation NMS-compliant IOC Order must be designated in the manner provided by the Exchange. If not so designated, the order will be treated as an Exchange IOC Order.

(B) Exchange IOC Order: A Limit Order designated IOC that will be automatically executed against the displayed quotation up to its full size and sweep the Exchange book, as provided in Rule 1000 - Equities to the extent possible, with portions of the order routed to other markets if an execution would trade through a protected quotation, in compliance with Regulation NMS. The portion of the order not so executed will be immediately and



automatically cancelled.

(C) IOC-MTS Order: Any order with an IOC modifier, including an ISO, may include a minimum trade size ("MTS") instruction. For each incoming IOC-MTS order, Exchange systems will evaluate whether contra-side displayable and nondisplayable interest on Exchange systems can meet the MTS and will reject such incoming IOC-MTS order if Exchange contra-side volume cannot meet the MTS. An Exchange IOC order with an MTS may result in an execution in an away market. The Exchange will reject any IOC-MTS orders if the security is not open for trading, or if auto-execution is suspended.

(D) Any IOC order without an MTS may be entered before the Exchange opening for participation in the opening trade. If not executed as part of the opening trade, the order, or part thereof, will be immediately and automatically cancelled.

(E) An Exchange IOC Order without an MTS received during a trading halt will be held for participation in the reopening trade. If not executed as part of the reopening trade, the order, or part thereof, will be immediately and automatically cancelled.

(c) Auction-Only Orders

(1) Closing Offset ("CO") Order. A day Limit Order to buy or sell as part of the closing transaction where the eligibility to participate in the closing transaction is contingent upon: (i) an imbalance in the security on the opposite side of the market from the CO Order; (ii) after taking into account all other types of interest eligible for execution at the closing price, there is still an imbalance in the security on the opposite side of the market from the CO Order; and (iii) the limit price of the CO Order being at or within the price of the closing transaction. CO Orders eligible to participate in the closing transaction are executed in time priority of receipt by Exchange systems, up to the size of the imbalance in the security, on the opposite side of the market from the CO Order. Any eligible CO Orders not executed due to trading halt (as defined in Rule 123D - Equities) or insufficient volume of the contra side imbalance will be cancelled.

(2) Limit-on-Close ("LOC") Orders. An LOC Order is a Limit Order in a security that is entered for execution at the closing price of the security on the Exchange provided that the closing price is at or within the specified limit. If not executed due to a trading halt or because, by its terms it is not marketable at the closing price, the order will be cancelled.

(3) Limit-on-Open ("LOO") Orders. A LOO Order is a Limit Order in a security that is to be executed on the opening or reopening trade of the security on the Exchange. A LOO Order, or part thereof, will be immediately and automatically cancelled if by its terms it is not marketable at the opening price, it is not executed

on the opening trade of the security on the Exchange, or if the security opens on a quote. LOO Orders can be entered before the open to participate on the opening trade or during a trading halt or pause to participate on a reopening trade.

- (4) Market-on-Close ("MOC") Orders. An MOC Order is a Market Order in a security that, by its terms, is to be executed in its entirety at the closing price. If not executed due to tick restrictions or a trading halt the order will be cancelled.
- (5) Market-on-Open ("MOO") Orders. A MOO Order is a Market Order in a security that is to be executed in its entirety on the opening or reopening trade of the security on the Exchange. A MOO Order will be immediately and automatically cancelled if the security opens on a quote. MOO Orders can be entered before the open to participate on the opening trade or during a trading halt or pause to participate on a reopening trade.

(d) Orders with Instructions Not to Display All or a Portion of the Order

(1) Mid-Point Passive Liquidity ("MPL") Order

(A) An MPL Order is an undisplayed Limit Order that automatically executes at the mid-point of the protected best bid or offer ("PBBO"). An MPL Order is not eligible for manual executions, openings, re-openings, or closing transactions. An MPL Order will interact with incoming orders, including another MPL Order, but not an incoming Limit Order designated ALO. An MPL Order will not execute if the market is locked or crossed. When the market unlocks or uncrosses, the Exchange will execute all eligible MPL Orders, excluding MPL-ALO Orders described in paragraph (d)(1)(E), and other hidden interest eligible to execute at the midpoint of the PBBO. An MPL Order may execute at prices out to four decimals. An MPL Order will not be eligible to trade if it would trade at a price below \$1.00 or if the execution price would be out to five decimal places above \$1.00. MPL Orders are allocated consistent with Rule 72- Equities. The time priority of an MPL Order is based on its time of entry into Exchange systems and does not reset when an MPL Order's price shifts due to changes in the PBBO.

(B) The following interest may not be designated as an MPL Order:

- (i) DMM interest entered via the Capital Commitment Schedule pursuant to Rule 1000 - Equities;
- (ii) d-Quotes;
- (iii) Pegging Interest;
- (iv) Retail Orders or Retail Price Improvement Orders, as defined in Rule 107C - Equities.

- (C) An MPL Order may include a Minimum Triggering Volume ("MTV") and will not be eligible to trade unless the aggregated contra-side quantity of all interest marketable at the mid-point of the PBBO is equal to or greater than the MPL Order's MTV. There will not be a guaranteed trade size based on the MTV. Exchange systems will enforce an MTV restriction even if the unexecuted portion of an MPL Order with an MTV is less than the MTV. An MPL Order that includes an MTV will be rejected if it also includes an STP designation.
- (D) An MPL Order with an STP Modifier will never execute against either another MPL Order or non-MPL Order with an STP Modifier with the same MPID. Exchange systems will cancel an MPL Order with an STP Modifier based only on another MPL Order with an STP modifier with the same MPID. If an MPL Order with an STP Modifier would participate in an execution with a non-MPL Order with an STP Modifier with the same MPID, the MPL Order will be deemed ineligible and will not be elected to participate in the trade.
- (E) An MPL Order with an ALO Modifier ("MPL-ALO Order") will not execute on arrival even if marketable, except a non-marketable MPL-ALO Order may trigger a d-Quote. An MPL-ALO Order will remain non-displayed until triggered to trade by arriving marketable interest. If triggered to trade, an MPL-ALO Order will be eligible to trade with both arriving and resting contra-side interest, but will not trade with a contra-side MPL-ALO Order. If an MPL-ALO Order trades with resting interest, the MPL-ALO Order will be considered the liquidity providing order. A resting MPL-ALO Order is not eligible to trade when same-side arriving interest triggers a trade with contra-side interest. An MPL-ALO Order must be at least one round lot.

## (2) Reserve Orders

- (A) As used in this rule, the term "displayable" shall mean that portion of a nonmarketable Reserve Order that would be published as, or as part of, the Exchange BBO. The term "displayed interest" includes that part of a Reserve Order that is published as, or as part of, the Exchange BBO.
- (B) The term "Reserve Order" shall mean a Limit Order entered into Exchange systems that may contain displayable and non-displayable interest.
- (C) Minimum Display Reserve Order. A "Minimum Display Reserve Order" is a Limit Order that shall have a portion of the interest displayed when the order is or becomes the Exchange BBO and a portion of the interest (reserve interest) that is not displayed. When executions of the displayed interest reduce that portion below the interest designated to be displayed, the reserve interest will replenish the displayed interest. A Minimum Display Reserve Order must have a minimum of one round lot displayable. Each time a Minimum Display Reserve Order is replenished from reserve interest, a new time-stamp is created

for the replenished portion of that Minimum Display Reserve Order, while the reserve interest retains the time-stamp of its original entry. The portion of the interest displayed when the order is or becomes the Exchange BBO is included in the information available for dissemination by the DMM. A Minimum Display Reserve Order shall participate in both automatic and manual executions.

(D) Non-Displayed Reserve Order. A "Non-Displayed Reserve Order" is a Limit Order that is not displayed, but remains available for potential execution against all incoming automatically executing orders until executed in full or cancelled. A Non-Displayed Reserve Order shall not participate in manual executions.

(E) The reserve interest of a Reserve Order is available for execution only after all displayable interest at that price point has been executed. If an execution takes place at a price that is other than the Exchange BBO, all available reserve interest of a Reserve Order will trade on parity with other reserve interest at that price point after all displayable interest has been executed in accordance with Rule 72 - Equities. For executions that take place at a price point other than the Exchange BBO, reserve interest will not replenish the displayable portion of a Minimum Display Reserve Order.

(e) Orders with Instructions Not to Route

(1) Add Liquidity Only ("ALO") Modifier

(A) An order designated ALO does not route and will not remove liquidity from the Exchange's book. ALO modifiers are available for day Limit Orders and MPL Orders. MPL Orders designated ALO are governed by paragraph (d)(1)(E) of this Rule. Limit Orders designated ALO may participate in openings, re-openings, or closings, but the ALO designation shall be ignored. Upon entry, Limit Orders designated ALO must have a minimum of one displayable round lot.

(B) If, at the time of entry, a Limit Order designated ALO is marketable against Exchange interest or would lock or cross a protected quotation in violation of Rule 610(d) of Regulation NMS, the order shall be re-priced and displayed one minimum price variation, as defined in supplementary material .10 to Rule 62 - Equities, below the best-priced sell interest (for bids) or above the best-priced buy interest (for offers). If the best-priced sell interest is re-priced higher, an order to buy designated ALO shall be re-priced and re-displayed higher, up to its limit price. If the best-priced buy interest is re-priced lower, an order to sell designated ALO shall be re-priced and re-displayed lower, down to its limit price. A limit order designated ALO shall not be re-priced if it is displayed at its limit price or if the best-priced sell interest is re-priced lower (for bids) or if the best-priced buy interest is re-priced higher (for offers). A Limit Order

designated ALO shall receive a new time stamp each time it is re-priced and re-displayed.

(C) The following interest may not be designated ALO:

- (i) DMM interest entered via the Capital Commitment Schedule;
- (ii) d-Quotes;
- (iii) Sell "Plus" - Buy "Minus" Orders;
- (iv) Non-Display Reserve Orders or Non-Display Reserve e-Quotes; or
- (v) Retail Orders or Retail Price Improvement Orders.

(D) A Limit Order designated ALO shall not trigger a contra-side MPL Order to trade.

(2) Do Not Ship ("DNS") Order. A Limit Order to buy or sell that is to be quoted and/or executed in whole or in part on the Exchange. An order so marked, or part thereof, will be immediately and automatically cancelled if compliance with Exchange rules or federal securities laws requires that all or part of such order be routed to another market center for execution. If quoting a DNS order will cause the locking or crossing of another market center in violation of Rule 19 - Equities (Locking or Crossing Protected Quotations in NMS Stocks), the DNS order will be immediately and automatically cancelled. When a DNS order is not eligible to be traded, the order will be placed on Exchange systems at its limit price.

(3) Intermarket Sweep Order ("ISO")

(A) An ISO is a Limit Order designated for automatic execution in a particular security that is never routed to an away market, may trade through a protected bid or offer, and will not be rejected or cancelled if it would lock, cross, or be marketable against an away market provided that it meets the following requirements:

- (i) It is identified as an ISO in the manner prescribed by the Exchange; and
- (ii) Simultaneously with the routing of an ISO to the Exchange, one or more additional Limit Orders, as necessary, are routed to execute against the full displayed size of any protected bid (as defined in (e)(3)(D), below) in the case of a limit order to sell, or the full displayed size of any protected offer (as defined in (e)(3)(D), below) in the case of a Limit Order to buy. These additional routed orders must be identified as ISOs.

- (B) An ISO designated IOC ("IOC ISO") will be immediately and automatically executed against the displayed bid (offer) up to its full size in accordance with and to the extent provided by Exchange Rules 1000 - 1004 - Equities and will then sweep the Exchange's book as provided in Rule 1000(d)(iii) - Equities, and the portion not so executed will be immediately and automatically cancelled.
- (C) An ISO designated day ("Day ISO"), if marketable upon arrival, will be immediately and automatically executed against the displayed bid (offer) up to its full size in accordance with and to the extent provided by Exchange Rules 1000 - 1004 - Equities and will then sweep the Exchange's book as provided in Rule 1000(d)(iii) - Equities. Any unexecuted portion of a Day ISO shall be posted to the Exchange's book at its limit price and may lock or cross a protected quotation that was displayed at the time of arrival of the Day ISO. Upon entry, a Day ISO must have a minimum of one displayable round lot and may be designated ALO.
- (i) If after posting to the Book, a Day ISO would lock or cross a protected quotation in violation of Rule 610(d) of Regulation NMS, the Exchange shall re-price and re-display the Day ISO consistent with paragraph (e)(1)(B) in this Rule.
- (ii) A Day ISO designated ALO that is marketable upon arrival against Exchange interest shall be re-priced and displayed one minimum price variation, as defined in supplementary material .10 to Rule 62 - Equities, below the Exchange's best-priced non-MPL Order sell interest (for bids) or above the Exchange's best-priced non-MPL Order buy interest (for offers). After being displayed on the Exchange's book, a Day ISO designated ALO shall be re-priced and re-displayed consistent with paragraph (e)(1)(B) in this Rule.
- (D) A "protected bid or offer," as defined in Section 242.600(b)(57) of Regulation NMS, means a quotation in a Regulation NMS stock that:
- (i) is displayed by an automated trading center, as defined in Section 242.600(b)(4) of Regulation NMS;
- (ii) is disseminated pursuant to an effective national market system plan, as defined in Section 242.600(b)(43) of Regulation NMS; and
- (iii) is an automated quotation, as defined in Section 242.600(b)(3) of Regulation NMS, that is the best bid or offer of another market center, as defined in Section 242.600(b)(38).
- (E) Sell "Plus" - Buy "Minus" Orders, Non-Display Reserve Orders, and Non-Display Reserve e-Quotes may not be entered as an IOC ISO or Day ISO.

## (f) Additional Order Instructions and Modifiers:

## (1) Pegging Interest

(A) "Pegging interest" means displayable or non-displayable interest to buy or sell at a price set to track the best protected bid ("PBB") or the best protected offer ("PBO") (collectively, the "PBBO") as the PBBO changes and:

(i) must be an e-Quote or d-Quote, provided that:

(a) such interest does not include a sell "plus" or buy "minus" instruction;

(b) Exchange systems shall reject a pegging e-Quote or d-Quote that is entered 10 seconds or less before the scheduled close of trading; and

(c) discretionary instructions associated with a pegging d-Quote shall move as the d-Quote pegs to the PBBO, subject to any price range and limit price that may be specified;

(ii) shall peg only when auto-quoting is active;

(iii) shall peg only to prices based on:

(a) a protected bid or offer, which may be available on the Exchange or an away market, or

(b) interest that establishes a price on the Exchange; and

(iv) shall peg only within the specified price range of the pegging interest.

(a) If the PBBO is not within the specified price range, the pegging interest shall instead peg to the next available best-priced displayable interest that is within the specified price range.

(b) Buy (sell) pegging interest that has reached its specified price range shall remain at that price if the PBBO goes beyond such price range. If the PBBO returns to a price within the specified price range, the pegging interest shall resume pegging.

(B) Pegging interest to buy (sell) that pegs to the PBB (PBO) and:

(i) shall not peg to the PBB (PBO) if the PBBO is locked or crossed or to a price that is locking or crossing the Exchange best offer (bid), but instead shall peg to the next available best-priced displayable interest that would not lock or cross the Exchange best offer (bid) or the PBO (PBB);

- (ii) shall not establish or sustain a PBB (PBO) as a result of pegging;
- (iii) may establish an Exchange best bid (offer);
- (iv) may be designated with a minimum size of same-side volume to which such pegging interest shall peg. If the PBBO cannot meet the minimum size designation, the pegging interest will peg to the next available best-priced displayable interest without regard to size; and
- (v) if it includes ALO Modifier instructions, shall not peg to a price that would result in it executing before displaying and shall instead peg one minimum price variation below (above) the undisplayed Exchange sell (buy) interest against which it would have otherwise executed.

## (2) Retail Modifier

- (A) An order designated with a "retail" modifier is an agency order or a riskless principal order that meets the criteria of FINRA Rule 5320.03 that originates from a natural person and is submitted to the Exchange by a member organization, provided that no change is made to the terms of the order with respect to price or side of market and the order does not originate from a trading algorithm or any other computerized methodology. An order with a "retail" modifier is separate and distinct from a "Retail Order" under Rule 107C - Equities.
- (B) "Retail" modifier designation. A member organization shall designate an order as "retail" in a form and/or manner prescribed by the Exchange.
- (C) To submit a "retail" order, a member organization must submit an attestation, in a form prescribed by the Exchange, that substantially all orders submitted as "retail" will qualify as such under paragraph (f)(4)(A) above.
- (D) A member organization must have written policies and procedures reasonably designed to assure that it will only designate orders as "retail" if all requirements of paragraph (f)(4)(A) above are met. Such written policies and procedures must require the member organization to (i) exercise due diligence before entering a "retail" order to assure that entry as a "retail" order is in compliance with the requirements of paragraph (f)(4)(A) above, and (ii) monitor whether orders entered as "retail" orders meet the applicable requirements. If a member organization represents "retail" orders from another broker-dealer customer, the member organization's supervisory procedures must be reasonably designed to assure that the orders it receives from such broker-dealer customer that it designates as "retail" orders meet the definition of a "retail" order in paragraph (f)(4)(A) above. The member organization must (i) obtain an annual written representation, in a form acceptable to the Exchange, from each broker-dealer customer that sends it orders to be



designated as "retail" orders that entry of such orders as "retail" orders will be in compliance with the requirements of paragraph (f)(4)(A) above; and (ii) monitor whether its broker-dealer customer's "retail" order flow meets the applicable requirements.

(E) Failure to Abide by Requirements.

- (i) If a member organization designates orders submitted to the Exchange as "retail" orders and the Exchange determines, in its sole discretion, that such orders fail to meet any of the requirements set forth in paragraph (f)(4)(A) - (D) above, the Exchange may disqualify a member organization from submitting "retail" orders.
- (ii) Disqualification Determinations. The Exchange shall determine if and when a member organization is disqualified from submitting "retail" orders. When disqualification determinations are made, the Exchange shall provide a written disqualification notice to the member organization.
- (iii) Appeal and/or Resubmission of Attestation. A member organization that is disqualified under this paragraph (f)(4)(E) may: (A) appeal such disqualification as provided in paragraph (f)(4)(F) below; and/or (B) resubmit the attestation described in paragraph (f)(4)(C) above 90 days after the date of the disqualification notice from the Exchange.

(F) Appeal of Disqualification.

- (i) If a member organization disputes the Exchange's decision to disqualify it from submitting "retail" orders, the member organization may request, within five business days after notice of the decision is issued by the Exchange, that the "retail" order "Hearing Panel" review the decision to determine if it was correct.
- (ii) The Hearing Panel shall consist of the NYSE's Chief Regulatory Officer ("CRO"), or a designee of the CRO, and two officers of the Exchange designated by the Chief Executive Officer of ICE Group.
- (iii) The Hearing Panel shall review the facts and render a decision within the time frame prescribed by the Exchange.
- (iv) The Hearing Panel may overturn or modify an action taken by the Exchange under this Rule. A determination by the Hearing Panel shall constitute final action by the Exchange.

(3) Self-Trade Prevention ("STP") Modifier

- (A) An incoming order designated with an STP modifier will be prevented from executing against a resting opposite-side order also designated with an STP modifier with the same market participant identifier ("MPID"). The STP modifier on the incoming order controls the interaction between two orders marked with STP modifiers. An incoming order with an STP modifier will execute against all available opposite-side interest in Exchange systems, displayed or non-displayed, pursuant to Rule 72 - Equities, and will be evaluated for cancellation by Exchange systems only to the extent that it would execute against opposite-side interest with an STP modifier with the same MPID. For the purposes of this Rule, "incoming order" means: (i) orders that have arrived at the Exchange, including those orders that have been routed to an away market and returned to the Exchange unexecuted; and (ii) orders that are repriced due to the operation of Limit Up/Limit Down price bands or Short Sale Restrictions, as well as tick sensitive instructions.
- (B) Eligible Order Types. The STP modifier is available for Limit Orders and Market Orders entered by off-Floor participants, and for e-Quotes, pegging e-Quotes, and g-Quotes. Exchange systems shall reject all MTS-IOC orders with an STP modifier. The STP modifier is not available for d-Quotes or DMM interest. STP modifiers will not be active and will be ignored for RPI, Floor broker cross, opening, re-opening, and closing transactions. STP modifiers will not be active for Type 1 designated Retail Orders in all situations and will be ignored. STP modifiers will not be active for Type 2 and Type 3 designated Retail Orders when they first interact with contra-side RPI, however once they enter the Exchange's system to be executed as an Immediate or Cancel Order, normal processing of the STP modifier will occur.
- (C) STP Modifiers.
- (i) STP Cancel Newest ("STPN"). An incoming order marked with the STPN modifier will not execute against opposite-side resting interest marked with any of the STP modifiers with the same MPID. After executing against any resting opposite-side interest that does not have an STP modifier with the same MPID, the remaining balance, if any, of the incoming order marked with the STPN modifier will be cancelled back to the originating member organization at the first price point where there is opposite-side interest marked with any of the STP modifiers with the same MPID. The resting interest marked with one of the STP modifiers will remain in Exchange systems.
- (ii) STP Cancel Oldest ("STPO"). An incoming order marked with the STPO modifier will not execute against opposite-side resting interest marked with any of the STP modifiers with the same MPID. At each price point where an incoming STPO order is eligible to execute, all resting interest marked with the matching STP modifier will be cancelled back to the originating member organization. The remaining balance, if any, of the incoming order marked

with one of the STP modifiers will remain in Exchange systems unless marked as an immediate or cancel order.

(4) Buy Minus Zero Plus Instruction

(A) An order with an instruction to Buy Minus Zero Plus will not trade at a price that is higher than the last sale, subject to the limit price of an order, if applicable.

(B) Buy Minus Zero Plus instructions are available for Limit Orders only. Orders with a Buy Minus Zero Plus instruction that are systemically delivered to Exchange systems will be eligible to be automatically executed in accordance with, and to the extent provided by, Rules 1000 - 1004 - Equities, consistent with the order's instructions.

(C) Odd-lot sized transactions shall not be considered the last sale for purposes of executing Buy Minus Zero Plus orders.

••• *Supplementary Material*

.10 For purposes of displaying and ranking a Limit Order with an Add Liquidity Only (ALO) modifier, the term "best-priced sell interest" refers to the lowest-priced sell interest against which incoming buy interest would be required to execute, including Exchange displayed offers, Non-Display Reserve Orders, Non-Display Reserve e-Quotes, odd-lot sized sell interest, and unexecuted Market Orders, and the lowest-priced protected offers on away markets, but does not include non-displayed sell interest that is priced based on the PBBO and the term "best-priced buy interest" refers to the highest-priced buy interest against which incoming sell interest would be required to execute, including Exchange displayed bids, Non-Display Reserve Orders, Non-Display Reserve e-Quotes, odd-lot sized buy interest, and unexecuted Market Orders, and the highest-priced protected bids on away markets, but does not include non-displayed buy interest that is priced based on the PBBO.

.20 Except as may be otherwise specified in this Rule, all members shall use reasonable diligence in the handling of any order, as defined in this Rule, entrusted to them for execution to obtain the best price or prices for their customer, consistent with the terms of the order. Generally, an instruction that an order is "not held" refers to an unpriced, discretionary order voluntarily categorized as such by the customer and with respect to which the customer has granted the member or member organization price and time discretion.

**Rule 14 - Equities. Non-Regular Way Settlement Instructions for Orders**

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

(a)(i) Bids and offers in securities admitted to dealings on the Exchange may be submitted with instructions that allow for settlement other than regular way (i.e., settlement on the second business day following trade date for securities other than U.S. Government Securities). These may be known as 'non-regular way' settlement instructions.

(ii) Bids and offers in securities admitted to dealings on the Exchange submitted with instructions that allow for settlement other than regular way (i.e., non-regular way, as defined below) must be transmitted to a Floor broker for representation in the Exchange's market.

(b) Non-regular way settlement instructions are: (i) cash; (ii) next day; and (iii) seller's option.

(c) An order submitted with a cash settlement instruction requires delivery of the securities the same day as the trade date.

(d) An order submitted with a next day settlement instruction requires delivery of the securities on the first business day following the trade date.

(e) An order submitted with a seller's option settlement instruction require delivery any time period after trade date that is not less than two business days after trade date and not more than sixty days after trade date for securities as specified by the seller at the time of the transaction. In the case of U.S. government securities, delivery shall be any time period after trade date that is not less than two business days after trade date and no more than sixty days after trade date as specified by the seller at the time of the transaction.

(f) Regular way settlement for U.S. Government Securities pursuant to Rule 66 requires the delivery on the business day following the day of the trade.

### **Rule 15 - Equities. Pre-Opening Indications and Opening Order Imbalance Information**

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

(a) *Pre-Opening Indications:* A pre-opening indication will include the security and the price range within which the opening price is anticipated to occur. A pre-opening indication will be published via the securities information processor and proprietary data feeds.

(b) *Conditions for publishing a pre-opening indication:*

- (1) A DMM will publish a pre-opening indication, as described in paragraph (e), (i) before a security opens if the opening transaction on the Exchange is anticipated to be at a price that represents a change of more than the "Applicable Price Range," as specified in paragraph (d) of this Rule, from a specified "Reference Price," as

specified in paragraph (c) of this Rule; or (ii) if a security has not opened by 10:00 a.m. Eastern Time.

- (2) When making the determination of what the opening transaction price will be, the DMM will take into consideration all interest eligible to participate in the opening transaction, including electronically-entered orders, the DMM's own interest, and any interest represented orally in the Crowd.
- (3) If a DMM is unable to publish a pre-opening indication for one or more securities due to a systems or technical issue, the Exchange may publish a pre-opening indication for that security(ies).

(c) *Reference Price.*

- (1) The Reference Price for a security, other than an American Depositary Receipt ("ADR"), will be:
  - (A) the security's last reported sale price on the Exchange;
  - (B) the security's offering price in the case of an initial public offering ("IPO"); or
  - (C) the security's last reported sale price on the securities market from which the security is being transferred to the Exchange, on the security's first day of trading on the Exchange ("transferred security").
- (2) The Reference Price for an ADR will be:
  - (A) the closing price of the security underlying the ADR in the primary foreign market for such security when the trading day of the primary foreign market concludes after trading on the Exchange for the previous day has ended; or
  - (B) based on parity with the last sale price of the security underlying the ADR in the primary foreign market for such security when the trading day of the primary foreign market is open for trading at the time of the opening on the Exchange.
- (3) The Reference Price for reopening a security following a halt will be the security's last reported sale price on the Exchange.

(d) *Applicable Price Range:*

- (1) Except under the conditions set forth in paragraph (d)(2) of this Rule, the Applicable Price Range for determining whether to publish a pre-opening indication will be 5% for securities with a Reference Price over \$3.00 and \$0.15 for securities with a Reference Price equal to or lower than \$3.00.

- (2) If as of 9:00 a.m. Eastern Time, the E-mini S&P 500 Futures are +/- 2% from the prior day's closing price of the E-mini S&P 500 Futures, when reopening trading following a market-wide trading halt under Rule 80B - Equities, or if the Exchange determines that it is necessary or appropriate for the maintenance of a fair and orderly market, the Applicable Price Range for determining whether to publish a pre-opening indication will be 10% for securities with a Reference Price over \$3.00 and \$0.30 for securities with a Reference Price equal to or lower than \$3.00.

(e) *Procedures for publishing a pre-opening indication:* The DMM will use the following procedures when publishing a pre-opening indication.

- (1) Publication of a pre-opening indication requires the supervision and approval of a Floor Governor.
- (2) A pre-opening indication must be updated if the opening transaction would be at a price outside of a published pre-opening indication.
- (3) If the pre-opening indication is a spread wider than \$1.00, the DMM should undertake best efforts to publish an updated pre-opening indication of \$1.00 or less before opening the security, as may be appropriate for the specific security.
- (4) After publishing a pre-opening indication, the DMM must wait for the following minimum specified periods before opening a security:
  - (A) When using the Applicable Price Range specified in paragraph (d)(1) of this Rule, a minimum of three minutes must elapse between publication of the first indication and a security's opening. If more than one indication has been published, a security may be opened one minute after the last published indication provided that at least three minutes have elapsed from the dissemination of the first indication. However, the DMM may open a security less than the required minimum times after the publication of a pre-opening indication if the imbalance is paired off at a price within the Applicable Price Range.
  - (B) When using the Applicable Price Range specified in paragraph (d)(2) of this Rule, a minimum of one minute must elapse between publication of the first indication and a security's opening. If more than one indication has been published, a security may be opened without waiting any additional time.
- (5) If trading is halted for a non-regulatory order imbalance, a pre-opening indication must be published as soon as practicable after the security is halted.
- (6) When reopening a security following a trading pause under Rule 80C - Equities:
  - (A) a pre-opening indication may be published without prior Floor Governor approval;

(B) a pre-opening indication does not need to be updated before reopening the security, and the security may be reopened outside of any prior indication; and

(C) the reopening is not subject to the minimum waiting time requirements in paragraph (e)(4) of this Rule.

(f) *Temporary Suspension of Pre-Opening Indications:*

(1) If the CEO of the Exchange determines that a Floor-wide event is likely to impact the ability of DMMs to arrange for a fair and orderly opening or reopening on that trading day and that, absent relief, the operation of the Exchange is likely to be impaired, the CEO of the Exchange may temporarily suspend the requirement to publish pre-opening indications in a security under Rule 15 - Equities prior to opening or reopening a security following a market-wide trading halt.

(2) In determining whether to temporarily suspend the need for pre-opening indications under Rule 15 - Equities, the CEO of the Exchange will:

(A) consider the facts and circumstances that are likely to have Floor-wide impact for a particular trading session, including volatility in the previous day's trading session, trading in foreign markets before the open, substantial activity in the futures market before the open, the volume of pre-opening indications of interest, evidence of pre-opening significant order imbalances across the market, government announcements, news and corporate events, and such other market conditions that could impact Floor-wide trading conditions;

(B) notify the Chief Regulatory Officer of the Exchange; and

(C) inform the Securities and Exchange Commission staff as promptly as practicable that pre-opening indications under Rule 15 - Equities have been temporarily suspended.

(3) A temporary suspension under this Rule will be in effect only for the trading day on which it was declared.

(4) Notwithstanding a temporary suspension of the requirement to publish pre-opening indications in a security under Rule 15 - Equities, a DMM or the Exchange may publish a pre-opening indication for one or more securities.

(g) *Order Imbalance Information:* Exchange systems may also make available, from time to time, as the Exchange shall determine, Order Imbalance Information prior to the opening of a security on the Exchange.

(1) Order Imbalance Information disseminated by Exchange systems prior to the opening transaction is the data feed disseminated by Exchange systems of real-time order imbalances that accumulate prior to the opening transaction on the Exchange

and the price at which interest eligible to participate in the opening transaction may be executed in full. Such Order Imbalance Information includes all interest eligible for execution in the opening transaction of the security in Exchange systems.

(2) (A) Order Imbalance Information will use the last reported sale price in the security on the Exchange as the reference price to indicate the number of shares required to open the security with an equal number of shares on the buy side and the sell side of the market.

(B) If a pre-opening indication is published pursuant to subparagraph (a) above, the reference price for the Order Imbalance Information will be as follows:

(i) If the bid price of the pre-opening indication of interest is higher than the last reported sale price for the security on the Exchange, the pre-opening indication bid price will serve as the reference price.

(ii) If the offer price of the pre-opening indication of interest is lower than the last reported sale price for the security on the Exchange, the pre-opening indication offer price will serve as the reference price.

(iii) If the last reported sale price on the Exchange falls within the bid and offer of the pre-opening indication of interest for a security, the last sale price shall serve as the reference price.

(iv) If the security is a transferred security, the last reported sale price on the securities market from which the security was transferred prior to its first day of trading on the Exchange will serve as the reference price.

(3) Order Imbalance Information disseminated prior to the opening of the security will be disseminated as follows:

(A) Approximately every five minutes between 8:30 am Eastern Time ("ET") and 9:00 am ET.

(B) Approximately every minute between 9:00 am ET and 9:20 am ET.

(C) Approximately every 5 seconds between 9:20 am ET and the opening of trading in that security.

### ***Supplementary Material***

.10 Unless otherwise specified in this Rule, references to an opening transaction include a reopening transaction following a trading halt or pause in a security.



### **Rule 15A - Equities. Order Protection Rule**

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

(a) Definition. For purposes of this Rule, the terms "best bid", "best offer", "national best bid", "national best offer", "NMS stock", "protected bid", "protected offer", "protected quotation", "regular trading hours", "trade-through", and "trading center" shall have the meanings set forth in Section 242.600(b) of Regulation NMS.

(b) Where any better-priced protected bid or offer is published by another market center, and the price associated with such published better bid or offer has not been systemically matched on the Exchange, the Exchange will automatically route to such other market center an order priced at such published bid or offer, unless the trade-through that would occur if the Exchange did not route to the other market center falls within an exception set forth in Rule 611(b) of Regulation NMS or within an exemption granted by the Securities and Exchange Commission pursuant to Rule 611(d) of Regulation NMS. If such order is not filled or not filled in its entirety, the balance will be returned to the Exchange and handled consistent with the order's instructions, which includes automatic execution, if available. The order entry time associated with the returned portion of the order will be the time of its return, not the time the order was first entered with the Exchange.

### **Rule 17 - Equities. Use of Exchange Facilities and Vendor Services**

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

(a) Exchange Liability. The Exchange shall not be liable for any damages sustained by a member, principal executive or member organization growing out of the use or enjoyment by such member, principal executive or member organization of the facilities afforded by the Exchange, except as provided in Rule 18 - ex Equities.

(b) Vendor Liability. In connection with member or member organization use of any third-party electronic system, service, or facility ("third-party vendor") provided by the Exchange to members for the conduct of their business on the Exchange, the Exchange shall not be liable for any damages sustained by a member, allied member or member organization growing out of the use or enjoyment by such member, allied member or member organization of the third-party electronic system, service, or facility provided by the Exchange, except as provided in Rule 18 - Equities.

(c) Operation of Routing Broker. The term "Routing Broker" shall mean the broker-dealer affiliate of the Exchange and/or any other non-affiliated third-party broker-dealer that acts as a facility of the Exchange for routing orders entered into Exchange systems to other market centers for execution whenever such routing is required by Exchange Rules and federal securities laws.

(1) Outbound Routing Function

- (A) (i) The Routing Broker(s) will receive routing instructions from the Exchange, to route orders to other market centers and report such executions back to the Exchange. Except as provided in paragraph (c)(1)(A)(ii) below, the Routing Broker(s) cannot change the terms of an order or the routing instructions, nor does the Routing Broker(s) have any discretion about where to route an order.
- (ii) In the sole discretion of the Routing Broker(s), pursuant to risk management controls and supervisory procedures maintained by the Routing Broker(s) pursuant to SEC Rule 15c3-5, the Routing Broker(s) may reject any order or series of orders as necessary to manage the financial, regulatory, and other risks of the Routing Brokers(s) providing "market access," as that term is defined in SEC Rule 15c3-5(a)(1).
- (B) The broker-dealer affiliate of the Exchange that acts as a Routing Broker will not engage in any business other than (a) the functions set forth in Rule 17(c) - Equities; and (b) any other activities it may engage in as approved by the Commission.
- (C) The use of the Routing Broker(s) to route orders to another market center will be optional. Any member organization that does not want to use the Routing Broker(s) must enter an immediate-or-cancel order or any such other order type available on the Exchange that is not eligible for routing.
- (D) All bids and offers entered on the Exchange routed to other market centers via the Routing Broker(s) that result in an execution shall be binding on the member organization that entered such bid and offer.
- (E) The Exchange will regulate the Routing Broker(s) as a facility (as defined in Section 3(a)(2) of the Securities Exchange Act of 1934 (the "Exchange Act")), subject to Section 6 of the Act. In particular, and without limitation, under the Exchange Act, the Exchange will be responsible for filing with the Commission rule changes and fees relating to the functions performed by the Routing Broker(s) for the Exchange and will be subject to exchange non-discrimination requirements.
- (F) The books, records, premises, officers, agents, directors and employees of the Routing Broker(s), as a facility of the Exchange, shall be deemed to be the books, records, premises, officers, agents, directors and employees of the Exchange for purposes of, and subject to oversight pursuant to, the Exchange Act. The books and records of the Routing Broker(s) as a facility of the Exchange shall be subject at all times to inspection and copying by the Exchange and the Commission.
- (G) A self-regulatory organization ("SRO") unaffiliated with the Exchange or any of its affiliates will carry out the oversight and enforcement responsibilities as the designated examining authority designated by the Commission pursuant to Rule

17d-1 of the Exchange Act with the responsibility for examining the Routing Broker(s) for compliance with the applicable financial responsibility rules.

(H) The Exchange shall establish and maintain procedures and internal controls reasonably designed to adequately restrict the flow of confidential and proprietary information between the Exchange and its facilities (including the non-affiliate third-party broker-dealer acting as a facility of the Exchange ("third-party Routing Facility"), and any other entity, including any affiliate of the third-party Routing Facility, and, if the third-party Routing Facility or any of its affiliates engage in any other business activities other than providing routing services to the Exchange, between the segment of the third-party Routing Facility or affiliate that provides the other business activities and the routing services.

(2) Inbound Routing Function

(A) For so long as the Exchange is affiliated with NYSE Arca, Inc. ("NYSE Arca") and New York Stock Exchange, LLC ("NYSE"), and Archipelago Securities LLC ("Arca Securities") in its capacity as a facility of NYSE Arca and NYSE is utilized for the routing of any approved types of orders from those exchanges to the Exchange (such function of Arca Securities is referred to as the "Inbound Router"), each of the Exchange and Arca Securities shall undertake as follows:

- (i) The Exchange shall (1) maintain an agreement pursuant to Rule 17d-2 under the Exchange Act with a non-affiliated SRO to relieve the Exchange of regulatory responsibilities for Arca Securities with respect to rules that are common rules between the Exchange and the non-affiliated SRO, and (2) maintain a regulatory services agreement with a non-affiliated SRO to perform regulatory responsibilities for Arca Securities for unique Exchange rules.
- (ii) The regulatory services agreement described in Rule 17(c)(2)(A)(i) - Equities shall require the Exchange and the non-affiliated SRO to monitor Arca Securities for compliance with the Exchange's trading rules, and collect and maintain all alerts, complaints, investigations and enforcement actions (collectively "Exceptions") in which Arca Securities (in routing orders to the Exchange) is identified as a participant that has potentially violated applicable Exchange or SEC rules. The Exchange and the non-affiliated SRO shall retain these records in an easily accessible manner. The regulatory services agreement described in Rule 17(c)(2)(A)(i) - Equities shall require that the non-affiliated SRO provide a report, at least quarterly, to the Chief Regulatory Officer of the Exchange quantifying all Exceptions (of which the Exchange and the non-affiliated SRO become aware) in which Arca Securities is identified as a participant that has potentially violated Exchange or SEC Rules.
- (iii) The Exchange, on behalf of the holding company owning both the Exchange and Arca Securities, shall establish and maintain procedures and internal controls reasonably designed to prevent Arca Securities from receiving any

benefit, taking any action or engaging in any activity based on non-public information regarding planned changes to Exchange systems, obtained as a result of its affiliation with the Exchange, until such information is available generally to similarly situated member organizations of the Exchange in connection with the provision of inbound order routing to the Exchange.

(iv) The Exchange may furnish to Arca Securities the same information on the same terms that the Exchange makes available in the normal course of business to any other member organization.

(B) Provided the above conditions are complied with, and provided further that Arca Securities operates as an outbound router on behalf of NYSE Arca and NYSE on the same terms and conditions as it does for the Exchange, and in accordance with the Rules of NYSE Arca and NYSE, Arca Securities may provide inbound routing services to the Exchange from NYSE Arca and NYSE.

### (3) Cancellation of Orders and Error Account

(A) The Exchange or Arca Securities may cancel orders as either deems to be necessary to maintain fair and orderly markets if a technical or systems issue occurs at the Exchange, Arca Securities, or a routing destination. The Exchange or Arca Securities shall provide notice of the cancellation to affected member organizations as soon as practicable.

(B) Arca Securities shall maintain an error account for the purpose of addressing positions that result from a technical or systems issue at Arca Securities, the Exchange, a routing destination, or a non-affiliate third-party Routing Broker that affects one or more orders ("error positions").

(i) For purposes of this Rule 17(c)(3) - Equities, an error position shall not include any position that results from an order submitted by a member organization to the Exchange that is executed on the Exchange and processed pursuant to Rule 132 - Equities.

(ii) Arca Securities shall not (1) accept any positions in its error account from an account of a member organization, or (2) permit any member organization to transfer any positions from the member organization's account to Arca Securities' error account.

(iii) For purposes of this Rule 17(c)(3), uncompered transactions that may be processed pursuant to Rule 134(e) - Equities are not error positions.

(C) In connection with a particular technical or systems issue, Arca Securities or the Exchange shall either (1) assign all resulting error positions to member organizations in accordance with subparagraph (i) below, or (2) have all resulting error positions liquidated in accordance with subparagraph (ii) below. Any

determination to assign or liquidate error positions, as well as any resulting assignments, shall be made in a nondiscriminatory fashion.

- (i) Arca Securities or the Exchange shall assign all error positions resulting from a particular technical or systems issue to the member organizations affected by that technical or systems issue if Arca Securities or the Exchange:
  - (a) determines that it has accurate and sufficient information (including valid clearing information) to assign the positions to all of the member organizations affected by that technical or systems issue;
  - (b) determines that it has sufficient time pursuant to normal clearance and settlement deadlines to evaluate the information necessary to assign the positions to all of the member organizations affected by that technical or systems issue; and
  - (c) has not determined to cancel all orders affected by that technical or systems issue in accordance with subparagraph (c)(3)(A) above.
- (ii) If Arca Securities or the Exchange is unable to assign all error positions resulting from a particular technical or systems issue to all of the affected member organizations in accordance with subparagraph (i) above, or if Arca Securities or the Exchange determines to cancel all orders affected by the technical or systems issue in accordance with subparagraph (c)(3)(A) above, then Arca Securities shall liquidate the error positions as soon as practicable. Arca Securities shall:
  - (a) provide complete time and price discretion for the trading to liquidate the error positions to a third-party broker-dealer and shall not attempt to exercise any influence or control over the timing or methods of such trading; and
  - (b) establish and enforce policies and procedures that are reasonably designed to restrict the flow of confidential and proprietary information between the third-party broker-dealer and Arca Securities/the Exchange associated with the liquidation of the error positions.
- (D) Arca Securities and the Exchange shall make and keep records to document all determinations to treat positions as error positions and all determinations for the assignment of error positions to member organizations or the liquidation of error positions, as well as records associated with the liquidation of error positions through the third-party broker-dealer.

### **Rule 18 - Equities. Compensation in Relation to Exchange System Failure**

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

(a) In the event the Exchange determines that (i) a valid order was accepted by the Exchange's systems; (ii) an Exchange system failure, as defined in paragraph (b) below, occurred during the execution of said order; (iii) a member organization sustained a loss related to an Exchange system failure; and (iv) the member organizations that sustained such loss provides oral notice to the Exchange or its designee by the market opening on the next business day following the system failure and written notice by the end of the third business day following the system failure (T+3), the Exchange shall make a payment to the claiming member organization for the claimed losses on the amounts and subject to the processes defined below.

(b) An Exchange system failure is defined as a malfunction of the Exchange's physical equipment, devices and/or programming that results in an incorrect execution of an order or no execution of an order that was received in Exchange systems or any malfunction of any third-party electronic system, service, or facility ("third-party vendor") provided by the Exchange that results in an incorrect execution of an order or no execution of a marketable order that was received in Exchange systems. Net loss is defined as the total loss off-set by any gains retained by the member organization as a result of the Exchange system malfunction.. Misuse of Exchange systems or third-party vendor systems is not included in this definition.

(c) An Exchange-designated panel ("Compensation Review Panel") consisting of 3 Floor Governors and 3 Exchange employees will review claims submitted pursuant to this rule and determine the eligibility of a claim for payment. The Compensation Review Panel in its review will determine whether the amount claimed should be reduced based on the actions or inactions of the claiming member organization, including whether the member organization made appropriate efforts to mitigate its loss.

(d) Compensation Review Panel determinations are by majority vote. In the event of a deadlock the final determination will be made by the Chief Executive Officer of the Exchange ("CEO") or his or her designee.

(e) All determinations made pursuant to this rule by the Compensation Review Panel, the CEO or his or her designee are final.

(f) Compensation amounts shall be limited in the aggregate to the amount that the Exchange shall be entitled to receive from New York Stock Exchange LLC for compensation in the event of an Exchange systems malfunction pursuant to NYSE Rule 18. If all of the claims arising out of the use or enjoyment of the facilities afforded by the Exchange cannot be fully satisfied because in the aggregate the claims exceed the funds available to the Exchange for payment hereunder, then the funds available for such payment shall be allocated among all such claims arising during the calendar month, based on the proportion that each such claim bears to the total of the claims eligible to receive a payment determined at the end of the calendar month.

(g) If all of the claims arising out of the use or enjoyment of the electronic systems, services, or facilities of a third-party vendor provided by the Exchange cannot be fully

satisfied because in the aggregate the claims exceed the funds available to the Exchange for payment hereunder, the aggrieved member or member organization may file a claim directly against the third-party vendor for the remaining claimed loss sustained as a result of the third-party vendor's system malfunction.

**Rule 19 - Equities. Locking or Crossing Protected Quotations in NMS Stocks**

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

(a) Definitions. For purposes of this Rule, the following definitions shall apply:

(1) The terms automated quotation, effective national market system plan, intermarket sweep order, manual quotation, NMS stock, protected quotation, regular trading hours, and trading center shall have the meanings set forth in Rule 600(b) of Regulation NMS.

(2) The term crossing quotation shall mean the display of a bid for an NMS stock during regular trading hours at a price that is higher than the price of an offer for such NMS stock previously disseminated pursuant to an effective national market system plan, or the display of an offer for an NMS stock during regular trading hours at a price that is lower than the price of a bid for such NMS stock previously disseminated pursuant to an effective national market system plan.

(3) The term locking quotation shall mean the display of a bid for an NMS stock during regular trading hours at a price that equals the price of an offer for such NMS stock previously disseminated pursuant to an effective national market system plan, or the display of an offer for an NMS stock during regular trading hours at a price that equals the price of a bid for such NMS stock previously disseminated pursuant to an effective national market system plan.

(b) Prohibition. Except for quotations that fall within the provisions of paragraph (d) of this Rule, members of the Exchange shall reasonably avoid displaying, and shall not engage in a pattern or practice of displaying, any quotations that lock or cross a protected quotation, and any manual quotations that lock or cross a quotation previously disseminated pursuant to an effective national market system plan.

(c) Manual quotations. If a member of the Exchange displays a manual quotation that locks or crosses a quotation previously disseminated pursuant to an effective national market system plan, such member of the Exchange shall promptly either withdraw the manual quotation or route an intermarket sweep order to execute against the full displayed size of the locked or crossed quotation.

(d) Exceptions.

(1) The locking or crossing quotation was displayed at a time when the trading center displaying the locked or crossed quotation was experiencing a failure, material delay, or malfunction of its systems or equipment.

(2) The locking or crossing quotation was displayed at a time when a protected bid was higher than a protected offer in the NMS stock.

(3) The locking or crossing quotation was an automated quotation, and the member of the Exchange displaying such automated quotation simultaneously routed an intermarket sweep order to execute against the full displayed size of any locked or crossed protected quotation.

(4) The locking or crossing quotation was a manual quotation that locked or crossed another manual quotation, and the member of the Exchange displaying the locking or crossing manual quotation simultaneously routed an intermarket sweep order to execute against the full displayed size of the locked or crossed manual quotation.

••• **Supplementary Material:** -----

.01 The Exchange uses the following data feeds for the handling, execution, and routing of orders, as well as for regulatory compliance:

<b>Market Center</b>	<b>Primary Source</b>	<b>Secondary Source</b>
BATS Exchange, Inc.	SIP Data Feed	n/a
BATS Y-Exchange, Inc.	SIP Data Feed	n/a
Chicago Stock Exchange, Inc.	SIP Data Feed	n/a
EDGA Exchange, Inc.	SIP Data Feed	n/a
EDGX Exchange, Inc.	SIP Data Feed	n/a
Investors' Exchange, LLC	SIP Data Feed	n/a
NASDAQ OMX BX LLC	SIP Data Feed	n/a
NASDAQ OMX PHLX LLC	SIP Data Feed	n/a
NASDAQ Stock Market LLC	SIP Data Feed	n/a
National Stock Exchange, LLC	SIP Data Feed	n/a
NYSE Arca Equities, Inc.	SIP Data Feed	n/a]

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**Miscellaneous Rules [(Rules 20 - Equities—28 - Equities)]**

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**[Rule 23 - Equities. New York Local Time**

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

The Exchange shall conform to local New York City time.



**Rule 24 - Equities. Change in Procedure to Conform to Changed Hours of Trading**

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

Whenever a Rule of the Board of Directors prescribes an hour, time or period of time at, before or within which an act shall be done, the Exchange may, in the event that the hours of trading on any day are changed pursuant to the provisions of Rule 51 - Equities, temporarily prescribe another hour, time or period of time for the performance of such act, which may be on a day subsequent to that on which the hours of trading are so changed.

**Rule 25 - Equities. Exchange Liability for Legal Costs**

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

(1) The cost to the Exchange of producing, pursuant to court order or other legal process, records relating to the business or affairs of a member, principal executive or member organization may, in the discretion of the Exchange, be required to be paid to the Exchange by such member, principal executive or member organization, whether such production is required at the instance of such member, principal executive or member organization or at the instance of any other party.

(2) In the event any legal or arbitration proceeding is brought to impose secondary liability on the Exchange for an asserted failure on its part to prevent or to require action by a member, principal executive or member organization, said member, principal executive or member organization will be obligated to reimburse the Exchange for: (a) all expenses and counsel fees incurred by the Exchange in connection with said proceedings; (b) the recovery, if any, adjudged against the Exchange upon a final determination that the Exchange was secondarily liable for the damage sustained; and (c) any payment made by the Exchange with approval of the member, principal executive or member organization in connection with any settlement of any such proceeding.

**Rule 27 - Equities. Regulatory Cooperation**

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

The Exchange may enter into agreements with domestic or foreign self-regulatory organizations or associations, contract markets and registered futures associations as referenced in Rule 476(a)(11), providing for the exchange of information and other forms of mutual assistance for market surveillance, investigative, enforcement and other regulatory purposes.

## **Rule 28 - Equities. Fingerprint-Based Background Checks of Exchange Employees and Others**

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

(a) In order to enhance the security of the respective facilities, systems, data, and/or records of the Exchange and its principal subsidiaries (collectively, 'facilities and records'), the Exchange shall obtain fingerprints from, and conduct a fingerprint-based background check of, all prospective and current employees, temporary personnel, independent contractors, and service providers of each of the Exchange, its direct and indirect parent organizations, its principal subsidiaries and any affiliates of the foregoing. However, the Exchange may determine not to obtain fingerprints from, or to seek fingerprint-based background information with respect to, a person due to that person's limited, supervised, or restricted access to facilities and records; or the nature or location of his or her work or services. The Exchange shall apply this rule in all circumstances where permitted by applicable law.

(b) The Exchange shall submit fingerprints obtained pursuant to this rule to the Attorney General of the United States or his or her designee for identification and processing. The Exchange shall at all times maintain the security of all fingerprints provided to, and all criminal history record information received from, the Attorney General or his or her designee. The Exchange, however, may provide a subsidiary with access to information from background checks based on fingerprints obtained from that subsidiary. The Exchange shall not disseminate fingerprints or information to the extent prohibited by applicable law.

(c) The Exchange shall evaluate information received from the Attorney General or his or her designee and otherwise administer this rule in accordance with Exchange fingerprint procedures as in effect from time to time and the provisions of applicable law. Fingerprint-based background information, such as a felony or serious misdemeanor conviction, will be a factor in making employment decisions; engaging or retaining any temporary personnel, independent contractors, or service providers; or permitting any fingerprinted person access to facilities and records.

### **••• Supplementary Material:**

**.10 Fingerprints and the Issuance of Identification Badges.**—The Exchange intends, with limited exceptions, to obtain fingerprints from, and fingerprint-based background information with respect to, all employees, temporary personnel, independent contractors, and service providers who receive Exchange-issued photo badges or other identification permitting them access to facilities and records for more than one day ('Long-Term Badges'). The Exchange has the capacity electronically to immediately limit or terminate the access to facilities and records that Long-Term Badges permit, and reserves the right to do so. On a case-by-case basis, the Exchange may determine not to obtain fingerprints from a person to whom a Long-Term Badge is issued, based on the decision of a

committee of Exchange officers who oversee application of the rule that there exists an exception to obtaining the fingerprints, as contemplated by the rule.

## **Access to and Communication with Floor (Rules 35 - Equities—38 - Equities)**

### **Rule 35 - Equities. Floor Employees To Be Registered**

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

No employee of a member or member organization shall be admitted to the Floor unless he is registered with, qualified by and approved by the Exchange, and upon compliance of both the employer and employee with such requirements as the Exchange may determine.

#### **• • • *Supplementary Material:***

**.10 Reserved.**

**.20 Regulations pertaining to Floor employees.**—All Floor employees of members and member organizations must be at their booths or posts on the Floor one-half hour prior to the opening of business or such earlier time as the Exchange may from time to time direct.

Each member or member organization having a telephone space on the Floor must keep at least one Floor employee on the Floor for fifteen minutes (or such longer period as may be set by the Exchange because of unusual circumstances) following the close of the market each day or until all reports due said member or member organization have been received, whichever time is later.

Floor employees of members and member organizations are not allowed to be upon or to cross the trading area of the Floor for any purpose during the period between ten minutes preceding the opening of the market and five minutes following the close of the market, other than as specified in the applicable floor conduct and safety guidelines that may be promulgated by the Exchange from time to time.

Floor employees who, because of illness or injury, are relieved from duty by the medical clinic located in the Exchange building, must report to that clinic before returning to duty. Floor employees who, because of illness or injury, are absent for more than two days, without having previously reported to the medical clinic located in the Exchange building, must likewise report to that clinic before returning to duty.

Floor employees may not make bids or offers nor may any employee interfere with any order during its transmission.

**.30 Employee Floor Tickets.**—Each Floor employee must wear an identifying ticket while on the Floor. The use of altered or mutilated tickets is prohibited.

**.40 Personnel available to DMM units on the Floor.**—Each DMM unit shall have: (1) at least one employee approved by the Exchange for admittance to the Floor for every Post space assigned to the unit, and (2) an adequate number of additional approved employees to provide proper service during the trading day.

Each DMM unit having insufficient office personnel available for the Floor in an emergency situation shall, within such reasonable period of time as the Exchange shall determine, make arrangements with other DMMs or with its clearing firm to assure that proper service will be rendered to members and member organizations should an emergency situation arise..

**.50 Applications for Registration.**—Registration applications for all employees of members and member organizations for admission to the Floor shall be submitted to the Exchange on the Uniform Application for Securities Industry Registration or Transfer (Form U-4).

**.60 Qualifications for Registration.**—Unless otherwise determined by the Exchange, each candidate for registration shall qualify by meeting the training requirements and by passing applicable qualification examination(s) as prescribed by the Exchange.

**.70 Fingerprinting.**— All Floor employees of members and member organizations and all employees of members and member organizations who have submitted registration applications for admission to the Floor are required to be fingerprinted through an agent acceptable to the Exchange and to submit, or cause to be submitted, a report of such fingerprinting for appropriate processing. No applicant who has not previously been fingerprinted shall be admitted to the Floor until the results of the foregoing fingerprinting have been posted to the Central Registration Depository, reviewed and approved by the Exchange. An applicant previously fingerprinted may receive conditional approval to go upon the Floor, pending review and approval of the foregoing fingerprint report, provided that such applicant was employed by a member or registered broker-dealer within ninety days of the application.

Applicants whose fingerprint reports are deemed illegible pursuant to Rule 17f-2(a)(1)(iv) of the Exchange Act must submit an alternative background check acceptable to the Exchange covering the same factors as the fingerprint report. No applicant shall be admitted to the Floor until the results of the background check are reviewed and approved by the Exchange, provided that an applicant who has previously supplied an acceptable background check may receive conditional approval to go upon the Floor, pending review and approval of the new background check, provided that such applicant was employed by a member or registered broker dealer within ninety days of the application.

#### **.80 Notifications to Security Office and Return of Exchange-Issued Identification Cards**

In the event of:

- (1) A Floor member's or employee's termination, or
- (2) Cancellation of a member's or employee's Exchange-issued identification card prior to expiration, or
- (3) A member or member organization's re-assignment of a Floor member or employee to non-Floor functions

Members and member organizations must notify the Exchange's Security Office of the termination, cancellation, or re-assignment, and must surrender the member's or employee's Exchange-issued identification card to the Exchange's Security Office, within 24 hours of the termination, cancellation, or re-assignment.

### **Rule 36 - Equities. Communications Between Exchange and Members' Offices**

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

No member or member organization shall establish or maintain any telephonic or electronic communication between the Floor and any other location without the approval of the Exchange. The Exchange may to the extent not inconsistent with the Securities Exchange Act of 1934, as amended, deny, limit or revoke such approval whenever it determines, in accordance with the procedures set forth in Rule 475 or 9558, as applicable that such communication is inconsistent with the public interest, the protection of investors or just and equitable principles of trade.

#### **••• Supplementary Material:**

**.10 Installation of telephone lines to Exchange.**—The Telephone Company will not recognize any order for the installation or disconnection of a telephone line between the Floor and any other location, except such orders as are issued by the Exchange directly to the Telephone Company.

Requests for telephone lines should be sent to Market Operations Division. Members or member organizations who desire such installations or disconnections should present their requests sufficiently in advance of the desired effective date to avoid any inconvenience resulting from insufficient notice to the Telephone Company.

**.20 (a)** With the approval of the Exchange, and subject to the registration requirements set forth in Supplementary Material .21, a Floor broker may maintain a telephone line or use a cellular or wireless telephone that permits a non-member off the Floor to communicate with a member or member organization on the Floor. In addition, any Floor broker receiving orders from the public over cellular or wireless phones must be properly qualified under Exchange rules to conduct such public business (see, e.g., Rule 345 - Equities.) Subject to the exception contained in .23 of this Rule, the use of a cellular or wireless telephone on the Floor other than one registered with the Exchange as provided in .21 of this Rule is prohibited.

The Exchange will approve the maintenance of such telephone lines only at the booth location of a member or member organization.

**.21 Use of a cellular or wireless phone by a Floor broker:**

(a) Floor brokers must register, prior to use, any cellular or wireless telephone to be used on the Floor by submitting a request in writing to the Exchange in a format acceptable to the Exchange. At the time of registration, the Floor broker must attest that they are aware of and understand the rules governing the use of telephones on the Floor. In addition, no Floor broker may employ any alternative cellular or wireless phone (other than the devices as described herein) on the Floor without prior approval of the Exchange.

(b) When using a cellular or wireless phone on the Floor, a Floor broker:

(i) may engage in direct voice communication from the point of sale on the Floor to an off-Floor location;

(ii) may provide status and oral execution reports as to orders previously received, as well as "market look" observations as historically have been routinely transmitted from a broker's booth location;

(iii) must comply with Rule 123(e) - Equities; and

(iv) must comply with all other rules, policies, and procedures of both the Exchange and the federal securities law, including the record retention requirements, as set forth in Rule 440 - Equities and SEC Rules 17a-3 and 17a-4.

(c) Floor brokers and their member organizations must implement procedures designed to deter anyone calling their cellular or wireless phone from using caller ID block or other means to conceal the phone number from which a call is being made. Members and member organizations are required to make and retain records demonstrating compliance with such procedures.

(d) Floor brokers must maintain records of the use of telephones and all other approved alternative communication devices, including logs of calls placed, for a period of not less than three years, the first two years in an accessible place. The Exchange reserves the right to periodically inspect such records pursuant to Rule 8210.

(e) Floor brokers may not use a cellular or wireless phone registered with the Exchange and used to trade equities while on the NYSE American Options Trading Floor.

(f) The Exchange may deny, limit or revoke registration of any device used on the Floor whenever it determines, in accordance with the procedures set forth in Rule 9558, that use of such device is inconsistent with the public interest, the protection of investors, or just and equitable principles of trade, or such device has been or is being used to facilitate

any violation of the Securities Exchange Act of 1934, as amended, or rules thereunder, or the Exchange rules.

(g) The Exchange assumes no liability to Floor brokers due to conflicts between phones in use on the Floor or due to electronic interference problems resulting from the use of telephones on the Floor.

### **.23 Use of Personal Portable or Wireless Communication Devices.**

Notwithstanding any other provisions of this Rule 36 - Equities, members and employees of member organizations: (1) are permitted to use cellular or wireless 40 of 42 communications devices outside the Trading Floor, provided such use is consistent with all other Exchange Rules and federal securities laws and the rules thereunder; and (2) are prohibited from using cellular or wireless communications devices while on the NYSE American Options Trading Floor. Those members and employees of member organizations that are also registered to trade options on the Exchange are permitted to use cellular or wireless communications devices while on the NYSE American Options Trading Floor in accordance with applicable Exchange Options rules and regulations, including Rules 220 and 902NY, subject to .21(e) of this Rule.

### **.30 DMM Unit Post Wires—**

With the approval of the Exchange, a DMM unit may maintain a telephone line at its stock trading post location to the off-Floor offices of the DMM unit or the unit's clearing firm, or to persons providing non-trading related services. Such telephone connection shall not be used for the purpose of transmitting to the Floor orders for the purchase or sale of securities. A DMM unit may also maintain wired or wireless devices that have been registered with the Exchange, such as computer terminals or laptops, to communicate only with the system employing the algorithms and with individual algorithms. The wired or wireless device will enable the DMM unit to activate or deactivate the system employing the algorithms or an individual algorithm or change such system's pre-set parameters.

DMM units must create and maintain records of all messages generated by the unit's wired or wireless devices to communicate with the system employing the unit's algorithms in compliance with Rule 440 - Equities and SEC Rules 17a-3 and 17a-4. Such records must be maintained in the format prescribed by the Exchange.

### **.31 DMM Electronically Transmitted Written Communications**

(a) With the approval of the Exchange, and subject to the conditions set forth in this Supplementary Material .31, a DMM unit may install and maintain a wired or wireless device capable of sending and receiving written electronic communications through an Exchange-approved connection (a "Permitted Communications Device").

(b) The Permitted Communications Device shall only permit written electronic communications between individuals located at the DMM unit's post on the Floor and individuals with whom telephone communications are permitted under Rules 36.30 and 98 and subject to the same content restrictions set forth in those rules.

(c) A DMM's member organization must maintain records of all written communications sent from or to the DMM via the Permitted Communications Device in accordance with NYSE Rule 440 and SEC Rule 17a-4(b)(4) and in such format as may be prescribed by the Exchange.

(d) A DMM's member organization must establish policies and procedures reasonably designed to ensure that use of the Permitted Communications Device is consistent with all SEC rules and Exchange rules, policies and procedures.

**.40 Give-ups on wire business—Time for effecting.**—The limit of time within which a member or member organization executing a transaction during the 9:30 a.m. to 4:00 p.m. trading session must report to the member or organization carrying the customer's account shall be 4:15 p.m. See paragraph (d)(i) of Rule 900 - Equities (Off-Hours Trading: Applicability and Definitions) in respect of the time limit by which a member or member organization must report after executing a transaction through the Off-Hours Trading Facility.

**.50 Give-ups on wire business; method of handling.**—When a member or member organization, with instructions to give up that other member or organization, the member or member organization originally receiving the order shall on the same day send a written confirmation of the order as received to the office of the other member or organizations.

The member or organization executing such an order shall confirm the execution thereof on the same day in writing to the office of the member or organization for whose account it was executed.

These confirmations shall be in addition to any report which may be made on the Floor.

Clearance of the transaction pursuant to the rules of a Qualified Clearing Agency or pursuant to the rules of the Exchange shall be arranged between the members or member organizations.

**.60 Telephone listings.**—A member or member organization may not permit a non-member to list the telephone number of a line terminating in a switchboard of the member or member organization in any type of telephone directory under the name of the non-member.

**.70 Use and Possession of Wireless Hand-Held Devices.**



(a)(i) Members and employees of member organizations are prohibited from using or possessing any wireless hand-held device ("hand-held device") that may be used to view or enter orders into the Exchange's Equities automated trading systems while on the NYSE American Options Trading Floor.

(ii) Members and employees of member organizations are also prohibited from using or possessing any hand-held device that may be used to view or enter orders into the Exchange's Options automated trading systems while on the Exchange's Equities Trading Floor.

(iii) These prohibitions apply to any and all hand-held devices, including hand-held devices issued by the Exchange or NYSE, and hand-held devices that are proprietary to a member, member organization or other entity.

(b)(i) Floor brokers are permitted to use hand-held devices issued or approved in accordance with paragraph (b)(iii) on the Floor to receive orders and send order-related messages, including cancellations and modifications, administrative messages, information about buying and selling interest in the market (e.g., market looks), and trade reports, in text or graph form as part of an integrated Floor order management and communication system. Hand-held devices may receive orders and send order-related messages to: (1) a booth; (2) a customer; (3) a proprietary order management system; or (4) another hand-held device; provided however Floor brokers are not permitted to use hand-held devices to retransmit off the Floor any datafeeds made available on the hand-held devices. For purposes of this paragraph (b)(i), the term "customer" means a person who the Floor broker reasonably believes is receiving the order-related messages in consideration of a securities transaction or potential securities transaction with the Floor broker.

(ii) Orders may be transmitted directly to the hand-held device and order-related messages may be sent directly from the hand-held device, bypassing the Floor broker's booth, and Floor brokers may receive orders and send order information back to their customers directly through the hand-held device. An order sent to an Floor broker's booth or hand-held device constitutes a "written order" for the purposes of Rule 117 - Equities if the member can show via the data recorded by those systems that the transmission of the order: (1) provided adequate information relating to the price, size and time of the order, the cancellation of the order and any other relevant order information; (2) satisfies the Exchange's audit trail requirements; and (3) satisfies all other Exchange reporting and record-keeping requirements.

(iii) Members and employees of member organizations may use Exchange issued hand-held devices or Exchange approved hand-held devices of a member organization. Only member organizations are allowed to serve as vendors of hand-held devices to other member organizations on the Floor. Member organizations that operate as vendors of hand-held devices are required to satisfy all NYSE requirements, including but not limited to those specified in Rules 123(e) and (f)- Equities, and complete all necessary documentation in order to conduct this business. The vending member organization is

responsible for the actions of its members and employees to assure that they will comply with all relevant laws, rules and regulations.

(iv) Member organizations that use hand-held devices that are approved but not issued by the Exchange shall have policies and procedures in place to ensure that such hand-held devices operate appropriately in order to avoid any delays in the receipt or execution of customer orders that may impact a member organization's ability to comply with its best execution obligations.

(v) A member organization that operates a hand-held vendor business may delegate this function to an agent and/or contractor provided that the member organization guarantees the performance of the delegated agent and/or contractor. The Exchange reserves the right to test hand-held devices and request documentation relating to such hand-held devices from any member organization or its agent and/or contractor.

### **Rule 37 - Equities. Visitors**

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

Visitors shall not be admitted to the Floor of the Exchange except by permission of a qualified officer of ICE or its subsidiaries or a Senior Floor Official, Executive Floor Official, a Floor Governor, or an Executive Floor Governor of NYSE American LLC or New York Stock Exchange LLC.]

### **Dealings and Settlements [(Rules 45 - Equities—299C - Equities)]**

#### **[Making and Settling of Exchange Contracts (Rules 45 - Equities—50 - Equities)**

### **Rule 46 - Equities. Floor Officials—Appointment**

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

(a) Each Executive Floor Governor shall be approved as a Floor Official and shall be empowered to perform any duty, make any decision or take any action assigned to or required of a Floor Governor.

(b) The Exchange Chairman, in consultation with the Executive Floor Governors and the Exchange's Regulatory Oversight Committee and with the approval of the Exchange Board, shall, at the annual meeting of the Exchange Board of Directors or at such other time as may be deemed necessary:

(i) designate as Floor Officials such other members as he may determine, who shall perform such duties as are prescribed by the Rules of the Exchange to serve at the pleasure of the Exchange Board of Directors or until the next annual meeting of the Exchange Board of Directors at which time successors Floor Officials are appointed and take office.

(ii) designate such number of other members as Floor Governors as he may determine, who shall be empowered to perform any duty, make any decision or take any action assigned to or required of an Executive Floor Governor as are prescribed by the Rules of the Exchange or as may be designated by the Exchange Board.

For purposes of this rule, a Floor Governor, by virtue of his appointment as such, shall also be deemed to be a Floor Official, and, therefore empowered to perform such duties as are specifically prescribed by the Rules of the Exchange Board or as may be designated by the Exchange Board regarding Floor Officials.

(iii) designate such number of Executive Floor Officials as he may determine from those Floor Governors who have completed their term of service as Floor Governors, who shall be empowered to perform any duty, make any decision or take any action assigned to or required of a Floor Governor as are prescribed by the Rules of the Exchange or as may be designated by the Exchange Board regarding Floor Governors.

(iv) designate such number of Senior Floor Officials as he may determine from Floor Officials who are entering their fifth or sixth year of service, who shall be empowered to perform any duty, make any decision or take any action assigned to or required of a Floor Governor as are prescribed by the Rules of the Exchange or as may be designated by the Exchange Board regarding Floor Governors.

(v) designate such number of qualified ICE employees as he may determine, who shall be empowered to take any action assigned to or required of a Floor Governor as are prescribed by the Rules of the Exchange or as may be designated by the Exchange Board regarding Floor Governors.

(c) Each Floor Official, Floor Governor, Executive Floor Official, Senior Floor Official and Executive Floor Governor so appointed pursuant to Rules 46 - Equities and 46A - Equities as applicable shall serve at the pleasure of the Exchange Board of Directors or until the next annual meeting of the Exchange and their successors are appointed and take office.

••• ***Supplementary Material:***

.10 For purposes of this rule, the term "qualified ICE employee" shall mean employees of ICE or any of its subsidiaries, excluding Exchange regulatory employees, who shall have satisfied any applicable testing or qualification required by the Exchange for all Floor Governors.

.20 References in any Exchange Rule to Floor Official or Floor Governor shall be deemed to refer to qualified ICE employees in addition to other Floor Governors or Floor Officials.

**Rule 46A - Equities. Executive Floor Governors**

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

(a) The Board of Directors of the Exchange, in consultation with the Exchange's Regulatory Oversight Committee, shall appoint such number of Executive Floor Governors as it deems appropriate, each of whom shall serve for a term of one year, or until the next annual organizational meeting of the Exchange Board, whichever first occurs.

(b) Executive Floor Governors shall comprise (i) at least two registered DMMs, each of whom spends a substantial part of his or her time on the Floor of the Exchange or supervising DMMs; and (ii) at least two Floor brokers, each of whom spends a majority of his or her time on the Floor of the Exchange executing transactions on the Floor of the Exchange for other than his or her own account or the account of his or her member organization or supervising Floor brokers. Executive Floor Governors assist in the administration of the rules regarding trading on the Exchange and any facility thereof.

**Rule 47 - Equities. Floor Officials—Unusual Situations**

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

Floor Officials shall have power to supervise and regulate active openings and unusual situations that may arise in connection with the making of bids, offers or transactions on the Floor.

**Rule 49 - Equities. Exchange Business Continuity and Disaster Recovery Plans and Mandatory Testing**

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

(a) Disaster Recovery Facility

(1) As part of its business continuity and disaster recovery plans, the Exchange maintains a Disaster Recovery Facility, which is a secondary data center located in a geographically diverse location.

(2) If the Exchange determines under Rule 51 - Equities to trade Exchange-traded securities on its Disaster Recovery Facility:

(A) The 11 Wall Street facilities will not be available for trading.

(B) Opening and reopening auctions will be subject to Rule 123D(a)(2) - (6) - Equities and closing auctions will be subject to Supplementary Material .10 to Rule 123C - Equities.

(C) Any unexecuted orders entered into Exchange systems before trading on the Disaster Recovery Facility begins will be deemed cancelled and will be purged from Exchange systems.

(D) Member organizations registered as Designated Market Makers ("DMM") will not be subject to any DMM obligations or benefits under Exchange rules while securities trade on the Disaster Recovery Facility.

(3) Member organizations wishing to trade on the Exchange's Disaster Recovery Facility are responsible for having contingency plans for establishing connectivity to such facility and changing the routing instructions for their order entry systems to send bids and offers in Exchange-traded securities to such facility.

(b) Exchange Backup Systems and Mandatory Testing

(1) The Exchange will establish standards for the designation of member organizations it reasonably determines are, taken as a whole, the minimum necessary for the maintenance of fair and orderly markets in the event of the activation of the Exchange's business continuity and disaster recovery plans.

(2) Member organizations designated pursuant to standards established in paragraph (b)(1) of this Rule will be required to participate in scheduled functional and performance testing of the Exchange's business continuity and disaster recovery plans in the manner and frequency specified by the Exchange, which shall not be less than once every 12 months.

(3) Designated Market Makers that have been determined by the Exchange to contribute a meaningful percentage of the Exchange's overall volume, measured on a quarterly or monthly basis, will be required to participate in scheduled functional and performance testing. The Exchange may also consider other factors in determining the member organizations that will be required to participate in scheduled functional and performance testing, including average daily volume traded on the Exchange measured on a quarterly or monthly basis, or member organizations who collectively account for a certain percentage of market share on the Exchange.

(4) At least three (3) months prior to a scheduled functional and performance testing of the Exchange's business continuity and disaster recovery plans, the Exchange will publish the criteria to be used by the Exchange to determine which member organizations will be required to participate in such testing, and notify those member organizations that are required to participate based on such criteria.

(5) Member organizations not designated pursuant to standards established in paragraph (b)(1) of this Rule are permitted to connect to the Exchange's backup systems and may participate in scheduled functional and performance testing of the Exchange's business continuity and disaster recovery plans.]

## Dealings upon the Exchange [(Rules 51 - Equities—56 - Equities)]

### [Rule 51 - Equities. Hours for Business

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

(a) Except as may be otherwise determined by the Board of Directors as to particular days, the Exchange shall be open for the transaction of business on every business day, excluding Saturdays; (a) for a 9:30 a.m. to 4:00 p.m. trading session; (b) for the purposes of 'Off-Hours Trading' (as Rule 900 - Equities (Off-Hours Trading: Applicability and Definitions) defines that term), during such hours as the Exchange may from time to time specify; and (c) during such hours as may be specified by Exchange rule.

(b) Except as may be otherwise determined by the Exchange Board of Directors, the Chief Executive Officer ("CEO") of the Exchange may take any of the following actions:

- (i) halt or suspend trading in some or all securities traded on the Exchange;
- (ii) extend the hours for the transaction of business on the Exchange;
- (iii) close some or all Exchange facilities;
- (iv) determine the duration of any halt, suspension or closing undertaken pursuant to this rule; or
- (v) determine to trade securities on the Exchange's Disaster Recovery Facility pursuant to Rule 49 - Equities.

(c) The CEO shall take any of the actions described in paragraph (b) above only when he deems such action to be necessary or appropriate for the maintenance of a fair and orderly market, or the protection of investors or otherwise in the public interest, due to extraordinary circumstances such as (1) actual or threatened physical danger, severe climatic conditions, civil unrest, terrorism, acts of war, or loss or interruption of facilities utilized by the Exchange, (2) a request by a governmental agency or official, or (3) a period of mourning or recognition for a person or event.

(d) The CEO shall notify the Exchange Board of actions taken pursuant to this Rule, except for a period of mourning or recognition for a person or event, as soon thereafter as is feasible.

#### ••• *Supplementary Material:*

.10 **Holidays.**—The Board has determined that the Exchange will not be open for business on New Year's Day, Martin Luther King, Jr. Day, Washington's Birthday, Good Friday, Memorial Day, Independence Day, Labor Day, Thanksgiving Day and Christmas Day. Martin Luther King, Jr. Day, Washington's Birthday and Memorial Day will be

celebrated on the third Monday in January, the third Monday in February and the last Monday in May, respectively.

The Exchange Board has also determined that, when any holiday observed by the Exchange falls on a Saturday, the Exchange will not be open for business on the preceding Friday and when any holiday observed by the Exchange falls on a Sunday, the Exchange will not be open for business on the succeeding Monday, unless unusual business conditions exist, such as the ending of a monthly or the yearly accounting period.

.20 The hours of business for NYSE American Bonds are set forth in Rule 86 - Equities.

### **Rule 52 - Equities. Dealings on the Exchange—Hours**

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

Dealings on the Exchange shall be limited to the hours during which the Exchange is open for the transaction of business; and no member shall make any bid, offer or transaction on the Exchange, or route an order to another market center from the Exchange, before or after those hours, except that a DMM may issue pre-opening indications, pursuant to the Rule 15 - Equities, before the official opening of the Exchange and loans of money or securities may be made after the official closing of the Exchange.

### **Rule 53 - Equities. Dealings on Floor—Securities**

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

Only securities admitted to dealings on an 'issued,' 'when issued,' or 'when distributed' basis shall be dealt in upon the Exchange.

### **Rule 54 - Equities. Dealings on Floor—Persons**

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

(a) Only members shall be permitted to make or accept bids and offers, consummate transactions or otherwise transact business on the Floor in any security admitted to dealings on the Exchange.

(b) Notwithstanding paragraph (a) above, an appropriately registered and supervised booth clerk working in a member organization's booth premise that is approved by Exchange regulatory staff to operate its booth premise similar to the member organization's 'upstairs' office pursuant to Rule 70.40 - Equities shall be allowed to process orders sent to the booth in the same manner that sales traders in a member organization's 'upstairs office' are allowed to process orders.

**Rule 55 - Equities. Unit of Trading—Stocks and Bonds**

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

The unit of trading in stocks shall be one share. Securities traded on the Exchange shall be quoted in round lots (generally 100 shares), except that in the case of certain stocks designated by the Exchange the round lot shall be such lesser number of shares as may be determined by the Exchange, with respect to each stock so designated. Stocks designated with round lots of less than 100 shares shall be dealt in pursuant to the provisions of Rule 64. Odd-lots are orders for shares less than the applicable round lot. Part of a round lot ("PRL") orders are orders in more than one round lot but not a multiple thereof (such as 175 shares). The unit of trading in bonds is set forth in Rule 86 - Equities.]

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**Auction Market—Bids and Offers [(Rules 60 - Equities—80B - Equities)]****[Rule 60 - Equities. Dissemination of Quotations**

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

(a)(i) For purposes of this rule, the terms `vendor', `bid', `offer', `NMS security', `quotation size', `published bid', `published offer', `published quotation size', `make publicly available', `aggregate quotation size' and `specified persons' shall have the meaning given to them in Section 242.602 ( "Rule 602") of Regulation National Market System ("Reg. NMS"), 17 CFR Part 242 . A bid or offer may also be the aggregation of odd-lot orders the sum of which is equal to or greater than a round lot that will be quoted pursuant to the provision of Rule 55.

(ii) For the purposes of this rule and Rule 602 of Reg. NMS as applied to the Exchange and its members, the term "responsible broker or dealer" shall mean, with respect to any bid or offer for any NMS security made available by the Exchange to vendors, the member or member organization who enters a bid or offer in such NMS security, to the extent of the quotation size such member or member organization specifies.

(b) Each member or member organization who is a responsible broker or dealer shall, in addition to meeting the obligations as set forth in paragraph (b) of Rule 602 of Reg. NMS as applicable to such member or member organization under this rule, also abide by such rules and procedures adopted by the Exchange, in order to enable the Exchange to meet its quotation dissemination requirements under paragraph (a) of Rule 602 of Reg. NMS as applicable to the Exchange under this rule.

(c) With respect to paragraph (a) of Rule 602 of Reg. NMS, the Exchange shall, at all times it is open for trading, collect, process and make available to quotation vendors the highest bid and the lowest offer, and the quotation size or the aggregate quotation size associated therewith, in each NMS security in accordance with paragraphs (d) and (f)



below (excluding any such bid or offer which is executed immediately after being made in the crowd and any such bid or offer which is canceled or withdrawn if not executed immediately after being made) except during any period when trading in such NMS security has been suspended or halted, or prior to the commencement of trading in such NMS security on any trading day. Bids and offers on the Exchange, and associated quotation sizes and aggregate quotations sizes, shall be collected, processed and made available to vendors as follows:

(i) Normal Mode—Unless otherwise designated pursuant to the provisions of subparagraphs (c)(ii), the market for each NMS security shall be considered to be in a 'normal mode'. While such market is in a normal mode, the member or member organization who enters a bid or offer into Exchange systems shall be deemed the 'responsible broker or dealer' with respect to any bid or offer made available by the Exchange to vendors.

(d) Autoquoting of highest bid/lowest offer. The Exchange will autoquote the Exchange's highest bid or lowest offer to reflect non-marketable limit orders, Floor broker agency interest (also referred to as 'e-Quotes') pursuant to the provisions of Rule 70 - Equities, Floor broker proprietary interest (also referred to as 'G-quotes') pursuant to provisions of Section 11(a)(1)(G) of the Securities Exchange Act of 1934 as amended, and DMM interest pursuant to the provisions of Rule 104(d)(i) - Equities whenever it is at a price higher (lower) than the previously disseminated highest (lowest) bid (offer). When the Exchange's highest bid or lowest offer has been executed or cancelled in its entirety, the Exchange will autoquote a new bid or offer reflecting the total size of displayable orders at the next highest (in the case of a bid) or lowest (in the case of an offer) price.

(i) Autoquote will be suspended when a block-size transaction as defined in Rule 127.10 - Equities that involves orders on the Display Book® is being reported manually.

(ii) Autoquote will resume immediately after the report of a block-size transaction involving orders on the Display Book®.

(iii) When automatic executions are suspended pursuant to Rule 1000(a) - Equities, autoquote will update the quote as follows:

(A) if part of the existing Exchange best bid (offer) cancels, the remaining volume associated with such bid (offer) will be autoquoted.

(B) if the entire existing Exchange best bid (offer) cancels, one round lot at the bid (offer) price that existed at the time of the cancellation will be autoquoted.

(C) if there is a cancellation of the Exchange best bid (offer) whenever the Display Book is internally locked or crossed and autoquoting of the next best bid (offer) would create a locked or crossed market on the Exchange, one round lot at the bid (offer) price that existed at the time of the cancellation will be autoquoted.

(e) In addition to meeting its obligations as set forth in paragraph (a) of Rule 602 of Reg. NMS as applicable to the Exchange under this Rule 60 - Equities, the Exchange shall make available to vendors and shall communicate to other specified persons the appropriate mode identifier in effect as to each NMS security that shall, in the case of the initiation and termination of non-firm modes, effect the requisite notification and re-notification of specified persons under subparagraph (a)(3) of Rule 602 of Reg. NMS.

(f)(i) The Exchange shall promptly report in each NMS security the highest bid and lowest offer made in such security and the associated quotation size that the Exchange wishes to make available to vendors.

(ii) Each member or member organization who is a responsible broker or dealer on the Floor shall:

(A) promptly report as to the NMS security whenever a bid, offer or quotation size previously reported is to be revised; and

(B) promptly report as to the NMS security whenever a bid and/or offer previously reported is to be cancelled or withdrawn.

••• ***Supplementary Material:***

.10 No member or member organization shall be deemed to be a responsible broker or dealer with respect to a published bid or offer that is erroneous as a result of an error or omission made by the Exchange or any vendor.

.20 While the market for a reported security is in a 'normal mode', the member or member organization that made the bid or offer shall honor any bid or offer then being displayed by vendors which is erroneous, up to the quotation size then being so displayed, which has been displayed for six minutes or more on the Price Display Unit at the post. Provided, however, that such member or member organization shall not be required to honor such a bid or offer which is erroneous as to either price or size or both if:

(i) as a matter of record, an execution, cancellation or update of such bid or offer was in effect or in process;

(ii) in honoring such a bid or offer, the resulting transaction would violate applicable Exchange rules or federal regulations;

(iii) equipment failure prevents the member or member organization from monitoring such bid or offer; or

(iv) the price sought upon such quotation is above the current bid or below the current offer, on the Floor, by (a) one-half point or more in the case of an NMS security trading

at \$50 or less or (b) one point or more in the case of an NMS security trading at more than \$50.

**Rule 61 - Equities. Recognized Quotations**

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

**Round lots, Odd-lots and Part of Round Lots ("PRL")**

a. Bids and offers in securities.

- (i) All bids and offers for more than one trading unit are eligible for execution for the amount specified or for any lesser number of units.
- (ii) Transactions in part of a round lot ("PRL") amounts, i.e., orders in more than one round lot but not a multiple thereof (such as 175 shares), will be published to the Consolidated Tape and may qualify as a last sale.
- (iii) A transaction of an amount less than one round lot shall be published to the Consolidated Tape but does not qualify as a last sale.

b. Bids and offers in bonds are governed by the provisions of Rule 86.

**Rule 62 - Equities. Variations**

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

Bids or offers in securities admitted to trading on the Exchange may be made in such variations as the Exchange shall from time to time determine and make known to its membership.

**••• Supplementary Material:**

The minimum price variation (MPV) for quoting and entry of orders in equity securities admitted to dealings on the Exchange shall be as follows:

<b>Price of Order or Interest</b>	<b>Minimum Price Variation</b>
Less Than \$1.00	\$.0001
\$1.00 or greater	\$.01]

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**[Rule 67 - Equities. Tick Size Pilot Plan**

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

The provisions of this Rule will be in effect during a pilot to coincide with the pilot period for the Regulation NMS Tick Size Pilot Plan.

(a) Tick Size Pilot Program

(1) Definitions.

- (A) "Plan" means the Tick Size Pilot Plan Submitted to the Securities and Exchange Commission Pursuant to Rule 608(a)(3) of Regulation NMS under the Exchange Act.
- (B) "Pilot Test Groups" means the three test groups established under the Plan, consisting of 400 Pilot Securities each, which satisfy the respective criteria established by the Plan for each such test group.
- (C) "Retail Investor Order" means an agency order or a riskless principal order that meets the criteria of FINRA Rule 5320.03 that originates from a natural person and is submitted to the Corporation by a retail ETP Holder, provided that no change is made to the terms of the order with respect to price or side of market and the order does not originate from a trading algorithm or any other computerized methodology. A Retail Investor Order may be an odd lot, round lot, or partial round lot.
- (D) "Trade-at Intermarket Sweep Order" means a limit order for a Pilot Security that meets the following requirements:
  - (i) When routed to a Trading Center, the limit order is identified as a Trade-at Intermarket Sweep Order; and
  - (ii) Simultaneously with the routing of the limit order identified as a Trade-at Intermarket Sweep Order, one or more additional limit orders, as necessary, are routed to execute against the full displayed size of any protected bid, in the case of a limit order to sell, or the full displayed size of any protected offer, in the case of a limit order to buy, for the Pilot Security with a price that is better than or equal to the limit price of the limit order identified as a Trade-at Intermarket Sweep Order. These additional routed orders also must be marked as Trade-at Intermarket Sweep Orders or Intermarket Sweep Orders.
- (E) All capitalized terms not otherwise defined in this Rule shall have the meanings set forth in the Plan, Regulation NMS under the Exchange Act, or Corporation rules, as applicable.

- (2) Exchange Compliance in the Plan. The Exchange is a Participant in, and subject to the applicable requirements of, the Plan, which establishes a Tick Size Pilot Program that will allow the Securities and Exchange Commission, market participants, and the public to study and assess the impact of increment conventions on the liquidity and trading of the common stocks of small capitalization companies.
- (3) Member Organization Compliance. Member organizations shall establish, maintain and enforce written policies and procedures that are reasonably designed to comply with the applicable requirements of the Plan.
- (4) Exchange Compliance with the Plan. Exchange systems will not display, quote or trade in violation of the applicable quoting and trading requirements for a Pilot Security specified in the Plan and this Rule, unless such quotation or transaction is specifically exempted under the Plan.
- (5) Pilot Securities That Drop Below \$1.00 during the Pilot Period. If the price of a Pilot Security drops below \$1.00 during regular trading on any given business day, such Pilot Security will continue to be subject to the Plan and the requirements enumerated in (c)-(e) below and will continue to trade in accordance with such Rules as if the price of the Pilot Security had not dropped below \$1.00. However, if the Closing Price of a Pilot Security on any given business day is below \$1.00, such Pilot Security will be moved out of its respective Pilot Test Group into the Control Group, and may then be quoted and traded at any price increment that is currently permitted by Exchange rules for the remainder of the Pilot Period. Notwithstanding anything contained herein to the contrary, at all times during the Pilot Period, Pilot Securities (whether in the Control Group or any Pilot Test Group) will continue to be subject to the requirements contained in Paragraph (b).

(b) Compliance with Data Collection Requirements

- (1) Policies and Procedures Requirement. A member organization that operates a Trading Center shall establish, maintain and enforce written policies and procedures that are reasonably designed to comply with the data collection and transmission requirements of Items I and II of Appendix B of the Plan, and a member organization that is a Market Maker shall establish, maintain and enforce written policies and procedures that are reasonably designed to comply with the data collection and transmission requirements of Item IV of Appendix B of the Plan and Item I of Appendix C of the Plan.
- (2) The Exchange shall collect and transmit to the SEC the data described in Items I and II of Appendix B of the Plan relating to trading activity in Pre-Pilot Data Collection Securities and Pilot Securities on a Trading Center operated by the Exchange. The Exchange shall transmit such data to the SEC in a pipe delimited format, on a disaggregated basis by Trading Center, within 30 calendar days following month end for:

- (A) Each Pre-Pilot Data Collection Security for the period beginning six months prior to the Pilot Period through thirty-one days prior to the first day of the Pilot Period; and
- (B) Each Pilot Security for the period beginning thirty days prior to the first day of the Pilot Period through six months after the end of the Pilot Period.

The Exchange also shall make such data publicly available on the Exchange web site within 120 calendar days following month end at no charge and shall not identify the member organization that generated the data.

### (3) Daily Market Maker Participation Statistics Requirement

- (A) A member organization that is a Market Maker shall collect and transmit to their Designated Examining Authority ("DEA") data relating to Item IV of Appendix B of the Plan, with respect to activity conducted on any Trading Center in Pre-Pilot Data Collection Securities and Pilot Securities in furtherance of its status as a Market Maker, including a Trading Center that executes trades otherwise than on a national securities exchange, for transactions that have settled or reached settlement date. Market Makers shall transmit such data in a format required by their DEA by 12:00 p.m. EST on T+4:
  - (i) For transactions in each Pre-Pilot Data Collection Security for the period beginning six months prior to the Pilot Period through thirty-one days prior to the first day of the Pilot Period; and
  - (ii) For transactions in each Pilot Security for the period beginning thirty days prior to the first day of the Pilot Period through six months after the end of the Pilot Period.
- (B) A member organization that is a Market Maker whose DEA is not a Participant to the Plan shall transmit the data collected pursuant to paragraph (3)(A) above to the Financial Industry Regulatory Authority, Inc. ("FINRA"). Market Makers shall transmit such data in a format required by FINRA by 12:00 p.m. EST on T+4 in accordance with paragraphs (3)(A)(i) and (ii) above.
- (C) The Exchange shall transmit the data collected by the DEA or FINRA pursuant to paragraphs (3)(A) and (B) above relating to Market Maker activity on a Trading Center operated by the Exchange to the SEC in a pipe delimited format within 30 calendar days following month end. The Exchange shall also make such data publicly available on the Exchange web site within 120 calendar days following month end at no charge and shall not identify the Trading Center that generated the data.

### (4) Market Maker Profitability

(A) A member organization that is a Market Maker shall collect and transmit to their DEA the data described in Item I of Appendix C of the Plan with respect to executions on any Trading Center that have settled or reached settlement date. Market Makers shall transmit such data in a format required to their DEA by 12:00 p.m. EST on T+4 for executions during and outside of Regular Trading Hours in each:

(i) Pre-Pilot Data Collection Security for the period beginning six months prior to the Pilot Period through thirty-one days prior to the first day of the Pilot Period; and

(ii) Pilot Security for the period beginning thirty days prior to the first day of the Pilot Period through six months after the end of the Pilot Period.

(B) A member organization that is a Market Maker whose DEA is not a Participant to the Plan shall transmit the data collected pursuant to paragraph (4)(A) above to FINRA. Market Makers shall transmit such data in a format required by FINRA by 12:00 p.m. EST on T+4 for executions during and outside of Regular Trading Hours in accordance with paragraphs (4)(A)(i) and (ii) above.

(5) Market Maker Registration Statistics. The Exchange shall collect and transmit to the SEC the data described in Item III of Appendix B of the Plan relating to daily Market Maker registration statistics in a pipe delimited format within 30 calendar days following month end for:

(A) Transactions in each Pre-Pilot Data Collection Security for the period beginning six months prior to the Pilot Period through the trading day immediately preceding the Pilot Period; and

(B) Transactions in each Pilot Security for the period beginning on the first day of the Pilot Period through six months after the end of the Pilot Period.

The Exchange also shall make such data publicly available on the Exchange web site within 120 calendar days following month end at no charge and shall not identify the member organization that generated the data.

(c) Pilot Securities in Test Group One will be subject to the following requirement: No member organization may display, rank, or accept from any person any displayable or non-displayable bids or offers, orders, or indications of interest in increments other than \$0.05. However, orders priced to trade at the midpoint of the national best bid and national best offer ("NBBO") or best protected bid and best protected offer ("PBBO") and orders entered in the Exchange's Retail Liquidity Program as Retail Price Improvement Orders (as defined in Rule 107C - Equities) may be ranked and accepted in increments of less than \$0.05. Pilot Securities in Test Group One may continue to trade at any price increment that is currently permitted by Rule 62.10 - Equities.

(d) Pilot Securities in Test Group Two shall be subject to the following requirements:

- (1) No member organization may display, rank, or accept from any person any displayable or non-displayable bids or offers, orders, or indications of interest in increments other than \$0.05. However, orders priced to trade at the midpoint of the NBBO or PBBO and orders entered in the Exchange's Retail Liquidity Program as Retail Price Improvement Orders (as defined in Rule 107C - Equities) may be ranked and accepted in increments of less than \$0.05.
- (2) Absent any of the exceptions listed in (3) below, no member organization may execute orders in any Pilot Security in Test Group Two in price increments other than \$0.05. The \$0.05 trading increment will apply to all trades, including Brokered Cross Trades.
- (3) Pilot Securities in Test Group Two may trade in increments less than \$0.05 under the following circumstances:
  - (A) Trading may occur at the midpoint between the NBBO or the PBBO;
  - (B) Retail Investor Orders may be provided with price improvement that is at least \$0.005 better than the PBBO;
  - (C) Negotiated Trades may trade in increments less than \$0.05; and
  - (D) Execution of a customer order to comply with Rule 5320 - Equities following the execution of a proprietary trade by the member organization at an increment other than \$0.05, where such proprietary trade was permissible pursuant to an exception under the Plan.

(e) Pilot Securities in Test Group Three shall be subject to the following requirements:

- (1) No member organization may display, rank, or accept from any person any displayable or non-displayable bids or offers, orders, or indications of interest in increments other than \$0.05. However, orders priced to trade at the midpoint of the NBBO or PBBO and orders entered in the Exchange's Retail Liquidity Program as Retail Price Improvement Orders (as defined in Rule 107C - Equities) may be ranked and accepted in increments of less than \$0.05.
- (2) Absent any of the exceptions listed in (3) below, no member organization may execute orders in any Pilot Security in Test Group Three in price increments other than \$0.05. The \$0.05 trading increment will apply to all trades, including Brokered Cross Trades.
- (3) Pilot Securities in Test Group Three may trade in increments less than \$0.05 under the following circumstances:



- (A) Trading may occur at the midpoint between the NBBO or PBBO;
  - (B) Retail Investor Orders may be provided with price improvement that is at least \$0.005 better than the Best Protected Bid or the Best Protected Offer;
  - (C) Negotiated Trades may trade in increments less than \$0.05; and
  - (D) Execution of a customer order to comply with Rule 5320 - Equities following the execution of a proprietary trade by the member organization at an increment other than \$0.05, where such proprietary trade was permissible pursuant to an exception under the Plan.
- (4) Pilot Securities in Test Group Three will be subject to the following Trade-at Prohibition:
- (A) "Trade-at Prohibition" means the prohibition against executions by a Trading Center of a sell order for a Pilot Security at the price of a Protected Bid or the execution of a buy order for a Pilot Security at the price of a Protected Offer during regular trading hours.
  - (B) Absent any of the exceptions listed in (C) below, no member organization may execute a sell order for a Pilot Security in Test Group Three at the price of a Protected Bid or execute a buy order for a Pilot Security in Test Group Three at the price of a Protected Offer.
  - (C) Member organizations may execute a sell order for a Pilot Security in Test Group Three at the price of a Protected Bid or execute a buy order for a Pilot Security in Test Group Three at the price of a Protected Offer if any of the following circumstances exist:
    - (i) The order is executed as agent or riskless principal by an independent trading unit, as defined under Rule 200(f) of Regulation SHO, of a Trading Center within a member organization that has a displayed quotation as agent or riskless principal, via either a processor or an SRO Quotation Feed, at a price equal to the traded-at Protected Quotation, that was displayed before the order was received, but only up to the full displayed size of that independent trading unit's previously displayed quote;
    - (ii) The order is executed by an independent trading unit, as defined under Rule 200(f) of Regulation SHO, of a Trading Center within a member organization that has a displayed quotation for the account of that Trading Center on a principal (excluding riskless principal) basis, via either a processor or an SRO Quotation Feed, at a price equal to the traded-at Protected Quotation, that was displayed before the order was received, but only up to the full displayed size of that independent trading unit's previously displayed quote;

- (iii) The order is of Block Size at the time of origin and may not be:
  - A. an aggregation of non-block orders; or
  - B. broken into orders smaller than Block Size prior to submitting the order to a Trading Center for execution.
- (iv) The order is a Retail Investor Order executed with at least \$0.005 price improvement;
- (v) The order is executed when the Trading Center displaying the Protected Quotation that was traded at was experiencing a failure, material delay, or malfunction of its systems or equipment;
- (vi) The order is executed as part of a transaction that was not a "regular way" contract;
- (vii) The order is executed as part of a single-priced opening, reopening, or closing transaction on the Exchange;
- (viii) The order is executed when a Protected Bid was priced higher than a Protected Offer in the Pilot Security;
- (ix) The order is identified as a Trade-at Intermarket Sweep Order;
- (x) The order is executed by a Trading Center that simultaneously routed Trade-at Intermarket Sweep Orders or Intermarket Sweep Orders to execute against the full displayed size of the Protected Quotation that was traded at;
- (xi) The order is executed as part of a Negotiated Trade;
- (xii) The order is executed when the Trading Center displaying the Protected Quotation that was traded at had displayed, within one second prior to execution of the transaction that constituted the Trade-at, a Best Protected Bid or Best Protected Offer, as applicable, for the Pilot Security with a price that was inferior to the price of the Trade-at transaction;
- (xiii) The order is executed by a Trading Center which, at the time of order receipt, the Trading Center had guaranteed an execution at no worse than a specified price (a "stopped order"), where:
  - A. The stopped order was for the account of a customer;
  - B. The customer agreed to the specified price on an order-by-order basis; and

- C. The price of the Trade-at transaction was, for a stopped buy order, equal to or less than the National Best Bid in the Pilot Security at the time of execution or, for a stopped sell order, equal to or greater than the National Best Offer in the Pilot Security at the time of execution, as long as such order is priced at an acceptable increment;
- (xiv) The order is for a fractional share of a Pilot Security, provided that such fractional share order was not the result of breaking an order for one or more whole shares of a Pilot Security into orders for fractional shares or was not otherwise effected to evade the requirements of the Trade-at Prohibition or any other provisions of the Plan; or
- (xv) The order is to correct a bona fide error, which is recorded by the Trading Center in its error account. A bona fide error is defined as:
  - A. The inaccurate conveyance or execution of any term of an order including, but not limited to, price, number of shares or other unit of trading; identification of the security; identification of the account for which securities are purchased or sold; lost or otherwise misplaced order tickets; short sales that were instead sold long or vice versa; or the execution of an order on the wrong side of a market;
  - B. The unauthorized or unintended purchase, sale, or allocation of securities, or the failure to follow specific client instructions;
  - C. The incorrect entry of data into relevant systems, including reliance on incorrect cash positions, withdrawals, or securities positions reflected in an account; or
  - D. A delay, outage, or failure of a communication system used to transmit market data prices or to facilitate the delivery or execution of an order.
- (D) No member organization shall break an order into smaller orders or otherwise effect or execute an order to evade the requirements of the Trade-at Prohibition of this Rule or any other provisions of the Plan.
- (f) Exchange handling of orders during the pilot period for the Plan.
  - (1) Trade-at Intermarket Sweep Orders ("TA ISO")
    - (A) The Exchange will accept TA ISOs in all securities. TA ISOs must be designated as IOC, may include a minimum trade size, and do not route.
    - (B) A TA ISO will be immediately and automatically executed against the displayed and non-displayed bid (offer) up to its full size in accordance with and to the extent provided by Exchange Rules 1000 - Equities - 1004 - Equities and will then

sweep the Exchange's book as provided in Rule 1000(e)(iii) - Equities, and the portion not so executed will be immediately and automatically cancelled.

(C) TA ISOs will be accepted before the Exchange opens and will be eligible to participate in the opening transaction at its limit price, but will not be accepted during a trading halt or pause for participation in a reopening transaction.

(D) TA ISOs may not be entered as e-Quotes, d-Quotes, or g-Quotes.

(2) For Pilot Securities in Test Groups One, Two, and Three:

(A) References in Exchange rules to the minimum price variation, as defined in Supplementary Material .10 to Rule 62 - Equities, instead mean the quoting minimum price variation specified in paragraphs (c), (d), and (e) of this Rule.

(B) Pre-opening indications, as defined in Rule 15(a) - Equities, must be published in \$0.05 pricing increments.

(C) MPL Orders must be entered with a limit price in a \$0.05 pricing increment.

(D) Trading Collars that are not in the trading MPV for the security will be moved to the nearest price in the trading MPV for that security.

(3) For Pilot Securities in Test Groups Two and Three, Retail Price Improvement Orders must be entered with a limit price and an offset in a \$0.005 pricing increment.

(4) For Pilot Securities in Test Group Three:

(A) An incoming automatically executing order to sell (buy) will trade with displayable bids (offers) and route to protected bids (offers) before trading with an unexecuted Market Order held undisplayed at the same price. After trading or routing, or both, any remaining balance of an incoming order will satisfy any unexecuted Market Orders in time priority before trading with non-displayable interest on parity.

(B) Intermarket Sweep Orders:

(i) On entry, Day ISOs will be eligible for the exception set forth in paragraph (e)(4)(C)(ix) of this Rule.

(ii) An IOC ISO to buy (sell) will not trade with non-displayed interest to sell (buy) that is the same price as a protected offer (bid) unless the limit price such IOC ISO is higher (lower) than the price of the protected offer (bid).

- (C) A resting order to buy (sell) that is not displayed at the price at which it is eligible to trade ("Non-displayed interest"):
- (i) Will not trade at the price of a protected offer (bid).
  - (ii) Will not trade at the price of a protected bid (offer) unless the incoming order to sell (buy) is a TA ISO, Day ISO, or IOC ISO that has a limit price lower (higher) than the price of the non-displayed interest.
  - (iii) Will be routed, cancelled, or re-priced, consistent with the terms of the order, to avoid trading with an arriving order at the price of a protected quotation.
- (D) Reserved.
- (E) The only orders eligible for the exception set forth in paragraph (e)(4)(C)(iii) of this Rule are buy and sell orders that are entered into the Cross Function pursuant to Supplementary Material .10 to Rule 76 - Equities.
- (F) Incoming orders designated with an STPN Modifier will cancel before routing or trading with non-displayed orders if the opposite-side resting interest marked with an STP modifier with the same MPID is a displayed order.
- (G) g-Quotes and Buy Minus/Zero Plus Orders will be rejected.
- (5) In all Pilot Securities, d-Quotes to buy (sell) will not exercise discretion as provided for in Rule 70.25 - Equities if (i) exercising such discretion would result in an execution equal to or higher (lower) than the price of a protected offer (bid), or (ii) the price of a protected bid (offer) is equal to or higher (lower) than the filed price of the d-Quote.

••• ***Supplementary Material:***

**.10** For purposes of the reporting requirement in Appendix B.II.(n), a Trading Center shall report "Y" to their DEA where it is relying upon the Retail Investor Order exception to Test Groups Two and Three, and "N" in all other instances.

**.20** For purposes of Appendix B.I, the field "Affected by Limit-Up Limit-Down bands" shall be included. A Trading Center shall report a value of "Y" to their DEA when the ability of an order to execute has been affected by the Limit-Up Limit-Down (LULD) bands in effect at the time of order receipt. A Trading Center shall report a value of "N" to their DEA when the ability of an order to execute has not been affected by the LULD bands in effect at the time of order receipt. For purposes of Appendix B.I, the Participants shall classify all orders in Pilot and Pre-Pilot Securities that may trade in a foreign market as: (1) fully executed domestically or (2) fully or partially executed on a foreign market. For purposes of Appendix B.II, the Participants shall classify all orders in Pilot Securities and Pre-Pilot Data Collection Securities that may trade in a foreign market as: (1)

directed to a domestic venue for execution; (2) may only be directed to a foreign venue for execution; or (3) fully or partially directed to a foreign venue at the discretion of the member organization.

**.30** (a) For purposes of Appendix B.I.a(14), B.I.a(15), B.I.a(21) and B.I.a(22), the time ranges shall be changed as follows:

- (1) Appendix B.I.a(14A): The cumulative number of shares of orders executed from 100 microseconds to less than 1 millisecond after the time of order receipt;
- (2) Appendix B.I.a(15): The cumulative number of shares of orders executed from 1 millisecond to less than 100 milliseconds after the time of order receipt;
- (3) Appendix B.I.a(21A): The cumulative number of shares of orders canceled from 100 microseconds to less than 1 millisecond after the time of order receipt; and
- (4) Appendix B.I.a(22): The cumulative number of shares of orders canceled from 1 millisecond to less than 100 milliseconds after the time of order receipt.

(b) For purposes of Appendix B.I.a(21) through B.I.a(27), unexecuted Immediate or Cancel orders shall be categorized separately irrespective of the duration of time after order receipt.

**.40** For purposes of Appendix B.I.a(31)-(33), the relevant measurement is the time of order receipt.

**.50** For purposes of Appendix B, the following order types and numbers shall be included and assigned the following numbers: "not held" orders (18); clean cross orders (19); auction orders (20); orders that cannot otherwise be classified, including orders received when the NBBO is crossed (21); and limit orders priced more than \$0.10 away from NBBO (22). For purposes of order types 12-14 in Appendix B, such order types shall include all orders and not solely "resting" orders.

**.60** A member organization shall not be deemed a Trading Center for purposes of Appendix B of the Plan where that member organization only executes orders otherwise than on a national securities exchange for the purpose of: (i) correcting a bona fide error related to the execution of a customer order; (ii) purchases a security from a customer at a nominal price solely for purposes of liquidating the customer's position; or (iii) completing the fractional share portion of an order.

**.70** A Trading Center shall begin the data collection required pursuant to Appendix B.I.a(1) through B.II.(y) of the Plan and Item I of Appendix C of the Plan on April 4, 2016. The requirement that the Exchange or their DEA provide information to the SEC within 30 days following month end pursuant to Appendix B and C of the Plan shall commence at the beginning of the Pilot Period. Notwithstanding the provisions of paragraphs (b)(2), (b)(3)(C) and (b)(5) of this Rule, with respect to data for the Pre-Pilot

Period and Pilot Period, the requirement that the Exchange or their DEA make Appendix B data publicly available on the Exchange's or DEA's website shall commence on August 31, 2017. Notwithstanding the provisions of paragraph (b)(4) of this Rule, the Exchange or their DEA shall make Appendix C data for the Pre-Pilot Period through January 2017 publicly available on the Exchange's or DEA's website by February 28, 2017.

**.80** For purposes of Item I of Appendix C, the Participants shall calculate daily Market Maker realized profitability statistics for each trading day on a daily last in, first out (LIFO) basis using reported trade price and shall include only trades executed on the subject trading day. The daily LIFO calculation shall not include any positions carried over from previous trading days. For purposes of Item I.c of Appendix C, the Participants shall calculate daily Market Maker unrealized profitability statistics for each trading day on an average price basis. Specifically, the Participants must calculate the volume weighted average price of the excess (deficit) of buy volume over sell volume for the current trading day using reported trade price. The gain (loss) of the excess (deficit) of buy volume over sell volume shall be determined by using the volume weighted average price compared to the closing price of the security as reported by the primary listing exchange. In calculating unrealized trading profits, the Participant also shall report the number of excess (deficit) shares held by the Market Maker, the volume weighted average price of that excess (deficit), and the closing price of the security as reported by the primary listing exchange used in reporting unrealized profit.

**.90** "Pre-Pilot Data Collection Securities" are the securities designated by the Participants for purposes of the data collection requirements described in Items I, II and 48 of 48 IV of Appendix B and Item I of Appendix C of the Plan for the period beginning six months prior to the Pilot Period through thirty-one days prior to the Pilot Period. The Participants shall compile the list of Pre-Pilot Data Collection Securities by selecting all NMS stocks with a market capitalization of \$5 billion or less, a Consolidated Average Daily Volume (CADV) of 2 million shares or less and a closing price of \$1 per share or more. The market capitalization and the closing price thresholds shall be applied to the last day of the pre-pilot measurement period, and the CADV threshold shall be applied to the duration of the pre-pilot measurement period. The Pre-Pilot measurement period shall be the three calendar months ending on the day when the Pre-Pilot Data Collection Securities are selected. The Pre-Pilot Data Collection Securities shall be selected thirty days prior to the commencement of the six-month Pre-Pilot Period.

**.100** For purposes of Appendix B.IV, the count of the number of Market Makers used in the calculation of share (trade) participation shall be added to each category. For purposes of Appendix B.IV(b) and (c), share participation and trade participation shall be calculated by using a total count instead of a share-weighted average or a trade-weighted average. For purposes of Appendix B, B.IV(d) (cross-quote share (trade) participation), (e) (inside-the-quote share (trade) participation), (f) (at-the-quote share (trade) participation), and (g) (outside-the-quote share (trade) participation), shall be calculated by reference to the National Best Bid or National Best Offer in effect immediately prior to the trade.

## **Rule 70 - Equities. Execution of Floor Broker Interest**

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

(a) (i) With respect to orders he or she is representing on the Floor, a Floor broker may place within Exchange systems broker agency interest files (also referred to as e-Quotes<sup>SM</sup>) at multiple price points on both sides of the market with respect to each security trading in the location(s) comprising the Crowd such Floor broker is a part of with respect to orders he or she is representing on the Floor, except that the agency interest files shall not include Market Orders or ISOs.

(ii) The requirement that a Floor broker be in the Crowd in order to have agency interest files does not apply to orders governed by Section 11(a)(1)(G) of the Securities Exchange Act of 1934 ('G' orders, also referred to as G-Quotes, when submitted as a Floor broker agency interest file).

(iii) A g-Quote to buy (sell) that would be required to route on arrival will be cancelled if there is resting displayable interest that is not a g-Quote or DMM interest to buy (sell) at the same or higher (lower) price as the g-Quote.

(b)(i) Floor broker agency interest placed within files in Exchange systems shall become part of the quotation when it is at or becomes the Exchange BBO and shall be executed in accordance with Rule 72 - Equities. Floor broker agency interest placed within files shall be automatically executed, in accordance with, and to the extent provided by, Rules 1000 - Equities-1004 - Equities.

(ii) A Floor broker shall have the ability to maintain reserve interest consistent with Exchange rules governing Reserve Orders. Such reserve interest is eligible for execution in manual transactions.

(iii) If an execution involving a Floor broker's agency interest at the Exchange BBO that does not exhaust the broker's interest at that price, the displayed interest will be automatically replenished from his or her reserve interest, if any, so that at least one round-lot of the broker's interest is displayed consistent with Exchange rules governing Reserve Orders.

(c) A Floor broker may trade on behalf of his or her orders as part of the Crowd at the same price and on the same side of the market as his or her agency interest placed within files only to the extent that the volume traded in the Crowd is not included in the agency interest files.

(d) A Floor broker's agency interest files must be cancelled when he or she leaves the Crowd, except that a Floor broker may leave the Crowd without canceling his or her agency interest files to recharge his or her handheld device. In addition, Floor brokers may leave the Crowd without canceling his or her agency interest files to obtain "market looks" in securities located at panels that are part of another Crowd. Failure to adhere to



these provisions is a violation of Exchange rules. The Floor broker shall be held to all executions involving his or her agency interest files.

(e) The aggregate number of shares of e-Quotes at each price shall be made available to the DMM in securities registered with the DMM. A DMM shall have access to information about e-Quotes on a disaggregated basis, except as provided in subparagraph (f) below.

(f) A Floor broker may enter e-Quotes with reserve interest ("Reserve e-Quotes") with or without a "displayable" portion (as defined in Rule 13(d)(2)(A) - Equities). A Reserve e-Quote entered with a portion of the order displayable must have a minimum of one round lot displayable ("Minimum Display Reserve e-Quote"). Exchange systems shall display and process Reserve e-Quotes consistent with the provisions of Rule 1313(d)(2) - Equities). governing Reserve Orders, subject to the provisions below:

(i) A Minimum Display Reserve e-Quote shall participate in both automatic and manual executions. Information about Minimum Display Reserve e-Quotes, including the reserve portion, is included in the aggregated interest at each price point available to DMMs and shall be made available to the DMM on a disaggregated basis. If a Floor broker chooses to exclude a Minimum Display Reserve e-Quote from the DMM: (A) the entire Minimum Display Reserve e-Quote shall be available to the DMM as part of the aggregated interest at a price point; and (B) none of the Minimum Display Reserve e-Quote shall be available to the DMM on a disaggregated basis.

(ii) A Reserve e-Quote without a displayable portion ("Non-Display Reserve eQuote") shall participate in both automatic and manual executions. Information about Non-Display Reserve e-Quotes shall be included in the aggregated interest at each price point available to DMMs and shall be made available to the DMM on a disaggregated basis. If a Floor broker chooses to exclude a Non-Display Reserve eQuote from the DMM, information about the Non-Display Reserve e-Quote shall not be available to the DMM either as part of the aggregated interest at a price point or in disaggregated form and the excluded Non-Display Reserve e-Quote shall not participate in manual executions.

(g) The Floor broker is the executing broker for transactions involving his or her agency interest files.

(h)(i) Floor broker agency interest placed within files may participate in the opening and closing trades in accordance with Exchange policies and procedures governing the open and close and the provisions of Supplementary Material .25 and .26 below.

(ii) Floor broker agency interest may be placed within files prior to the opening trade, regardless of the Floor broker's location on the Floor, provided they have complied with the requirements of Rule 123(e) - Equities. However, Floor brokers must be in the Crowd at the open in order to participate in the opening trade and any agency interest entered prior to the open in securities that are not part of such Crowd must be cancelled before the open.

(i) The ability of a Floor broker to have reserve interest will be available during the open and during the close. The ability of a Floor broker to exclude volume from information available to the DMM will not be available during the open and the close.

(j) Nothing in this rule shall be interpreted as modifying or relieving the Floor broker from his or her agency obligations and required compliance with all SEC and Exchange rules, policies and procedures.

••• *Supplementary Material:*

**.25 Discretionary Instructions for Bids and Offers Represented via Floor Broker Agency Interest Files (e-Quotes<sup>SM</sup>)**

(a)(i) A Floor broker may enter discretionary instructions as to size and/or price with respect to his or her e-Quotes ('discretionary e-Quotes' or 'd-Quotes'). The discretionary instructions relate to the price at which the d-Quote may trade and the number of shares to which the discretionary price instructions apply.

(ii) Discretionary instructions are active during the trading day, unless the PBBO is crossed, and at the opening, reopening and closing transactions, and may include instructions to participate in the opening or closing transaction only. Exchange systems will reject any d-Quotes that are entered 10 seconds or less before the scheduled close of trading. Executions of d-Quotes within the discretionary pricing instruction range are considered non-displayable interest for purposes of Rule 72.

(iii) Reserved.

(iv) Discretionary instructions will be applied only if all d-Quoting prerequisites are met. Otherwise, the d-Quote will be handled as a regular e-Quote, notwithstanding the fact that the Floor broker has designated the e-Quote as a d-Quote. For example, to be considered a discretionary e-Quote, an e-Quote must have a discretionary price range.

(v) The requirements for e-Quotes apply to d-Quotes, including the requirement that the Floor broker be in the Crowd.

(vi) A Floor broker may have multiple d-Quotes, with different discretionary price and size limitations, on the same side of the market. Except as provided for in Rule 70.25(d)(ii), such multiple d-Quotes do not compete with each other for executions. Trading volume is allocated by Floor broker, not number of d-Quotes participating in an execution.

(vii) Discretionary instructions apply to both displayed and reserve interest, including reserve interest that is excluded from the information available to the DMM on the Floor.

(viii) Neither the DMM on the Floor nor the DMM unit's system employing algorithms will have access to the discretionary instructions entered by Floor brokers with respect to their e-Quotes.

(b) Price Discretion

(i) A Floor broker may set a discretionary price range that specifies the prices at which the Floor broker is willing to trade. This discretion will be used, as necessary, to initiate or participate in a trade with interest capable of trading at a price within the discretionary price range, unless the interest reaches a Trading Collar or Price Band, whichever is reached first.

(ii) The minimum price range for a discretionary e-Quote is the minimum price variation set forth in Rule 62 - Equities, except for d-Quotes with a midpoint modifier.

(iii) Floor brokers may specify that price discretion applies to all or only a portion of their d-Quote. Price discretion is necessary for d-Quotes. Therefore, if price discretion is provided for only a portion of the d-Quote, the residual will be treated as an e-Quote.

(iv) When price discretion is used, d-Quotes trade first from reserve volume, if any, and then from displayed volume.

(v) A d-Quote may be designated with a midpoint modifier. The discretionary price range of such an order will be to the midpoint of the PBBO.

(c) Discretionary Size

(i) A Floor broker may designate the amount of his or her e-Quote volume to which discretionary price instructions shall apply.

(ii) A Floor broker may designate a minimum size of contra-side volume with which it is willing to trade using discretionary price instructions.

(iii) All available contra-side interest at a possible execution price of the d-Quote will be used by Exchange systems to determine whether the size of contra-side volume is within the d-Quote's discretionary size range.

(iv) Interest displayed by other market centers at the price at which a d-Quote may trade will not be considered by Exchange systems unless the Floor broker designates that such away volume should be included in this determination.

(v) An increase or reduction in the size associated with a particular price that brings the contra-side volume within a d-Quote's minimum discretionary size parameter, will trigger an execution of that d-Quote.

(vi) Once the total amount of a Floor broker's discretionary volume has been executed, the d-Quote's discretionary price instructions will become inactive and the remainder of that d-Quote will be treated as an e-Quote.

(d) Minimum Trade Size

(i) A Floor broker may designate a minimum trade size ("MTS") that must be met before the d-Quote is executed. If the MTS cannot be met by contra-side interest in Exchange systems, the d-Quote will not participate in an execution. MTS instructions are not active at the open and close.

(ii) A d-Quote with an MTS instruction may compete with other d-Quotes on the same side of the market from the same Floor broker. If the d-Quote with the MTS instruction has a more aggressive range of price discretion than the competing d-Quotes, the d-Quote with the MTS designation will be executed to meet the MTS. If the price will not be improved by the d-Quote with the MTS instruction and the MTS cannot be met, the d-Quote with the MTS instruction will not participate.

(e) Executions of Discretionary e-Quotes

(i) A d-Quote will use its discretion as described below. In so doing, a d-Quote may improve the execution price of incoming orders.

(A) A d-Quote with discretionary pricing instructions above the best bid if a buy order or below the best offer if a sell order will seek to secure the largest execution for the d-Quote using the least amount of price discretion to exercise at or above the bid if a buy order or at or below the best offer if a sell order.

(B) A d-Quote with discretionary pricing instructions equal to or less than the best bid if a buy order or equal to or greater than the best offer if a sell order will extend to its maximum discretion.

(ii) Discretionary e-Quotes will automatically execute against contra-side interest in Exchange systems if the contra-side interest's price is within the discretionary price range and the interest's size meets any minimum or maximum size requirements or MTS that have been set for the d-Quote.

(iii) Discretionary e-Quotes from different Floor brokers on the same side of the market with the same price instructions trade on parity subject to Rule 72 - Equities.

(iv) Same-side d-Quotes from different Floor brokers compete for an execution, with the most aggressive price range (e.g. three cents vs. two cents) establishing the execution price. If an incoming order remains unfilled at that price, executions within the less aggressive price range may then occur.

(v) Discretionary e-Quotes from Floor brokers on opposite sides of the market will be able to trade with each other. The d-Quote that arrived at the Display Book® system last will use the most discretion necessary to effect a trade, except as provided below.

(A) When a protected bid or offer, as defined in Section 242.600(b)(57) of Regulation NMS ('Reg. NMS'), is published by another market center at a price that is better than the price at which contra-side d-Quotes would trade in accordance with (v) above, the following applies:

(1) the amount of discretion necessary to permit a trade on the Exchange consistent with the Order Protection Rule (Section 242.611 of Reg. NMS) ('OPR') will be used; or

(2) such portion of the appropriate d-Quote as is necessary will be automatically routed in accordance with OPR in order to permit a trade to occur on the Exchange.

(vi) As with all executions on the Exchange, executions involving d-Quotes will comply with OPR.

(vii) Discretionary e-Quotes may provide price improvement to and trade with an incoming contra-side DMM algorithmic trading message to 'hit bid/take offer,' just as they can with any other marketable incoming interest.

(viii) Discretionary e-Quotes may initiate sweeps in accordance with and to the extent provided by Rules 1000 - Equities-1004 - Equities, but only to the extent of their price and volume discretion. Discretionary e-Quotes may participate in sweeps initiated by other orders but, in such cases, their discretionary instructions are not active.

(ix) Discretionary e-Quotes may trade with non-marketable contra-side Reg. NMS-compliant Immediate or Cancel Orders, NYSE Immediate or Cancel Orders and Intermarket Sweep Orders that are within the discretionary range of the d-Quote.

### **.30 Definition of Crowd.**

The rooms on the Exchange Floor that contain active posts/panels where Floor brokers are able to conduct business constitute the Crowd. A Floor broker will be considered to be in the Crowd if he or she is physically present in one of these rooms.

### **.40 Operation of an Exchange Approved Booth Premise**

(1) A member organization will be permitted to operate within its booth premise on the Floor as described in subparagraph (2) below provided that the member organization has obtained prior approval from Exchange regulatory staff to operate its booth premise in said manner.

(2) A member organization approved to operate its booth premise pursuant to this rule is permitted, subject to the provisions of subparagraph (3) below, to conduct the same

business-related activities for its customer accounts from its booth premise as it is permitted to conduct from its off-Floor or `upstairs' location, including initiating orders and routing orders to Exchange systems and other markets.

(3) A member organization approved to operate booth premises pursuant to this rule is prohibited from effecting any transaction from its approved booth premises for its own account, the account of an associated person or an account with respect to which it or an associated person thereof exercises investment discretion on the Exchange, except that such member organization may effect such transactions in the common, preferred, and debt securities of an operating company that is quoted on the OTC Bulletin Board or OTC Markets ("OTC Security") if such security is not related to a security listed or traded on the Exchange or New York Stock Exchange LLC ("NYSE"). For purposes of Rule 70.40, an OTC Security is related to a security listed or traded on the Exchange or NYSE if:

- (a) the OTC Security is issued by an issuer of a security that is listed or traded on the Exchange or NYSE or that underlies an NYSE American option, or an affiliate of such issuer;
- (b) the OTC Security is subject to a corporate action that relates to the issuer of a security that is listed or traded on the Exchange or NYSE or that underlies an NYSE American option, or an affiliate of such issuer;
- (c) the OTC Security is issued by an issuer of a security that is a component of a narrow-based security index (as defined in Section 3(a)(55) of the Securities Exchange Act of 1934) that is linked to a security that listed or traded on the Exchange or NYSE or that underlies an NYSE American option; or
- (d) the OTC Security is issued by a foreign issuer or is a depositary receipt (or the equivalent thereof) for such a security, and a security issued by such foreign issuer or a depositary receipt (or the equivalent thereof) for such a security is listed or traded on the Exchange or NYSE or underlies an NYSE American option.

For purposes of Rule 70.40, a corporate action is any action by an issuer of an OTC Security or a security listed or traded on the Exchange or NYSE that causes a relationship between the price of the OTC Security and the price of the security that is listed or traded on the Exchange or NYSE or that underlies an NYSE American option, such as the announcement of a merger, acquisition, joint venture, spinoff, dissolution, bankruptcy filing or other similar type of event involving the issuers.

(4) A member organization approved to operate its booth premise pursuant to this rule is subject to the same regulatory requirements governing the conduct of the member organization's off-Floor or `upstairs' office, including but not limited to relevant employee registration and qualification requirements pursuant to Rule 345 - Equities and supervisory responsibilities pursuant to Rule 3110 - Equities.

(5) Orders originated in or routed through facilities located at such approved booth premises must comply with the relevant order entry requirements of Exchange Rules including Rule 123 - Equities and the Rule 7400 Series - Equities.

(6) A member organization approved to operate its booth premise pursuant to this rule must adopt and implement comprehensive written procedures and guidelines governing the conduct and supervision of business handled in such booth and staff working in such booth. Further, the member organization must establish a process for regular review of such written procedures and guidelines and compliance therewith. With respect to trading in an OTC Security, such written procedures must require the member organization to exercise due diligence before commencing trading from the booth premises pursuant to this Rule to ensure that such trading is in compliance with the requirements of this Rule and that the member organization has procedures to monitor its trading activity in order to remain in compliance. A member organization must have supervisory systems in place that produce records sufficient to reconstruct, in a time-sequenced manner, all orders with respect to which the member organization is trading from the booth premises under this Rule. The member organization must be able to demonstrate which OTC Security transactions were effected from the booth premises (as compared to off-Floor trading, if applicable). If the member organization cannot demonstrate which trading is from the booth premises, the Exchange shall presume that all such trading was effected from the booth premises.

(7) The written procedures and guidelines, and any changes thereto, referred to in (6) above must be approved by Exchange regulatory staff before implementation.

#### **Rule 71 - Equities. Precedence of Highest Bid and Lowest Offer**

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

(a) All bids made and accepted, and all offers made and accepted, in accordance with Exchange Rules shall be binding.

(b) Any bid that is made at the same or higher price of the prevailing offer shall result in a transaction at the offer price in an amount equal to the lesser of the bid or offer. The same principle shall apply when an offer is made at the same or lower price as the bid.

#### **Rule 72 - Equities. Priority of Bids and Offers and Allocation of Executions**

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

##### **Priority of First Bid or Offer**

(a)(i) As used in this rule, the term "displayable" shall mean that portion of interest that could be published as, or as part of, the Exchange BBO, including pegging interest. Displayable odd-lot orders will be published as part of the Exchange BBO if, when aggregated with other interest available for execution at that price point, the sum of the

odd-lot order and other interest available at that price point would be equal to or greater than a round lot. The term "displayed interest" includes that part of an order that is published as, or as part of, the Exchange BBO, which may include one or more odd-lot orders.

(ii) When a bid or offer, including pegging interest, is established as the only displayable bid or offer made at a particular price and such bid or offer is the only displayable interest when such price is or becomes the Exchange BBO (the "setting interest"), such setting interest shall be entitled to priority for allocation of executions at that price as described in this rule, subject to the provisions below.

- (A) Odd-lot orders, including aggregated odd-lot orders that are displayable, are not eligible to be setting interest.
- (B) If at the time displayable interest of a round lot or greater becomes the Exchange BBO, there is other displayable interest of a round lot or greater, including aggregated odd-lot orders that are equal to or greater than a round lot, at the price that becomes the Exchange BBO, no interest is considered to be a setting interest, and, therefore, there is no priority established
- (C) If at the time displayable interest of a round lot or greater becomes the Exchange BBO, there is other displayable interest, the sum of which is less than a round lot, at the price that becomes the Exchange BBO, the displayable interest of a round lot or greater will be considered the only displayable bid or offer at that price point and is therefore established as the setting interest entitled to priority for allocation of executions at that price as described in this rule.
- (D) If executions decrement the setting interest to an odd-lot size, a round lot or PRL order that joins such remaining odd-lot size order is not eligible to be the setting interest.
- (E) If as a result of cancellation, interest is or becomes the single displayable interest of a round lot or greater at the Exchange BBO, it becomes the setting interest.
- (F) Only the portion of setting interest that is or has been published in the Exchange BBO shall be entitled to priority allocation of an execution. That portion of setting interest that is designated as reserve interest and therefore not displayed at the Exchange BBO (or not displayable if it becomes the Exchange BBO) is not eligible for priority allocation of an execution irrespective of the price of such reserve interest or the time it is accepted into Exchange systems. However, if, following an execution of part or all of setting interest, such setting interest is replenished from any reserve interest, the replenished volume of such setting interest shall be entitled to priority if the setting interest is still the only interest at the Exchange BBO.
- (G) If interest becomes the Exchange BBO, it will be considered the setting interest even if pegging interest, Limit Orders designated ALO, or sell short orders during a



Short Sale Period under Rule 440B(e) - Equities are re-priced and displayed at the same price as such interest, and it will retain its priority even if subsequently joined at that price by re-priced interest.

#### Retention of Priority

(b)(i) Once priority is established by setting interest, such setting interest retains that priority for any execution at that price when that price is at the Exchange BBO. In the event that executions decrement the setting interest to an odd-lot size, such remaining portion of the setting interest retains its priority for any execution at that price when that price is the Exchange BBO.

(ii) For any execution of setting interest that occurs when the price of the setting interest is not the Exchange BBO, the setting interest does not have priority and is executed on parity.

(iii) Priority of setting interest shall not be retained after the close of trading on the Exchange or following the resumption of trading in a security after a trading halt in such security has been invoked pursuant to Rule 123D - Equities or following the resumption of trading after a trading halt invoked pursuant to the provisions of Rule 80B - Equities. Priority of the setting interest is not retained on any portion of the priority interest that is routed to an away market and is returned unexecuted unless such priority interest is greater than a round lot and the only other interest at the price point is odd-lot orders, the sum of which is less than a round lot.

#### Allocation of Executions

(c)(i) An automatically executing order will trade first with any unexecuted Market Orders, which will be allocated on time priority, and then with displayable bids (offers) and if there is insufficient displayable volume to fill the order, will trade next with non-displayable interest. All non-displayable interest will trade on parity.

(ii) For the purpose of share allocation in an execution, each single Floor broker, the DMM and orders collectively represented in Exchange systems (referred to herein as "Book Participant") shall constitute individual participants. The orders represented in the Book Participant in aggregate shall constitute a single participant and will be allocated shares among such orders by means of time priority with respect to entry.

(iii) In any execution at the Exchange BBO, after any unexecuted Market Orders have been satisfied, a participant who has established priority as provided in (a) of this rule (i.e., is setting interest) shall receive fifteen percent (15%) of the volume of such executed amount or a minimum of one round lot, whichever is greater, until such setting interest has received a complete execution of its eligible priority interest. Setting interest that is decremented to an odd-lot size shall receive fifteen percent (15%) of the volume of such incoming interest rounded to the size of the setting interest, or the size of the incoming interest, whichever is less.

- (iv) Following the allocation of an execution to setting interest as provided in (c)(i) above, the remainder of the executed volume shall be allocated to each participant on parity. The participant with the priority interest (the setting interest) shall be included in such parity allocation.

Example for (c)(ii) and (iii):

Setting interest has 1,000 shares as the best bid of 20.05. There is an additional 600 shares of an e-Quote without priority at the same bid price. A market order to sell 500 shares arrives and is executed. The setting interest first receives 100 shares as its priority allocation (15% of 500 equals 75 shares, rounded up to 100 shares). The remainder of the execution is split on a parity basis between the two participants, with each receiving 200 shares. In total, the setting interest received 300 shares of the 500 share execution and the e-Quote received 200 shares.

- (v) If there is no setting interest for an execution at the Exchange BBO, allocation of the executed volume shall be on parity by participant except as set forth in subparagraph (c)(xi) of this rule.
- (vi) When an execution occurs at the Exchange BBO, interest that is displayed in the Exchange BBO shall be allocated before any interest that is not displayed. For purposes of this rule, "displayed" shall have the meaning as stated in subparagraph (a) above of this rule.
- (vii) In allocating an execution that involves setting interest, whether such execution takes place at the Exchange BBO or otherwise, the volume allocated to the setting interest shall be allocated to the interest in the setting interest that is entitled to priority first.
- (viii) Shares will be allocated in round lots or the size of the order if less than a round lot. In the event the number of shares to be executed at a price point is insufficient to allocate round lots to all the participants eligible to receive an execution at that price point, or the size of the order if less than a round lot, Exchange systems shall create an allocation wheel of the eligible participants at that price point and the available round lot shares will be distributed to the participants in turn. If an odd-lot sized portion of the incoming order remains after allocating all eligible round lots, the remaining shares will be allocated to the next eligible participant in less than a round lot. (See Examples below.)
- (A) On each trading day, the allocation wheel for each security is set to begin with the participant whose interest is entered or retained first on a time basis. Thereafter, participants are added to the wheel as their interest joins existing interest at a particular price point. If a participant cancels his, her or its interest and then rejoins, that participant joins as the last position on the wheel at that time.

### **Parity Example 1**

Assume there is interest of the Book Participant (representing orders entered by two different public customers), three Floor brokers and the DMM are bidding at the same price, with no participant having priority. An order to sell is received by the Exchange. Exchange systems will divide the allocations among the participants as follows:

Public Order #1 100 shares and Public Order #2 100 shares Book Participant

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Floor Broker 1	Participant A
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DMM	Participant B
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Floor Broker 2	Participant C
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Floor Broker 3	Participant D
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A market order for 300 shares to sell entered in Exchange systems will allocate 100 shares to the Book Participant (Public Order #1), Participant A and Participant B above. Subsequently, another order to sell 300 shares at the same price is received by Exchange systems. Those shares will be allocated to Participant C, Participant D, and Book Participant ( Public Order #2).

(B) The allocation wheel will move to the next participant when an odd-lot allocation completely fills the interest of such participant.

**Parity Example 2**

Assume there is interest of the Book Participant (representing orders entered by two different public customers), three Floor brokers and the DMM are bidding at the same price, with no participant having priority. An order to sell is received by the Exchange. Exchange systems will divide the allocations among the participants as follows:

Public Order #1 100 shares and Public Order #2 100 shares Book Participant

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Floor Broker 1	Participant A 50 shares
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DMM	Participant B 50 shares
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Floor Broker 2	Participant C 300 shares
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Floor Broker 3	Participant D 300 shares
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A market order for 200 shares to sell entered in Exchange systems will allocate 100 shares to the Book Participant (Public Order #1), Participant A will receive 50 shares, Participant B above will receive 50 shares. Subsequently, another order to sell 300 shares at the same price is received by Exchange systems. Those shares will be allocated to Participant C, Participant D, and Book Participant ( Public Order #2).

### Parity Example 3

Assume there is interest of the Book Participant (representing orders entered by two different public customers), three Floor brokers and the DMM are bidding at the same price, with no participant having priority. An order to sell is received by the Exchange. Exchange systems will divide the allocations among the participants as follows:

Public Order #1 100 shares and Public Order #2 100 shares Book Participant

Floor Broker 1	Participant A Participant A 50 shares
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DMM	Participant B 75 shares
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Floor Broker 2	Participant C 300 shares
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Floor Broker 3	Participant D 300 shares
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A market order for 200 shares to sell entered in Exchange systems will allocate 100 shares to the Book Participant (Public Order #1), Participant A will receive 50 shares, Participant B above will receive 50 shares. Subsequently, another order to sell 300 shares at the same price is received by Exchange systems. The allocation wheel will start with Participant B. Participant B is allocated 25 shares, Participant C is allocated 100 shares, Participant D is allocated 100 shares, and Book Participant ( Public Order #2) is allocated 75 shares. Exchange systems will retain Book Participant (Public Order #2) as the participant eligible to receive the next allocation at that price point.

(C) The allocation wheel will also move to the next participant where Exchange systems execute remaining displayable odd-lot interest prior to replenishing the displayable quantity of a participant.

**Parity Example 4**

Assume the available bid interest on the Exchange consists of a single Book Participant and two Floor brokers listed below in order of their position on the allocation wheel none of the participants have priority.

Public Order #1 100 shares and Public Order #2 100 shares Book Participant

Floor Broker 1	Participant A - 200 shares displayed and 4800 shares reserve
Floor Broker 2	Participant C - 500 shares displayed
Floor Broker 2	Participant C 500 shares displayed

An order to sell 350 shares is received by the Exchange. Exchange systems will divide the allocations among the participants as follows:

Participant A - 150 shares

Book Participant - 100 shares

Participant C - 100 shares

Each participant receives a round lot allocation. The Allocation wheel returns to Participant A as the first participant on the wheel and allocates the remaining 50 shares. The allocation wheel remains on Participant A. The remaining interest of the three participants is as follows:

Floor Broker 1 Participant A - 50 shares displayed and 4800 shares reserve Book Participant Public Order #1 Participant B 400 shares displayed Floor Broker 2 Participant C 400 shares displayed

Prior to the system replenishing the displayed quantity of Participant A, an order to sell 100 shares is received by Exchange systems. The system will allocate 50 shares to Participants A and B. The next allocation at the price point will begin with Participant B.

- (ix) When an execution occurs outside the Exchange BBO, the interest that is displayable will be allocated before any interest that is non-displayable (i.e. reserve interest). All interest that is displayable will be on parity among individual participants' displayable interest. All interest that is non-displayable will be on parity among individual participants' non-displayable interest.
- (x) Incoming orders eligible for execution at price points between the Exchange BBO shall trade with all available interest at the price. All Exchange interest available to participate in the execution (e.g., d-quotes, s-quotes, Reserve Orders, MPL Orders, and Capital Commitment Schedule interest (see Rule 1000 - Equities)) will trade on parity.
- (xi) DMM interest added intra day to participate in a verbal transaction with a Floor broker or during a slow quote, will be allocated shares only after all other interest eligible for execution at the price point are executed in full. DMM interest added at the time of the slow quote or when verbally trading with a Floor broker not executed during the transaction will be cancelled.

However, s-Quotes, if any, representing DMM interest present at the price point prior to the verbal transaction with a Floor broker or during a slow quote will receive an allocation on parity pursuant to the provisions of subparagraph (c)(v) of this rule above.

- (xii) An order that is modified to reduce the size of the order shall retain the time stamp of original order entry. Any other modification to an order, such as increasing the size or changing the price of the order, shall receive a new time stamp.

### **Priority of Cross Transactions**

(d) When a member has an order to buy and an order to sell an equivalent amount of the same security, and both orders are 'block' orders and are not for the account of such member or member organization, an account of an associated person, or an account with respect to which the member, member organization or associated person thereof exercises investment discretion, the member may 'cross' those orders at a price at or within the Exchange best bid or offer. The member's bid or offer shall be entitled to priority at such cross price, irrespective of pre-existing displayed bids or offers on the Exchange at that price. The member shall follow the crossing procedures of Rule 76 - Equities, and another member may trade with either the bid or offer side of the cross transaction only to provide a price which is better than the cross price as to all or part of such bid or offer. A member who is providing a better price to one side of the cross transaction must trade with all other displayed market interest on the Exchange at that price before trading with any part of the cross transaction. Following a transaction at the improved price, the member with the agency cross transaction shall follow the crossing procedures of Rule 76 - Equities and complete the balance of the cross. No member may break up the proposed cross transaction, in whole or in part, at the cross price. No DMM may effect a proprietary transaction to provide price improvement to one side or the other of a cross

transaction effected pursuant to this paragraph. A transaction effected at the cross price in reliance on this paragraph shall be printed as 'stopped stock'.

When a member effects a transaction under the provisions of this paragraph, the member shall, as soon as practicable after the trade is completed, complete such documentation of the trade as the Exchange may from time to time require.

### **Example 1**

Assume the Exchange's market in XYZ is quoted 20 to 20.01, 40,000 shares by 30,000 shares. A member intending to effect a 25,000 share 'agency cross' transaction at a price of 20 must bid 20 for 25,000 shares and offer 25,000 shares at 20.01. The member's bid at 20 has priority, and the proposed cross could not be broken up at that price. The proposed cross could however, be broken up at 20.01, as this would provide a better price to the seller. However, a member intending to trade with the offer side of the cross would first have to take the entire displayed 30,000 share offer at 20.01 before trading with any part of the offer side of the cross.

### **Example 2**

Assume the Exchange's market in XYZ is quoted 20 to 20.35, 20,000 shares by 20,000 shares. A member intending to effect a 25,000 share 'agency cross' transaction at a price of 20.05 must follow the crossing procedures of Rule 76 - Equities and bid 20.05 for 25,000 shares and offer 25,000 shares at 20.06. The member's bid at 20.05 has priority, and the proposed cross could not be broken up at this price. The proposed cross could, however, be broken up, in whole or in part, at 20.06, as this would provide a better price to the seller.

### **••• Supplementary Material:**

**.10 Definition of a Block** - For purposes of this rule, a 'block' shall be at least 10,000 shares or a quantity of stock having a market value of \$200,000 or more, whichever is less.

.40 Rule 72 - Equities does not apply to bonds traded through NYSE American Bonds (See Rule 86 - Equities ).

### **Rule 73 - Equities. Seller's Option**

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

On offers to buy 'seller's option' at the same price, the longest option shall have precedence; on offers to sell 'seller's option' at the same price, the shortest option shall have precedence.

**Rule 74 - Equities. Publicity of Bids and Offers**

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

A claim by a member who states that he had on the Floor a prior or better bid or offer shall not be sustained if the bid or offer was not made with the publicity and frequency necessary to make the existence of such bid or offer generally known at the time of the transaction.

**Rule 75 - Equities. Disputes as to Bids and Offers**

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

Disputes arising on bids or offers, if not settled by agreement between the members interested, shall be settled by a Floor Official. In rendering a decision as to disputes regarding the amount traded, the Floor Official shall give primary weight to statements by any member who was not a party to the transaction and shall also take into account the size of orders held by parties to the disputed transaction, and such other facts as he deems relevant. If both parties to a dispute agree, and the dispute involves either a monetary difference of \$10,000 or more or a questioned trade, the matter may be referred for resolution to a panel of three Floor Governors, Senior Floor Officials, or Executive Floor Officials, or any combination thereof, whose decision shall be binding on the parties. As an alternative to a panel of three Floor Governors, Senior Floor Officials, or Executive Floor Officials, or any combination thereof, members may also proceed to resolve a dispute through long-standing arbitration procedures established under the Exchange's Rules.

••• ***Supplementary Material:***

.10 **Discrepancies as to amount.**—When there is no dispute regarding a transaction except as to the amount traded and neither party can produce a witness, the transaction must be considered to have been for the smaller amount; provided, however, that if the member claiming the smaller amount held, at the time of the transaction in dispute, an order or orders totalling the larger amount, the Floor Official, in reaching his decision, shall take into consideration that fact and all other facts which he deems relevant.

**Rule 76 - Equities. `Crossing' Orders**

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

When a member has an order to buy and an order to sell the same security, he or she shall offer such security at a price which is higher than his or her bid by the minimum variation permitted in such security before making a transaction with himself or herself. All such bids and offers shall be clearly announced to the trading Crowd before the member may proceed with the proposed `cross' transaction.



The provisions of this rule apply only to manual transactions.

••• *Supplementary Material:*

**.10 Cross Function —**

- (a) Floor brokers seeking to execute buy and sell orders pursuant to Rule 76 may enter such orders from their wireless hand-held devices ("HHD") into an Exchange-provided quote minder, which will monitor protected bids and offers to determine when the limit price assigned to the proposed crossed orders is such that the orders may be executed consistent with Rule 611 of Regulation NMS. When the trade can be effected at or between the protected bid and offer, the quote minder will: (i) deliver an alert message to the HHD indicating that the order may be crossed; (ii) capture a time-stamped quote at the time that the alert was sent, (iii) commence a 20-second timer from the moment a cross trade may be executed at or between the protected and offer; and (iv) enable a "print" key function in the HHD permitting the Floor broker to cross the orders and print the trade to the Tape within that 20-second time period. Upon receipt of an alert, Floor brokers using the cross function must first announce the bid and offer to the trading Crowd in compliance with this Rule and then cross the stock using the "print" key function in the HHD before the 20-second timer expires. Quote minder will not monitor protected bids and offers when the PBBO is crossed.
- (b) To be eligible for the Cross Function, the proposed cross transaction must be for at least 10,000 shares or a quantity of stock having a market value of \$200,000 or more and may not be for the account of the member or member organization, an account of an associated person, or an account with respect to which the member, member organization or associated person thereof exercises investment discretion.

**Rule 77 - Equities. Prohibited Dealings and Activities**

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

No member shall offer publicly on the Floor:

- (1) To buy or sell securities `on stop' above or below the market;
- (2) to buy or sell securities `at the close';
- (3) to buy or sell dividends;
- (4) to bet upon the course of the market; or
- (5) to buy or sell privileges to receive or deliver securities.

**Rule 78 - Equities. Sell and Buy Orders Coupled at Same Price**

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

An offer to sell coupled with an offer to buy back at the same or at an advanced price, or the reverse, is a prearranged trade and is prohibited. This rule applies both to transactions in the unit of trading and in lesser and greater amounts.

Reserved.

**Rule 79A - Equities. Miscellaneous Requirements on Stock Market Procedures**

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

**••• Supplementary Material:**

**.10 Request to make better bid or offer.**—When any Floor broker does not bid or offer at the limit of an order which is better than the currently quoted price in the security and is requested by his principal to bid or offer at such limit, he shall do so.

.15 With respect to limit orders received by Exchange systems, the Exchange shall publish immediately (i.e., as soon as practicable, which under normal market conditions means no later than 30 seconds from time of receipt) a bid or offer that reflects:

(i) the price and full size of each customer limit order that is at a price that would improve the Exchange BBO in such security; and

(ii) the full size of each limit order that

(A) is priced equal to the Exchange BBO for such security;

(B) is priced equal to the national best bid or offer; and

(C) represents more than a de minimis change (i.e., more than 10 percent) in relation to the size associated with the Exchange's bid or offer.

Limit orders received by the Exchange that improve the Exchange then-current bid or offer or change the size of the Exchange bid or offer, other than de minimis increases or decreases, shall be autoquoted in accordance with Rule 60(d) - Equities. The opening trade or opening quotation in each security activates the autoquote facility and thereafter, each DMM shall keep active at all times the autoquote facility provided by the Exchange. Autoquoting will also be automatically suspended when a block-size transaction as defined in Rule 127 - Equities that involves orders on the Display Book® is being reported manually.

The requirements with respect to display of customer limit orders shall not apply to any customer limit order that is:

- (1) executed upon receipt of the order;
- (2) placed by a customer who expressly requests, either at the time the order is placed or prior thereto pursuant to an individually negotiated agreement with respect to such customer's orders, that the order not be displayed;
- (3) an odd-lot order;
- (4) delivered immediately upon receipt to an exchange or association-sponsored system or an electronic communications network that complies with the requirements of Rule 605 under Reg. NMS with respect to that order;
- (5) delivered immediately upon receipt to another exchange member or over-the-counter market maker that complies with the requirements of Rule 604 under Reg. NMS under the Securities Exchange Act with respect to that order;
- (6) a limit order to buy at a price significantly above the current offer or a limit order to sell at a price significantly below the current bid that is handled in compliance with Exchange procedures regarding such orders ('too marketable limit orders'), or
- (7) an order that is handled in compliance with Exchange procedures regarding block crosses at significant premiums or discounts from the last sale.

Reserved.

### **Rule 80B - Equities. Trading Halts Due to Extraordinary Market Volatility**

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

This Rule shall be in effect during a pilot period to coincide with the pilot period for the Regulation NMS Plan to Address Extraordinary Market Volatility. If the pilot is not either extended or approved permanently at the end of the pilot period, the prior version of Rule 80B - Equities shall be in effect.

(a) The Exchange shall halt trading in all stocks and shall not reopen for the time periods specified in this Rule if there is a Level 1, 2, or 3 Market Decline.

(i) For purposes of this Rule, a Market Decline means a decline in price of the S&P 500® Index between 9:30 a.m. and 4:00 p.m. on a trading day as compared to the closing price of the S&P 500® Index for the immediately preceding trading day. The Level 1, Level 2, and Level 3 Market Declines that will be applicable for the trading day will be publicly disseminated before 9:30 a.m.

- (ii) A "Level 1 Market Decline" means a Market Decline of 7%.
- (iii) A "Level 2 Market Decline" means a Market Decline of 13%.
- (iv) A "Level 3 Market Decline" means a Market Decline of 20%.

**(b) Halts in Trading.**

- (i) If a Level 1 Market Decline or a Level 2 Market Decline occurs after 9:30 a.m. and up to and including 3:25 p.m, or in the case of an early scheduled close, 12:25 p.m., the Exchange shall halt trading in all stocks for 15 minutes after a Level 1 or Level 2 Market Decline. The Exchange shall halt trading based on a Level 1 or Level 2 Market Decline only once per trading day. The Exchange will not halt trading if a Level 1 Market Decline or a Level 2 Market Decline occurs after 3:25 p.m, or in the case of an early scheduled close 12:25 p.m.
- (ii) If a Level 3 Market Decline occurs at any time during the trading day, the Exchange shall halt trading in all stocks until the primary listing market opens the next trading day.

**(c) Re-opening of Trading**

- (i) The re-opening of trading following a Level 1 or 2 trading halt shall follow the procedures set forth in Rule 123D - Equities.
- (ii) ) If the primary listing market halts trading in all stocks, the Exchange will halt trading in all stocks until trading has resumed on the primary listing market or notice has been received from the primary listing market that trading may resume. If the primary listing market does not reopen a security within 15 minutes following the end of the 15-minute halt period, the Exchange may resume trading in that security.

**(d)** Nothing in this Rule 80B - Equities should be construed to limit the ability of the Exchange to otherwise halt, suspend, or pause the trading in any stock or stocks traded on the Exchange pursuant to any other Exchange rule or policy.

**Rule 80C - Equities. Limit Up—Limit Down Plan and Trading Pauses in Individual Securities Due to Extraordinary Market Volatility**

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

The provisions of this Rule shall be in effect during a pilot to coincide with the pilot period for the Regulation NMS Plan to Address Extraordinary Market Volatility.

**(a) Limit Up-Limit Down Mechanism.**

**(1) Definitions**

(A) "Plan" means the Plan to Address Extraordinary Market Volatility Submitted to the Securities and Exchange Commission Pursuant to Rule 608 of Regulation NMS under the Securities Exchange Act of 1934, Exhibit A to Securities Exchange Act Release No. 67091 (May 31, 2012), 77 FR 33498 (June 6, 2012), as it may be amended from time to time.

(B) All capitalized terms not otherwise defined in this Rule shall have the meanings set forth in the Plan or Exchange rules, as applicable.

(2) Exchange Participation in the Plan. The Exchange is a Participant in, and subject to the applicable requirements of, the Plan, which establishes procedures to address extraordinary volatility in NMS Stocks.

(3) Member Organization Compliance. Member organizations shall comply with the applicable provisions of the Plan.

(4) Exchange Compliance with the Plan. Exchange systems shall not display or execute buy (sell) interest above (below) the Upper (Lower) Price Bands, unless such interest is specifically exempted under the Plan.

(5) Repricing and Cancellation of Interest. Exchange systems shall reprice and/or cancel buy (sell) interest that is priced or could be executed above (below) the Upper (Lower) Price Band. Any interest that is repriced pursuant to this Rule shall retain its time stamp of original order entry.

(A) Market Orders. If a Market Order cannot be fully executed at or within the Price Bands, Exchange systems shall cancel the unexecuted portion of the buy (sell) Market Order and will notify the member organization of the reason for such cancellation.

(B) Limit-priced Interest. Both displayable and non-displayable incoming limit-priced interest to buy (sell) that is priced above (below) the Upper (Lower) Price Band shall be repriced to the Upper (Lower) Price Band. Exchange systems shall also reprice resting limit-priced interest to buy (sell) to the Upper (Lower) Price Band if Price Bands move and the price of resting limit-priced interest to buy (sell) moves above (below) the Upper (Lower) Price Band. If the Price Bands move and the original limit price of repriced interest is at or within the Price Bands, Exchange systems shall reprice such interest to its original limit price.

(C) IOC Orders. If an IOC order cannot be fully executed at or within the Price Bands, Exchange systems shall cancel any unexecuted portion of the IOC Order.

(D) DMM Interest. Exchange systems shall cancel DMM Interest to buy (sell) that is entered manually or via DMM-specific order entry methodology if such

interest is priced above (below) the Upper (Lower) Price Band. DMM Interest to buy (sell) that is entered via the same order entry methodology as off-Floor interest shall be repriced pursuant to paragraph (a)(5)(B) of this Rule.

(E) Reserved.

(F) Sell Short Orders. During a Short Sale Price Test, as set forth in Rule 440B(b), short sale orders priced below the Lower Price Band shall be repriced to the higher of the Lower Price Band or the Permitted Price, as defined in Rule 440B(e).

(G) Floor Broker Cross Function. Exchange systems shall not execute orders crossed pursuant to the process provided for in Supplementary Material .10 to Rule 76, if the price of the proposed cross transaction is outside of the Price Bands.

(6) Routing to Away Markets. Exchange systems shall not route buy (sell) interest to an away market displaying a sell (buy) quote that is above (below) the Upper (Lower) Price Band.

(7) Trading Pause during a Straddle State. The Exchange may declare a Trading Pause for a NMS Stock listed on the Exchange when (i) the National Best Bid (Offer) is below (above) the Lower (Upper) Price Band and the NMS Stock is not in a Limit State; and (ii) trading in that NMS Stock deviates from normal trading characteristics.

(8) After the Exchange opens or reopens an Exchange-listed security but before receiving Price Bands from the SIP under the Regulation NMS Plan to Address Extraordinary Market Volatility, the Exchange will calculate Price Bands based on the first Reference Price provided to the SIP and if such Price Bands are not in the MPV for the security, such Price Bands will be rounded to the nearest price at the applicable MPV.

(b) Trading Pause. During Phase 1 of the Plan, a Trading Pause in Tier 1 NMS Stocks subject to the requirements of the Plan, shall be subject to Plan requirements and paragraph (b)(2) of this Rule; a Trading Pause in Tier 1 NMS Stocks not yet subject to the requirements of the Plan shall be subject to the requirements in paragraphs (b)(1) - (5) of this Rule; and a Trading Pause in Tier 2 NMS Stocks shall be subject to the requirements set forth in paragraphs (b)(1)(B) - (5) of this Rule. Once the Plan has been fully implemented and all NMS Stocks are subject to the Plan, a Trading Pause under the Plan shall be subject to paragraph (b)(2) of this Rule only.

(1) Between 9:45 a.m. and 3:35 p.m., or in the case of an early scheduled close, 25 minutes before the close of trading, if the price of a security listed on the Exchange, other than rights and warrants, moves by a percentage specified below within a five-minute period ("Threshold Move"), as calculated pursuant to

paragraph (b)(3) below, trading in that security shall immediately pause on the Exchange for a period of five minutes (a "Trading Pause").

- (A) The Threshold Move shall be 10% or more with respect to securities included in the S&P 500® Index, Russell 1000® Index, and the Invesco PowerShares QQQ exchange traded fund (symbol: QQQQ);
- (B) The Threshold Move shall be 30% or more with respect to all Tier 2 NMS Stocks with a price equal to or greater than \$1; and
- (C) The Threshold Move shall be 50% or more with respect to all Tier 2 NMS Stocks with a price less than \$1.

The determination that the price of a stock is equal to or greater than \$1 under paragraph (b)(i)(B) above or less than \$1 under paragraph (b)(i)(C) above shall be based on the closing price on the previous trading day, or, if no closing price exists, the last sale reported to the Consolidated Tape on the previous trading day.

- (2) Re-opening of Trading following a Trading Pause. At the end of the Trading Pause, the Exchange shall re-open the security in a manner similar to the procedures set forth in Rules 15- Equities and 123D - Equities, subject to the following:
  - (A) Reserved
  - (B) After a Trading Pause has commenced, the Exchange will publish Order Imbalance Information, as defined in Rule 15(g) - Equities, approximately every 5 seconds until the re-opening;
  - (C) In the event of a significant imbalance at the end of a Trading Pause, the Exchange may delay the re-opening of a security;
  - (D) The Exchange will issue a notification if it cannot resume trading for a reason other than a significant imbalance; and
  - (E) Any interest repriced pursuant to paragraph (a) of this Rule shall return to its original order instructions for purposes of the re-opening transaction following a Trading Pause.
- (3) Calculation of Threshold Move. Every second the Exchange shall calculate the Threshold Move by comparing each last consolidated sale price of a security ("Trigger Trade") during the preceding second to a reference price (the "Calculation Time"). The reference price shall be any transaction in that security printed to the Consolidated Tape during the five-minute period before the Calculation Time, except for Trigger Trades in the first five minutes following 9:45 a.m., for which reference prices will begin at 9:45 a.m. Only regular way, in-

sequence transactions qualify as either a Trigger Trade or a reference price. The Exchange can exclude a transaction price from use as a reference price or Trigger Trade if it concludes that the transaction price resulted from an erroneous execution.

- (4) Notification of Trading Pauses. If a Trading Pause is triggered under this Rule, the Exchange shall immediately notify the single plan processor responsible for consolidation of information for the security pursuant to Rule 603 of Regulation NMS under the Securities Exchange Act of 1934.
- (5) If a primary listing market issues an individual stock trading pause, the Exchange will pause trading in that security until trading has resumed on the primary listing market or notice has been received from the primary listing market that trading may resume. If the primary listing market does not reopen the security within 10 minutes of notification of a Trading Pause, the Exchange may resume trading the security.

••• ***Supplementary Material:***

.10 Reserved.]

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**[Members Dealing for Their Own Accounts (Rules 90 - Equities—98A - Equities)**

**Rule 90 - Equities. Dealings by Members on the Exchange**

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

(a) No member or member organization shall effect any transaction in any security on the Exchange for his or its account, the account of an associated person, or an account with respect to which the member, member organization or an associated person thereof exercises investment discretion. For the purposes of this Rule, the term 'associated person' has the meaning set forth in Section 3(a)(21) of the Securities Exchange Act of 1934 (the Act).

(b) The provisions of paragraph (a) of this Rule shall not apply to transactions effected pursuant to the exemptions contained in Section 11(a)(1)(A) through (H) of the Act, or a rule adopted thereunder.

(c) No bid or offer made by a member on an order for the account of a member or member organization subject to Section 11(a)(1)(G) of the Act and Rule 11a1-1(T) thereunder shall be entitled to priority over, parity with or precedence based on size over any order which is for the account of a person who is not a member, member organization or an associated person thereof.



(d) Immediately before executing an order pursuant to Section 11(a)(1)(G) of the Act and Rule 11a1-1(T) thereunder, a member (other than the DMM in such security) shall clearly announce or otherwise indicate to the DMM and to other members then present in the trading crowd in such security that he is representing an order to be executed pursuant to these provisions.

**Rule 91 - Equities. Taking or Supplying Securities Named in Order**

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

No member, whether acting as a DMM or otherwise, who has accepted for execution, personally or through his or her member organization, an order for the purchase of securities shall fill such order by selling such securities for any account in which he, his member organization, or any member, principal executive approved person or officer of such member organization is directly or indirectly interested when the member knows or should have known that the sale is for such an account or having so accepted an order for the sale of securities shall fill such order by buying such securities for such an account, except as follows:

**Missing the market**

(a) A member who neglects to execute an order may be compelled to take or supply for his own account or that of his member organization the securities named in the order;

**`Crossing' for own account**

(b) A member may take the securities named in the order provided (1) he shall have offered the same in the open market at a price which is higher than his bid by the minimum variation permitted in such securities, and (2) the price is justified by the condition of the market, and (3) the member who gave the order shall directly, or through a broker authorized to act for him or her, after prompt notification, accept the trade;

(c) A member may supply the securities named in the order provided (1) he shall have bid for the same in the open market at a price which is lower than his offer by the minimum variation permitted in such securities, and (2) the price is justified by the condition of the market, and (3) the member who gave the order shall directly or through a broker authorized to act for him or her, after prompt notification, accept the trade;

**`On order'**

(d) A member acting as a broker is permitted to report to his or her principal a transaction as made with himself or herself when he or she has orders from two principals to buy and to sell the same security and not to give up, such orders being executed in accordance with Rule 76 - Equities, in which case he must add to his name on the report the words `on order.'

••• *Supplementary Material:*

**.10 Confirmation of transactions.**—When a member or member organization is notified to send a member to a DMM unit's post for the purpose of confirming a transaction with another member who has elected to take or supply for his own account the securities named in an order entrusted to him or her, the member or member organization so notified or a member representing the notified party must respond as soon as practicable under the prevailing circumstances following notification to the member or member organization of the report of execution of the transaction. The transaction must then be either confirmed or rejected with a member and not with a clerk. Transactions which are not then confirmed or rejected in accordance with the procedures above are deemed to have been accepted. If the DMM took or supplied the securities, the member so notified must initial the memorandum record of the DMM which shows the details of the trade and return it to the DMM. The DMM must keep such memoranda records for a period of three years.

Any disagreement as to whether a member or member organization has taken timely action pursuant to this paragraph shall be resolved in accordance with the principles of Rule 75 - Equities.

**.30 Orders Stored in Exchange Systems.**—In the case where a DMM takes or supplies, for an account in which the DMM has an interest, the securities named in an order stored in Exchange systems, the provisions above regarding confirmation of the transaction shall not apply.

**.40 Electronic Order Routing and Reporting.**—In the case where a DMM takes or supplies, for an account in which the DMM has an interest, the securities named in an order which is received by any Exchange electronic order routing system, paragraphs (b)(3) and (c)(3) and paragraph .10 above shall not apply. A member representing the member organization which transmitted the order via the Exchange's order routing systems, may reject any such trade by notifying the DMM in writing promptly after the member organization has received a report on the transaction. Any transaction not rejected in this manner shall be deemed accepted.

**.50 Rejection of DMM's principal transactions.**—If there is a continued pattern of rejections of a DMM's principal transactions, a Floor Official may be called upon and require the broker to review his or her actions. It should be noted, however, that if a customer gives instructions to his or her broker to reject trades with the DMM's name on the other side, this would be a conditional order and should not be entrusted to the DMM for execution.

The foregoing does not compromise the unconditional right of a broker to reject any trade where the DMM trades as principal. In addition, no disciplinary process would be triggered against the broker for exercising his or her right to reject the trade.

### **Rule 93 - Equities. Trading for Joint Account**

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

(a) No member who is approved by the Exchange to initiate transactions on the Exchange Floor or his member organization or any other member or principal executive therein, shall, directly or indirectly, hold any interest or participation in any joint account for buying or selling any security on the Exchange, unless such joint account is reported to and not disapproved by the Exchange.

The report should contain the following information for each account:

- (1) Name of the account, with names of all participants and their respective interests in profits and losses;
- (2) a statement regarding the purpose of the account;
- (3) name of the member organization carrying and clearing the account;
- (4) a copy of any written agreement or instrument relating to the account.

Any changes which take place in a joint account in respect of the information filed should be reported at once to the Exchange.

(b) No member while on the Floor shall, without the prior approval of a Floor Official, initiate the purchase or sale on the Exchange of stock for any account in which he, his member organization or any other member or principal executive therein is directly or indirectly interested with any person other than such member organization or any other member or principal executive therein.

(c) The provisions of this Rule shall not apply to any purchase or sale (1) by a member for a joint account maintained solely for effecting *bona fide* domestic or foreign arbitrage transactions, or (2) by an odd-lot dealer or a DMM for any joint account in which he is expressly permitted to have an interest or participation by Rule 94 - Equities.

••• Supplementary Material:

.10 A member who routes to another market center, an order for the purchase or sale of a security shall, as a consequence thereof, be deemed to be initiating a purchase or a sale of a security on the Exchange as referred to in this Rule.

### **Rule 94 - Equities. Designated Market Makers' or Odd-Lot Dealers' Interest in Joint Accounts**

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

(a) A DMM who conducts business on behalf of a DMM unit, shall neither directly nor indirectly acquire or hold any interest or participation in any joint account for buying or selling on the Exchange, or on any other market center pursuant to Regulation NMS any stock in which such DMM is registered, except a joint account in which such DMM unit is the participant (i) with a member or members who conduct business or (ii) with a member organization.

#### **Rule 95 - Equities. Discretionary Transactions**

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

(a) No member while on the Floor shall execute or cause to be executed on the Exchange, or on any other market center pursuant to Regulation NMS any transaction for the purchase or sale of any stock with respect to which transaction such member is vested with discretion as to (1) the choice of security to be bought or sold, (2) the total amount of any security to be bought or sold, or (3) whether any such transaction shall be one of purchase or sale. The member must receive all material terms of an order, as referenced in (1), (2), and (3), from the member's customer off the Floor, and may not simply rely on a general understanding of the customer's intentions and thereby create an order or a material term of an order on the Floor. For example, a member who has purchased stock pursuant to a customer's off-Floor order may not simply rely on an understanding of the customer's strategy to sell the stock if it becomes profitable to do so, but must first obtain a new order to sell entered by the customer from off the Floor. See also Rule 90 - Equities and the supplementary material thereto.

(b) The provisions of paragraph (a) of this Rule shall not apply to any transaction permitted by Rule 93 - Equities for any account in which the member executing such transaction is directly or indirectly interested.

#### **••• Supplementary Material:**

.10 The provisions of this rule shall not apply to (i) any order to liquidate a position carried over from a previous trading session; (ii) any order liquidating any part of a position assumed as part of a strategy relating to bona fide arbitrage; and (iii) any order liquidating any part of a block position assumed in reliance on the exemption for block positioners contained in Section 11(a)(1)(A) of the Securities Exchange Act.

.20 Reserved.

.30 Reserved.

#### **Rule 96 - Equities. Limitation on Members' Trading Because of Options**

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

No member while on the Floor shall initiate the purchase or sale on the Exchange for his own account or for any account in which he, his member organization, or any member, principal executive, or approved person of such organization is directly or indirectly interested, of any stock in which he holds or has granted any put, call, straddle or other option, or in which he has knowledge that his member organization or any of the above mentioned accounts holds or has granted any put, call, straddle or other option, except that the provisions of this rule shall not apply in the case of any such options that are listed or traded on a national securities exchange. The Exchange may at any time, and from time to time, require reports relating to transactions in options effected by a member or member organization.

••• ***Supplementary Material:***

.10 A member who routes to another market center, an order for the purchase or sale of a security shall, as a consequence thereof, be deemed to be initiating a purchase or a sale of a security on the Exchange as referred to in this Rule.

Reserved.

**Rule 98 - Equities. Operation of a DMM Unit**

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

(a) Applicability

- (1) The provisions of this rule shall apply to all member organizations seeking to operate a DMM unit at the Exchange and any approved person that may provide services to a DMM unit.

(b) Definitions

For purposes of this Rule, the following terms shall be defined as provided.

- (1) "DMM unit" means a trading unit within a member organization that is approved pursuant to Rule 103 - Equities to act as a DMM unit.
- (2) "DMM securities" means any securities allocated to the DMM unit pursuant to Rule 103B - Equities or other applicable rules.
- (3) "DMM rules" means any rules that govern DMM or DMM unit conduct or trading.
- (4) "Floor-based non-public order" means any order, whether expressed electronically or verbally, or any information regarding a reasonably imminent non-public transaction or series of transactions entered or intended for entry or execution on the Exchange and which is not publicly available on a real-time basis via an Exchange-provided datafeed, such as NYSE OpenBook® or otherwise not publicly available.

Non-public orders include order information at the opening, re-openings, the close, and order information in Exchange systems that is not available via NYSE OpenBook®.

- (5) "Investment banking department" means any department or division, whether or not specifically identified as such, that performs any investment banking services on behalf of a member organization.
- (6) "Research department" means any department or division, whether or not specifically identified as such, that is responsible for preparing the substance of a research report on behalf of a member organization.
- (7) "Related products" means any derivative instrument that is related to a DMM, including options, warrants, hybrid securities, single-stock futures, security-based swap agreement, a forward contract, or any other instrument that is exercisable into or whose price is based upon or derived from a security listed or traded at the Exchange.

(c) Operation of a DMM unit.

- (1) A member organization will be permitted to operate a DMM unit provided that the member organization has obtained prior written approval from the Exchange.
- (2) A member organization seeking approval to operate a DMM unit pursuant to this rule must maintain and enforce written policies and procedures reasonably designed, taking into consideration the nature of such member organization's business, (i) to prevent the misuse of material, non-public information by such member organizations or persons associated with such member organization and (ii) to ensure compliance with applicable federal laws and regulations and with Exchange rules. For purposes of this Rule, conduct constituting the misuse of material, non-public information includes, but is not limited to:
  - (A) Trading in any securities issued by a corporation, or in any related product, while in possession of material-non-public information concerning the issuer; or
  - (B) Trading in a security or related product, while in possession of material non-public information concerning imminent transactions in the security or related product; or
  - (C) Disclosing to another person or entity any material, non-public information involving a corporation whose shares are publicly traded or an imminent transaction in an underlying security or related product for the purpose of facilitating the possible misuse of such material, non-public information.
- (3) Restrictions on trading for member organizations operating a DMM unit.

- (A) A member organization shall protect against the misuse of Floor-based non-public order information. Only Floor-based employees of the DMM unit and individuals responsible for the direct supervision of the DMM unit's Floor-based operations may have access to Floor-based non-public order information.
- (B) While on the Trading Floor of the Exchange, employees of the DMM unit:
- (i) except as provided for in Rule 36.30, may trade only DMM securities and only on or through the systems and facilities of the Exchange as permitted by Exchange rules.
  - (ii) except as provided for in Rules 36.30, may not communicate with individuals or systems responsible for making trading decisions for related products or for away-market trading in their assigned DMM securities.
  - (iii) shall not have access to customer information or the DMM unit's position in related products.
- (C) When a Floor-based employee of a DMM unit moves to a location off of the Trading Floor of the Exchange or if any person that provides risk management oversight or supervision of the Floor-based operations of the DMM unit is aware of Floor-based non-public order information, he or she shall not (1) make such information available to customers, (2) make such information available to individuals or systems responsible for making trading decisions in DMM securities in away markets or related products, or (3) use any such information in connection with making trading decisions in DMM securities in away markets or related products.
- (D) A DMM unit may make available to a Floor broker associated or affiliated with an approved person or member organization any information that the DMM would be permitted to provide under Exchange rules to an unaffiliated Floor broker.
- (4) Any proprietary interest entered into Exchange systems by the DMM unit in DMM securities must be identifiable as DMM unit interest, unless such proprietary interest is for the purposes of facilitating the execution of an order received from a customer (whether the DMM's own customer or the customer of another broker-dealer) and is on a riskless principal basis, or on a principal basis to provide price improvement to the customer (a "customer-driven order"). A DMM unit must use a unique mnemonic that identifies to the Exchange its customer-driven orders in DMM securities. A mnemonic used to identify a DMM's customer-driven orders in DMM securities may not be used for trading activity at the Exchange in DMM securities that are not customer-driven orders, but may be used for trading activities in securities not assigned to the DMM.

- (5) The member organization must provide the Exchange with real-time net position information in DMM securities by the DMM unit and any independent trading unit of which it is part at such times and in the manner prescribed by the Exchange.
  - (6) The DMM unit may not operate as a specialist or market maker on the Exchange or the NYSE American LLC equities or options trading floors in related products, unless specifically permitted in Exchange rules.
  - (7) The member organization shall maintain information barriers between the DMM unit and any investment banking or research departments of the member organization. No DMM or DMM unit may be directly supervised or controlled by an individual associated with an approved person or the member organization who is assigned to any investment banking or research departments.
- (d) The rules, fees or credits applicable to DMM quoting or trading activity will apply only to a DMM unit's quoting or trading in its DMM securities for its own account that has been identified as DMM interest. Customer-driven orders for the account of a DMM unit that have not been identified as DMM interest will not be subject to DMM rules or be eligible for any fees or credits applicable to DMM quoting or trading activity and may not be aggregated with interest that has been identified as DMM interest for purposes of any DMM-related fees or credits or DMM quoting obligations specified in Rule 104(a) - Equities.
- (e) Failure to Maintain Confidentiality
- (1) In the event that a DMM unit receives from the member organization or approved person non-public information about a security that is allocated to the DMM unit, that DMM unit shall promptly communicate that fact to the person responsible for compliance with the securities laws and regulations within the DMM unit (compliance officer) and shall seek a determination from such compliance officer as to whether the DMM should cease acting as a DMM in the security involved.
    - (A) If the compliance officer determines that the DMM should temporarily cease acting as a DMM in the security:
      - (i) The DMM shall transfer the responsibility to act as a DMM in such security to another member who is registered as a DMM and who is not in possession of the information so received;
      - (ii) The compliance officer shall immediately notify the Exchange when (1) a determination is made that another DMM should act as a DMM in such security, and (2) when the compliance officer determines that the DMM who regularly handles the security can resume acting as a DMM for that security.
      - (iii) The compliance officer shall be responsible for determining when it is appropriate for the DMM to resume acting as DMM in the security involved.



- (iv) The compliance officer shall take such actions as may be necessary to ensure that the transfer of the security to another member who is registered as a DMM is conducted in a "neutral" manner so that there is no communication of the information that had been received by the DMM who, as a consequence of receiving such information, was required to cease acting as a DMM for that security.
- (v) The compliance officer shall maintain a written record of each request from a DMM for a determination of whether to cease acting as a DMM in a security. Such record shall include a description of the information received by the DMM, an indication when and from whom the information was received, when the compliance officer was consulted on the matter, when the compliance officer made a determination on the matter, the determination of whether to cease acting as a DMM in a security, the basis for such determination, the time at which the DMM resumed acting as a DMM in the security involved, and such other information as the Exchange may from time to time require.

(f) Reporting Obligations

- (1) The member organization or approved person associated with a DMM unit shall report to the Exchange, on a monthly "after the fact" basis and on such form and in such specific detail as the Exchange may prescribe, information regarding material investment banking activities in which it has been engaged (e.g., underwriting, tender offers, mergers, acquisitions, recapitalizations, etc.), and material research reports, recommendations, etc., pertaining to any security that has been allocated to a DMM unit pursuant to Rule 103B - Equities.
- (2) A DMM unit shall report to the Exchange on a monthly "after the fact" basis and on such form and in such specific detail as the Exchange may prescribe, information regarding determinations pursuant to section (e)(1) of this Rule by a compliance officer that a DMM shall not be required to cease acting as a DMM in a security.
- (3) A DMM unit shall promptly report to the Exchange any failure to maintain the confidentiality of Floor-based non-public order information, as required by section (c) of this Rule.
- (4) In the event a DMM unit, member organization, or approved person becomes aware of any trading activity that may be a result of a breach of (i) the DMM unit's internal controls or surveillances as required by section (c) of this Rule, or (ii) the requirement to maintain the confidentiality of Floor-based non-public order information, as required by section (c) of this Rule, the DMM unit, member organization, or approved person shall:
  - (A) Promptly conduct an internal investigation into any such actual or potential breach to determine whether such breach occurred and if there was a breach, how such breach occurred;

- (B) Promptly take any and all necessary remedial measures to prevent and detect such breaches from recurring; and
- (C) On a quarterly basis, for any ongoing internal investigation required by section (f)(4)(A) of this Rule, report in writing to the Exchange:
  - (i) The commencement of the internal investigation;
  - (ii) The quarterly progress of each open investigation (report by the 15th day of the month following the quarter); and
  - (iii) The completion of the investigation, including the methodology and results of the investigation, remedial actions taken, any internal disciplinary action taken, and any referral of the matter to the Exchange, another self-regulatory organization, the Securities and Exchange Commission or another Federal agency.

(g) Breach

Any failure by the DMM unit to maintain confidentiality of Floor-based non-public order information or any breach of any internal controls established to protect such information, may result in the imposition of appropriate regulatory sanctions, including a withdrawal of the registration of one or more securities of the DMM unit or the withdrawal of approval to operate a DMM unit.

**Rule 98A - Equities. Restrictions on Persons or Parties Affiliated with A DMM Unit**

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

A DMM unit may not be registered in a stock of an issuer, or a partner or subsidiary thereof, if such entity is an approved person or affiliate of the DMM unit's member organization.

**Designated Market Makers' ("DMMs") and Member Organizations' Dealings on the Floor (Rules 103 - Equities—114 - Equities)**

**Rule 103 - Equities. Registration and Capital Requirements of DMMs and DMM Units**

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

- (a)(i) No member organization shall act as a DMM unit on the Exchange in any security unless such member organization is registered as a DMM unit in such security with the Exchange and unless the Exchange has approved of the member organization so acting as a DMM unit and has not withdrawn such approval.

(b)(i) To register as a DMM unit, a member organization shall file an application in writing in such form as required by the Exchange. In reviewing an application, the Exchange may consider the member organization's market making ability, capital available for market making, and such other factors as the Exchange deems appropriate. After reviewing the application, the Exchange shall either approve or disapprove the applicant member organization's registration as a DMM unit.

(ii) An existing specialist member organization may continue to operate as a DMM unit without submitting an application to the Exchange.

(c)(i) Before approval of registration as a DMM, an individual is required to be a member of the Exchange and pass an examination prescribed by the Exchange, unless such examination is waived by the Exchange. Applications for this examination should be submitted to the Exchange.

(ii) A member previously qualified as a specialist may act as a DMM without being required to pass an examination prescribed by the Exchange.

(iii) DMMs are permitted to conduct business for the DMM unit on the Floor of the Exchange, such as entering orders and quotations for the account of the DMM unit. DMMs may conduct business only on behalf of the DMM unit with which the DMM is associated.

(d) As a condition of a member organization's registration as a DMM unit in one or more securities the Exchange may at any time require such DMM unit to act as an odd-lot dealer in such securities as provided under the rules of the Exchange.

(e) All DMM units registered at the Exchange will be required to pay such registration fees as are determined and made known by the Exchange.

(f) Relief DMMs. -

(i) Any member registered as a regular DMM must either (1) be associated with other members also registered as regular DMMs in the same securities, either through a partnership or a member corporation or a joint account, and arrange for at least one member of the group to be in attendance during the hours when the Exchange is open for business, or (2) arrange for the registration by at least one other member as relief DMM, who would always be available, in the regular DMM's absence, to perform the activities of a regular DMM and to service the market, so that there would be no interruption of the continuity of service during the hours when the Exchange is open for business.

(ii) The same obligations and responsibilities for the maintenance and stabilization of markets which rest upon regular DMMs, rest also upon relief DMMs.

(iii) A member previously registered as a relief specialist may serve as a relief DMM.

••• *Supplementary Material:*

**.10 Temporary Reallocation of Securities.** The Chief Regulatory Officer or his or her designee and two non-DMM Executive Floor Governors or if only one or no non-DMM Executive Floor Governors is present on the Floor, the most senior non-DMM Floor Governor or Governors based on length of consecutive service as a Floor Governor at the time of any action covered by this rule, acting by a majority shall have the power to reallocate temporarily any security on an emergency basis to another location on the Exchange whenever in their opinion such reallocation would be in the public interest.

The member to whom a security has been temporarily reallocated under the provisions of this Rule will be registered as the regular DMM therein until the Chief Regulatory Officer or his or her designee and two non-DMM Executive Floor Governors determine that the security may be returned to the original DMM unit or has been reallocated pursuant to Exchange rules.

**.11 Time Tracking Requirements**

(A) Each DMM and DMM unit shall keep and provide the Exchange with records in such format as required by the Exchange indicating (a) the identity of DMMs and the personnel of the DMM unit available on the Floor to work with DMMs; (b) the times during which each DMM acts in his or her capacity as DMM on the Floor; and (c) the times during which personnel available on the Floor act in the capacity of a clerk to a DMM on the Floor.

(B) Each DMM and the personnel of the DMM unit available on the Floor to work with the DMM shall input the required personnel identifying information into the Exchange's IDTrack system at any post and panel in which each DMM acts in his or her capacity as DMM on the Floor and in which personnel available on the Floor act in the capacity of a clerk to a DMM on the Floor.

(C) Each DMM and the personnel of the DMM unit available on the Floor to work with the DMM in the capacity of a clerk shall sign and certify at the end of each trading day a daily report identifying the times that the DMM and the clerk logged into the IDTrack system, the registered securities in which the DMM and the clerk worked on that particular day, and the time that the DMM and the clerk logged out of the IDTrack system. The signatures of the DMM and the clerk will certify the accuracy of the daily reports, and the signatures will be provided by the DMM and the clerks in the manner required by the Exchange.

**DMM Capital Requirements**

**.20 Minimum Capital Requirements**

(a)(i) Each DMM unit must maintain tentative net capital in an amount which shall be the greater of (i) \$1,000,000 or (ii) an amount sufficient to assume a position of sixty trading

units of each security in which such DMM is registered. For purposes of this Rule, the amount sufficient to assume a position in sixty trading units shall be equal to 15% of the current market value of the position.

- (ii) FINRA must be informed immediately by a DMM unit whenever it is unable to comply with the requirements set forth in this Rule, as applicable.
- (iii) The term "tentative net capital" means net capital, computed in accordance with Securities Exchange Act Rule 15c3-1 before application of haircuts and undue concentration charges.
- (iv) In the event that two or more DMM units are associated with each other and deal for the same DMM account, the capital requirements enumerated in this Rule shall apply to such DMM units as one unit, rather than to each DMM unit individually. Any joint account must be approved by the Exchange.
- (v) For each security in which a DMM is registered which is principally traded or priced in a U.S. marketplace other than the Exchange, such DMM shall maintain tentative net capital sufficient to assume a position of twenty trading units of such security.
- (vi) Every DMM who enters into a financing arrangement with any creditor either for the purpose of meeting the requirements imposed by this rule or for the purpose of financing any DMM transactions, including arrangements made pursuant to Equities Rule 462, shall inform the Exchange of the name of the creditor and the terms of the arrangement. Each DMM and each member organization which is a party to any such financing arrangement shall notify the Exchange of any amendment, cancellation or expiration of such arrangement at least 72 hours in advance (or such shorter period as is reasonable in the circumstances if the financial condition of the member organization would otherwise be substantially impaired). In addition to such notice and the notifications and reports otherwise required by the Exchange, the Exchange must be informed immediately by telephone (and thereafter by confirmation in writing) of the intention to issue a margin call.
- (vii) DMMs must be able to meet the requirements of this Rule without taking into consideration the capital required to carry or finance investment accounts.
- (viii) Each DMM or DMM unit subject to this Rule shall promptly notify the Exchange in writing if the tentative net capital of such DMM or DMM unit, after deduction of all capital withdrawals including maturities, if any, scheduled during the next six months, falls below 125% of the minimum dollar amount required hereby (the "early warning level").
- (ix) In the event the tentative net capital of any DMM or DMM unit subject to this Rule falls below the early warning level, such DMM or DMM unit shall attempt to reach a written agreement with the Exchange on a plan for raising the DMM's or

DMM unit's capital to an appropriate level or taking other appropriate action. In the event of the failure to reach such agreement within five business days following the initial response or involvement of the Exchange, the Exchange may take such action as it shall decide is appropriate.

(b) Maintaining a Fair and Orderly Market.— Solely for the purpose of maintaining a fair and orderly market, the Exchange may, for a period not to exceed 5 business days, allow a DMM unit to continue to operate despite such DMM unit's non-compliance with the provisions of the minimum requirements of this Rule.

**.21 Relief DMMs.—**

(a) A full time relief DMM, i.e., one who may be called upon to act as a relief DMM for an entire business day, shall have no financial requirement so long as his or her dealings while relieving the regular DMM are effected for the account of the regular DMM. A full time relief DMM must satisfy the financial requirements of this Rule with respect to the securities in which he or she is acting as a relief DMM if the relief DMM, or the DMM unit providing the relief DMM, participates in the profit and loss of the dealings by the relief DMM.

(b) There is no requirement with respect to a member acting as a part-time relief DMM, i.e., one who may be called upon to act as a relief DMM for less than the entire business day, usually for lunch periods, etc. Dealings effected by a part-time relief DMM while relieving the regular DMM must be made for the account of the regular DMM whom he or she is relieving.

**Rule 103A - Equities. Member Education**

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

The Exchange shall develop procedures and standards for qualification and performance of members active on the Floor of the Exchange. All proposed Floor members must complete such educational program as may be prescribed by the Exchange before they will be permitted to act as a member on the Floor of the Exchange. All individuals qualified to act as Floor members, whether a primary or substitute trading license user, must complete such mandatory continuing education program modules as the Exchange may introduce from time to time. Individuals qualified to act as Floor members who fail to complete an educational module within 60 days from the date originally scheduled to participate, or within such different number of days as the Exchange may prescribe in connection with a particular module, will be precluded from entering on the trading Floor until such time as the member satisfies the requirement to complete the educational module. The requirement to complete educational modules shall not apply to Executive Floor Governors. A member required to complete a particular educational module pursuant to this rule may satisfy his or her obligation by substantially assisting the Exchange in the development of such educational module.

## **Rule 103B - Equities. Security Allocation and Reallocation**

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

### **I. ASSIGNMENT OF SECURITIES**

Securities are allocated to a qualified DMM unit when: (1) a security is to be initially listed on the Exchange; and (2) a security previously assigned to a DMM member organization must be re-assigned pursuant to this Rule or the Exchange's Company Guide.

### **II. ELIGIBILITY FOR ALLOCATION**

- (A) A DMM unit is eligible to participate in the allocation process of a listed security when the DMM unit meets the quoting requirements for "Less Active" and "More Active" securities.
- (B) For purposes of Section II of Rule 103B - Equities, "Less Active Security" shall mean any listed security that has a consolidated average daily volume of less than one million shares per calendar month.
- (C) For purposes of Section II of Rule 103B - Equities, a "More Active Security" shall mean any listed security that has a consolidated average daily volume equal to or greater than one million shares per calendar month.
- (D) For Less Active Securities a DMM unit must maintain a bid and an offer at the National Best Bid ("NBB") and National Best Offer ("NBO") (collectively herein "NBBO") for an aggregate average monthly NBBO of 10% or more during a calendar month.
- (E) For More Active Securities a DMM unit must maintain a bid and an offer at the NBBO for an aggregate average monthly NBBO of 5% or more during a calendar month.
- (F) A DMM unit will be deemed to have met its quoting requirements for Less Active and More Active securities for the "Trading Days" in a calendar month pursuant the provisions of subsection (H) below.
- (G) For purposes of Section II of Rule 103B - Equities, "Trading Day" shall mean any day on which the Exchange is scheduled to be open for business. Days on which the Exchange closes prior to 4:00 p.m. (Eastern Time) for any reason, which may include any regulatory halt or trading halt, shall be considered a Trading Day.
- (H) The Exchange will determine for each security:

- (1) the "Daily NBB Quoting Percentage" by determining the percentage of time a DMM unit has at least one round lot of displayed interest in an Exchange bid at the National Best Bid during each Trading Day for a calendar month;
  - (2) the "Daily NBO Quoting Percentage" by determining the percentage of time a DMM unit has at least one round lot of displayed interest in an Exchange offer at the National Best Offer during each Trading Day for a calendar month;
  - (3) the "Average Daily NBBO Quoting Percentage" for each Trading Day by summing the "Daily NBB Quoting Percentage" and the "Daily NBO Quoting Percentage" then dividing such sum by two;
  - (4) the "Monthly Average NBBO Quoting Percentage" for each security by summing the security's "Average Daily NBBO Quoting Percentages" for each Trading Day in a calendar month then dividing the resulting sum by the total number of Trading Days in such calendar month; and
  - (5) for the total Less Active Securities (More Active Securities) assigned to a DMM unit, the Exchange will determine the "Aggregate Monthly Average NBBO Quoting Percentage" by summing the Monthly Average NBBO Quoting Percentages for each Less Active Security (More Active Security) assigned to a DMM unit, then dividing such sum by the total number of Less Active Securities (More Active Securities) assigned to such DMM unit.
- (I) A DMM unit's eligibility to participate in the allocation process is determined at the time the interview is scheduled by the Exchange.
- (J) Failure to Meet Performance Standards
- (1) If a DMM unit fails to meet the requirements of Rule 103B - Equities, Section II(D) and (E) for a one-month period, the Exchange will issue an initial warning letter to the unit, advising it of its poor performance. The DMM unit shall provide in writing an explanation and articulation of corrective action.
  - (2) If the DMM unit fails to meet the requirement of Rule 103B - Equities, Section II(D) and (E) for a second consecutive month, the DMM unit will be ineligible to participate in the allocation process for a minimum of two months following the second consecutive month of its failure to meet its quoting requirement ("Penalty Period"). The DMM unit must satisfy the quoting requirement for the two consecutive months of the Penalty Period.
  - (3) In the event a DMM unit fails to meet its quoting requirements for the two consecutive months of the Penalty Period, the DMM unit will remain ineligible to participate in the allocation process until it has met the quoting requirement for a consecutive two calendar month period.



- (4) The Exchange will review each DMM unit's trading on a monthly basis to determine whether the DMM unit has satisfied its quoting requirement.

### **III. ALLOCATION**

The issuer may select its DMM unit directly or delegate the authority to the Exchange to select its DMM unit. After the Exchange provides written notice to DMM units that the issuer is listing on the Exchange, no individual associated with a DMM unit may contact such issuer, or the Exchange Selection Panel if applicable, until the allocation is made, except as otherwise provided below.

#### **(A) Issuer Selection of DMM Unit by Interview**

- (1) The issuer will select a minimum of four DMM units to interview from the pool of DMM units eligible to participate in the allocation process.

#### **(2) Interview Between the Issuer and DMM Units**

- (a) DMM units selected for an interview may provide material to the Exchange which will be given to the issuer prior to the scheduled interview. Such material may include a corporate overview of the DMM unit and the trading experience of the designated DMM. DMM units are prohibited from giving issuers information about other DMM units or any additional market performance data.
- (b) Within five business days after the issuer selects the eligible DMM units to be interviewed (unless the Exchange has determined to permit a longer time period in a particular case), the issuer shall meet with representatives of each of the DMM units. At least one representative of the listing company must be a senior official of the rank of Corporate Secretary or above of that company, or a designee of such senior official. In the case of the listing of a structured product, a senior officer of the issuer may be present in lieu of the Corporate Secretary. Representatives of each DMM unit must participate in the meeting, each of whom must be employees of the member organization operating a DMM unit, and one of whom must be the individual DMM who is proposed to trade the company's security. If the DMM is unavailable to appear in person, a telephone interview with that DMM is acceptable. Meetings shall normally be held at the Exchange, unless the Exchange has agreed that they may be held elsewhere.
- (c) Teleconference meetings will be permitted at the request of non-U.S. issuers, or for U.S. issuers in compelling circumstances.
- (d) Following its interview, a DMM unit may not have any contact with an issuer. If an issuer has a follow-up question regarding any DMM unit(s) it interviewed, it must be conveyed to the Exchange. The Exchange will contact the DMM

unit(s) to which the question pertains and will provide any available information received from the DMM unit(s) to the listing company

- (3) Within two business days of the issuer's interviews with the DMM units, the issuer must select its DMM unit in writing, signed by a senior official of the rank of Corporate Secretary or higher, or in the case of a structured product listing, a senior officer of the issuer, duly authorized to so act on behalf of the company. The Exchange will confirm the allocation of the security to that DMM unit, at which time the security will be deemed to have been so allocated. An issuer may request an extension from the Exchange if the issuer is unable to complete its selection within the specified period.

#### (B) Exchange Selection of DMM Unit by Delegation

- (1) If the issuer delegates authority to the Exchange to select its DMM unit, an Exchange Selection Panel ("ESP") will be convened to select a DMM unit. The ESP will consist of three Exchange employees as designated by the Chief Executive Officer ("CEO") of the Exchange. Such issuer may choose to submit a letter to the ESP indicating its preference and supporting justification for a particular DMM unit. The ESP may consider such letter in performing its duty to select a DMM unit for the issuer.
- (2) The Exchange Selection Panel will select the DMM unit and inform the issuer of its selection. The ESP may also interview one or more individuals associated with a DMM unit.
- (3) The selection of the DMM unit by the ESP will be made by majority vote. The Exchange will notify the DMM unit and the issuer. The DMM unit will then be responsible for providing the issuer with the name of the DMM with the requisite experience and skill it believes is appropriate to trade the issuer's security.

#### (C) DMM One Year Obligation

The individual DMM who is assigned the proposed security is be required to remain the assigned DMM for one year from the date that the issuer begins trading on the Exchange. The DMM unit may designate a different individual DMM within the year by notifying the Exchange of the change in DMM and setting forth the reasons for the change with the consent and approval of the issuer.

#### (D) Foreign listing considerations

The special characteristics of foreign issues often require the DMM unit to commit extra resources in order to be a presence in the foreign market. Therefore, in allocations involving foreign issues, DMM units must provide information about its commitment to establish and maintain relationships with arbitrage houses and

foreign brokerage units, and to gain familiarity with various aspects of trading securities of foreign issuers.

#### **IV. REALLOCATION**

##### **(A) Change of DMM Unit upon Request of Issuer**

- (1) When an issuer has requested and confirmed a change of DMM unit pursuant to the procedures in Rule 103B.10 - Equities, the security will be put up for reallocation as soon as practicable, in accordance with the allocation process set forth in Rule 103B - Equities, Section III.
- (2) No negative inference for allocation or regulatory purposes is to be made against a subject DMM unit in the event that a DMM unit is changed pursuant to Rule 103B.10 - Equities. Similarly, the DMM unit shall not be afforded preferential treatment in subsequent allocations as a result of a change pursuant to such provision.

#### **V. EGREGIOUS SITUATIONS**

(A) In any instance where a DMM unit's performance in a particular market situation was, in the judgment of the Exchange, so egregiously deficient as to call into question the Exchange's integrity or impair the Exchange's reputation for maintaining an efficient, fair, and orderly market, the CEO or his or her designee may immediately initiate a reallocation proceeding upon written notice to the DMM unit and the issuer specifying the reasons for the initiation of the proceeding.

(B) Following this decision, if the CEO or his or her designee makes a final determination that a security should be referred for reallocation, the CEO or his or her designee will, in his or her expert business judgment, be responsible for reallocating the security to the one of the remaining DMM units eligible for allocation.

(C) The CEO or his or her designee shall then make a final determination as to which one or more of the DMM unit's security shall be referred for reallocation. All determinations made by the CEO or his or her designee shall be communicated in writing to the DMM unit, with a statement of the reasons for such determinations.

(D) A decision by the Exchange that one or more securities should be reallocated shall be final, subject to the DMM unit's right to have such decision reviewed by the Exchange's Board of Directors.

(E) In the event that a DMM unit asserts its right to review, no reallocation may occur until the Board of Directors completes its review.

#### **VI. POLICY NOTES**

***(A) Spin-offs, listing of related companies and related securities***

- (1) If a listing company is a spin-off of or a company related to a listed company, the listing company may remain with the DMM unit registered in the related listed company or be allocated through the allocation process pursuant to Rule 103B - Equities, Section III. If the spin-off company or company related to a listed company chooses to have its DMM unit selected by the Exchange pursuant to Rule 103B - Equities, Section III(B), and requests not to be allocated to the DMM unit that was its listed company's DMM unit, such request will be honored.
- (2) A warrant issued by a listed company and traded on the Exchange is allocated to the DMM unit registered in the underlying security of the listed company. Upon request by the issuer, the warrant may be allocated through the allocation process pursuant to Rule 103B - Equities, Section III.
- (3) DMM units that are ineligible to receive a new allocation due to its failure to meet the requirements of Rule 103B - Equities, Section II(D) and (E) will remain eligible to receive the spin-off and listing of related companies.
- (4) Rights traded on the Exchange are not subject to the provisions of this Rule and are assigned, when issued, to the DMM unit by the Exchange.

***(B) Relistings***

Relistings are treated as new listings and will be allocated through the allocation process pursuant to Rule 103B - Equities, Section III. If the relisting chooses to have its DMM unit selected by the Exchange pursuant to Rule 103B - Equities, Section III(B), and requests not to be allocated to its former DMM unit, such request will be honored. DMM units that are ineligible to receive a new allocation due to its failure to meet the requirements of Rule 103B - Equities, Section II(D) and (E) will remain eligible to receive an allocation pursuant to this section.

***(C) Common Stock listing after Preferred Stock***

When a company applies to list an issue of common stock after having listed a preferred issue, the common stock is referred for allocation through the allocation process pursuant to Rule 103B - Equities, Section III. DMM units that are ineligible to receive a new allocation due to its failure to meet the requirements of Rule 103B - Equities, Section II(D) and (E) will remain eligible to receive an allocation pursuant to this section.

***(D) Listed Company Mergers***

- (1) When two Exchange listed companies merge, the merged company may select one of the units trading the merging companies without the security being referred for reallocation, or it may request that the matter be referred for allocation through the allocation process pursuant to Rule 103B - Equities, Section III. A DMM unit that is

ineligible to receive a new allocation due to its failure to meet the requirements of Rule 103B - Equities Sections II(D) and (E) will remain eligible to be selected pursuant to this section in its capacity as the DMM for one of the two pre-merger companies, but will not be eligible to participate in the allocation process if the post-merger listed company requests that the matter be referred for allocation through the allocation process pursuant to Rule 103B - Equities, Section III.

(2) If the merging company chooses to have its DMM unit selected by the Exchange pursuant to Rule 103B - Equities, Section III(B), the company may not request that the Exchange not allocate the security to one of the DMM units trading the merging company. DMM units that are ineligible to receive a new allocation due to its failure to meet the requirements of Rule 103B - Equities, Section II(D) and (E) will remain eligible to receive an allocation pursuant to this section.

(3) In situations involving the merger of a listed company and an unlisted company, the merged company may choose to remain registered with the DMM unit that had traded the listed company entity in the merger, or it may request that the matter be referred for allocation through the allocation process pursuant to Rule 103B - Equities. A DMM unit that is ineligible to receive a new allocation due to its failure to meet the requirements of Rule 103B - Equities, Section II(D) and (E) will remain eligible to be selected pursuant to this section in its capacity as the DMM for the pre-merger listed company, but will not be eligible to participate in the allocation process if the post-merger listed company requests that the matter be referred for allocation through the allocation process pursuant to Rule 103B - Equities, Section III.

(4) If the unlisted company chooses to have its DMM unit selected by the Exchange pursuant to Rule 103B - Equities, Section III(B), the company may not request that the Exchange exclude from consideration the DMM unit that had traded the listed company. DMM units that are ineligible to receive a new allocation due to its failure to meet the requirements of Rule 103B - Equities, Section II(D) and (E) will remain eligible to receive an allocation pursuant to this section.

**(E) 'Target' Stock.** (1) If a tracking ('target') stock(s) is issued by a listed company, the listed company may choose to have its newly-issued tracking stock(s) stay with the DMM unit registered in the listed company that issued the tracking stock(s) or be referred for allocation through the allocation process pursuant to Rule 103B - Equities, Section III. DMM units that are ineligible to receive a new allocation due to its failure to meet the requirements of Rule 103B - Equities, Section II(D) and (E) will remain eligible to receive an allocation pursuant to this section.

(2) If the listed company chooses to have the DMM of the tracking stock(s) selected by the Exchange pursuant to Rule 103B - Equities, Section III(B) The DMM unit registered in such security prior to a separate listing shall remain registered in such security after its separate listing, unless the listing company requests that the matter be referred for allocation through the allocation process pursuant to Rule 103B - Equities. In such a case, the Exchange shall honor the company's request not to be allocated to the DMM unit that

had traded the `target' stock. DMM units that are ineligible to receive a new allocation due to its failure to meet the requirements of Rule 103B - Equities, Section II(D) and (E) will remain eligible to receive an allocation pursuant to this section.

***(F) Allocation of Group of Closed-End Management Investment Companies (`Funds')***

(1) Funds listing on the Exchange pursuant to this policy will be subject to the allocation process pursuant to Rule 103B - Equities, Section III. If the issuer of an initial Fund lists additional funds within nine months from the date of its initial listing, the issuer may choose to maintain the same DMM unit for those subsequently listed funds or it may select a different DMM unit from the group of eligible DMM units that the issuer interviewed or reviewed in the allocation process for its initial fund. The fund may also delegate the selection of its DMM unit to the Exchange if it so chooses pursuant to Rule 103B - Equities, Section III(B).

If a DMM unit is ineligible from participating in an allocation as set forth in Rule 103B - Equities, Section III, at the time of a subsequent new Fund listing (within the designated nine-month period), that DMM unit will not be included for consideration for subsequent listings.

(2) In any case where all the Funds in a group of closed-end management investment companies are being listed concurrently with a common investment adviser or investment advisers who are `affiliated persons' pursuant to the alternate criteria in Section 101 of the Exchange's Company Guide (for groups where one or more Funds do not meet the ordinary requirement for public market value of \$20,000,000), the entire group should be allocated to one DMM unit, unless there are factors, such as the number of funds in the group, the types of funds, or the relative values of the funds, which the Exchange believes make allocation to more than one DMM unit appropriate.

***(G) Allocation Freeze Policy***

In the event that a DMM unit: (i) loses its registration in a DMM security as a result of proceedings under the Rule 8000 or 9000 Series, as applicable; or (ii) voluntarily withdraws its registration in a DMM security as a result of possible proceedings under those rules, the unit will be ineligible to apply for future allocations for the six month period immediately following the reassignment of the security ("Allocation Prohibition").

Following the Allocation Prohibition, a second six month period will begin during which a DMM unit may apply for new listings, provided that the unit demonstrates to the Exchange relevant efforts taken to resolve the circumstances that triggered the Allocation Prohibition. The determination as to whether a unit may apply for new listings will be made by Exchange regulatory staff, in consultation with the Executive Floor Governors. The factors the staff will consider will vary depending on the unit's particular situation, but may include one or more steps such as:

- supplying additional manpower/experience;

- changes in professional staff;
- attaining appropriate dealer participation;
- enhancing back-office staff; and
- implementing more stringent supervision/new procedures.

***(H) Allocation Sunset Policy***

Allocation decisions shall remain effective with respect to any initial public offering listing company which lists on the Exchange within eighteen months of such decision. In situations in which the selected DMM unit merges or is involved in a combination or the individual DMM who is proposed to trade the company's security is no longer with the selected DMM unit within the eighteen-month period, the company may choose whether to stay with the selected DMM unit, or be referred to allocation. If an individual DMM chosen to trade the company's security is no longer with the selected DMM unit, the issuer may interview a replacement DMM from that DMM unit prior to deciding whether to stay with the selected DMM unit or be referred to allocation. If a listing company does not list within twelve months, the matter will be referred for allocation through the allocation process pursuant to NYSE Rule 103B, Section III.

***(I) Criteria for applicants that are not currently DMMs***

(A) Since an entity seeking to enter the DMM business does not have a history directly comparable to that of existing units, the Exchange considers the following criteria with respect to applicants that are not currently DMMs.

1. Individuals proposed as DMMs must have successfully completed the Exchange's DMM examination.
2. The proposed unit must demonstrate that it understands the DMM business, including the needs of brokers, their organizations, and their customers.
3. The proposed unit must demonstrate an ability and willingness to trade as necessary to maintain fair and orderly markets with depth and liquidity, and facilitate the execution of orders.
  - a) The proposed unit should indicate the extent of its capital commitment to specializing over and above the minimum capital requirements.
  - b) The proposed unit must have sufficient DMM and clerical support dedicated to maintaining and servicing the market in a specialty stock.
  - c) If the proposed DMM unit or any of its participants is presently a DMM or market maker on any exchange, performance during the prior 12 months, as evidenced by

available data maintained by such exchange which evaluates the quality of performance of the unit or its participants as a DMM or market maker on such exchange, will be considered by the Exchange.

4. Other factors that will be considered by the Exchange include any action taken or warning issued within the past 12 months by any regulatory or self regulatory organization against the unit or any of its participants with respect to any capital or operational problem, or any regulatory or disciplinary matter.

## **VII. PROCEDURES**

### ***(A) Blanket applications***

All DMM units shall be deemed to have filed with the Exchange a blanket application pursuant to which the applicant agrees to accept the allocation of any security.

### ***(B) Announcement***

Written notice of the name and post location of the assigned DMM unit are made known to the members of the Exchange and in instances where a company has delegated to the Exchange the selection of its DMM unit to the issuer of the security allocated.

### ***(C) Registration of DMMs***

Each member associated with the DMM unit to which any security is allocated who acts as a regular DMM in such security shall be registered as a DMM in such security pursuant to Rule 103 - Equities.

## **VIII. PROVISIONS FOR ALLOCATION OF LISTING COMPANIES TRANSFERRING FROM NYSE ARCA, INC. (NYSE ARCA<sup>SM</sup>) TO THE EXCHANGE**

(A) If a listing company transferring from NYSE Arca<sup>SM</sup> to the Exchange was assigned a NYSE Arca Lead Market Maker unit ('LMM firm'), which is also a registered DMM unit on the Exchange, then the listing company may waive the allocation process described above and select as its registered DMM unit the same unit that was previously assigned as the NYSE Arca<sup>SM</sup> LMM unit. Alternatively, the listing company can choose to follow the regular allocation process and refer the matter for allocation through the allocation process pursuant to Rule 103B - Equities, Section III.

(B) If the listing company chooses to have its DMM unit selected by the Exchange pursuant to Rule 103B - Equities, Section III(B), and requests not to be allocated to the DMM unit that was its NYSE Arca<sup>SM</sup> LMM firm, such request will be honored.

## **IX. ALLOCATION OF SECURITIES TO DMM PANELS**



Securities listed on the Exchange or admitted to dealings on the Exchange pursuant to a grant of unlisted trading privileges in accordance with Section 12(f) of the Securities Exchange Act of 1934, as amended, may be assigned for trading at panels that also trade securities listed on the New York Stock Exchange LLC.

#### **.10 Change of DMM Unit upon Request of Company**

(a) A listed company may file with the Corporate Secretary of the Exchange a written notice (the "Issuer Notice"), signed by the company's chief executive officer, that it wishes to request a change of DMM Unit. The Issuer Notice shall indicate the specific issues prompting this request. The Corporate Secretary shall provide copies of the Issuer Notice to the DMM Unit currently registered in the security, the Exchange's Global Corporate Client Group, and Exchange regulatory staff. After said written notice and completion of NYSE's review, the security shall be put up for allocation pursuant to Rule 103B - Equities, subject to the provisions of subparagraph (b) below.

Exchange regulatory staff shall review the Issuer Notice and any DMM response and may request a review of the matter by the Exchange's Regulatory Oversight Committee. No change of DMM Unit may occur until Exchange regulatory staff makes a final determination that it is appropriate to permit such change. In making such determination, Exchange regulatory staff may consider all relevant regulatory issues, including without limitation whether the requested change appears to be in aid or furtherance of conduct that is illegal or violates Exchange rules, or in retaliation for a refusal by a DMM to engage in conduct that is illegal or violates Exchange rules. Notwithstanding Exchange regulatory staff review of any matter raised during the process described herein, the Exchange may at any time take any regulatory action that it may determine to be warranted.

#### **Rule 104 - Equities. Dealings and Responsibilities of DMMs**

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

(a) DMMs registered in one or more securities traded on the Exchange must engage in a course of dealings for their own account to assist in the maintenance of a fair and orderly market insofar as reasonably practicable. The responsibilities and duties of a DMM specifically include, but are not limited to, the following:

(1) Assist the Exchange by providing liquidity as needed to provide a reasonable quotation and by maintaining a continuous two-sided quote with a displayed size of at least one round lot.

(A) With respect to maintaining a continuous two-sided quote with reasonable size, DMM units must maintain a bid or an offer at the National Best Bid and National Best Offer ("inside") at least 10% of the trading day for securities in which the DMM unit is registered with a consolidated average daily volume of less than one million shares, and at least 5% for securities in which the DMM

unit is registered with a consolidated average daily volume equal to or greater than one million shares. Time at the inside is calculated as the average of the percentage of time the DMM unit has a bid or offer at the inside. In calculating whether a DMM is meeting the 10% and 5% measure, credit will be given for executions for the liquidity provided by the DMM. Reserve or other hidden orders entered by the DMM will not be included in the inside quote calculations.

(B) *Pricing Obligations.* For NMS stocks (as defined in Rule 600 under Regulation NMS) a DMM shall adhere to the pricing obligations established by this Rule during the trading day; provided, however, that such pricing obligations (i) shall not commence during any trading day until after the first regular way transaction on the primary listing market in the security, as reported by the responsible single plan processor, and (ii) shall be suspended during a trading halt, suspension, or pause, and shall not re-commence until after the first regular way transaction on the primary listing market in the security following such halt, suspension, or pause, as reported by the responsible single plan processor.

(i) *Bid and Offer Quotations.* At the time of entry of the DMM's bid (offer) interest, the price of the bid (offer) interest shall be not more than the Designated Percentage away from the then current National Best Bid (Offer), or if no National Best Bid (Offer), not more than the Designated Percentage away from the last reported sale from the responsible single plan processor. In the event that the National Best Bid (Offer) (or if no National Best Bid (Offer), the last reported sale) increases (decreases) to a level that would cause the bid (offer) interest to be more than the Defined Limit away from the National Best Bid (Offer) (or if no National Best Bid (Offer), the last reported sale), or if the bid (offer) is executed or cancelled, the DMM shall enter new bid (offer) interest at a price not more than the Designated Percentage away from the then current National Best Bid (Offer) (or if no National Best Bid (Offer), the last reported sale), or identify to the Exchange current resting interest that satisfies the DMM's obligation according paragraph (1)(A), above.

(ii) The National Best Bid and Offer shall be determined by the Exchange in accordance with its procedures for determining protected quotations under Rule 600 under Regulation NMS.

(iii) For purposes of this Rule, the "Designated Percentage" shall be 8% for securities subject to Rule 80C(a)(i), 28% for securities subject to Rule 80C(a)(ii), and 30% for securities subject to Rule 80C(a)(iii), except that between 9:30 a.m. and 9:45 a.m. and between 3:35 p.m. and the close of trading, when Rule 80C is not in effect, the Designated Percentage shall be 20% for securities subject to Rule 80C(a)(i), 28% for securities subject to Rule 80C(a)(ii), and 30% for securities subject to Rule 80C(a)(iii).

- (iv) For purposes of this Rule, the "Defined Limit" shall be 9.5% for securities subject to Rule 80C(a)(i), 29.5% for securities subject to Rule 80C(a)(ii), and 31.5% for securities subject to Rule 80C(a)(iii), except that between 9:30 a.m. and 9:45 a.m. and between 3:35 p.m. and the close of trading, when Rule 80C is not in effect, the Defined Limit shall be 21.5% for securities subject to Rule 80C(a)(i), 29.5% for securities subject to Rule 80C(a)(ii), and 31.5% for securities subject to Rule 80C(a)(iii).

Nothing in this Rule shall preclude a DMM from quoting at price levels that are closer to the National Best Bid and Offer than the levels required by this Rule.

- (2) Facilitate openings and reopenings for each of the securities in which the DMM is registered as required under Exchange rules. This may include supplying liquidity as needed. (See Rule 123D - Equities for additional responsibilities of DMMs with respect to openings and Rule 13 - Equities with respect to Reserve Order interest procedures at the opening.) DMM and DMM unit algorithms will have access to aggregate order information in order to comply with this requirement.
- (3) Facilitate the close of trading for each of the securities in which the DMM is registered as required by Exchange rules. This may include supplying liquidity as needed. (See Rule 123C - Equities for additional responsibilities of DMMs with respect to closes and Rule 13 - Equities with respect to Reserve Order interest procedures at the close.) DMM and DMM unit algorithms will have access to aggregate order information in order to comply with this requirement.

**(b) DMM Unit Algorithms**

- (i) DMM units shall have the ability to employ algorithms for quoting and trading consistent with Exchange and SEC regulations.
- (ii) Exchange systems shall enforce the proper sequencing of incoming orders and algorithmically-generated messages and will prevent incoming DMM interest from trading with resting DMM interest. If the incoming DMM interest would trade with resting DMM interest only, the incoming DMM interest will be cancelled. If the incoming DMM interest would trade with interest other than DMM interest, the resting DMM interest will be cancelled.
- (iii) Except as provided for in paragraphs (a)(2) and (a)(3) of this Rule, the DMM unit's system employing algorithms will have access to information with respect to orders entered on the Exchange, Floor Broker agency interest files or reserve interest, to the extent such information is made publicly available. DMM unit algorithms will receive the same information with respect to orders entered on the Exchange, Floor Broker agency interest files or reserve interest as is disseminated to the public by the Exchange and shall receive such information no sooner than it is available to other market participants.

- (iv) The DMM unit's algorithm may place within Exchange systems trading interest to be known as a "Capital Commitment Schedule". (See Rule 1000 - Equities concerning the operation of the Capital Commitment Schedule.)
  - (v) All DMM unit trades via an algorithm must comply with all SEC and Exchange rules, policies and procedures governing DMM unit trading.
  - (vi) DMM units may not enter the following orders and modifiers: Market Orders, MOO Orders, CO Orders, MOC Orders, LOC Orders, or Buy Minus Zero Plus Instructions.
- (c) A DMM unit may maintain reserve interest consistent with Exchange rules governing Reserve Orders. Such reserve interest is eligible for execution in manual transactions.
- (d) A DMM unit may provide algorithmically-generated price improvement to all or part of an incoming order that can be executed at or within the Exchange BBO through the use of Capital Commitment Schedule interest (see Rule 1000 - Equities). Any orders eligible for execution in the Exchange systems at the price of the DMM unit's interest will trade on parity with such interest, as will any displayed interest representing a d-Quote enabling such interest to trade at the same price as the DMM unit's interest.
- (e) DMM units shall provide contra side liquidity as needed for the execution of odd-lot quantities that are eligible to be executed as part of the opening, re-opening and closing transactions but remain unpaired after the DMM has paired all other eligible round lot sized interest.
- (f) Functions of DMMs**
- (i) Any member who expects to act as a DMM in any listed stock must be registered as a DMM. See Rule 103 - Equities for registration requirements for DMMs.
  - (ii) The function of a member acting as a DMM on the Floor of the Exchange includes the maintenance, in so far as reasonably practicable, of a fair and orderly market on the Exchange in the stocks in which he or she is so acting. The maintenance of a fair and orderly market implies the maintenance of price continuity with reasonable depth, to the extent possible consistent with the ability of participants to use reserve orders, and the minimizing of the effects of temporary disparity between supply and demand. In connection with the maintenance of a fair and orderly market, it is commonly desirable that a member acting as DMM engage to a reasonable degree under existing circumstances in dealings for the DMM's own account when lack of price continuity, lack of depth, or disparity between supply and demand exists or is reasonably to be anticipated.

(iii) The Exchange will supply DMMs with suggested Depth Guidelines for each security in which a DMM is registered. The administration of the Depth Guidelines will be contained in notices periodically issued to all DMMs. In connection with a DMM's responsibility to maintain a fair and orderly market, DMMs will be expected to quote and trade with reference to the Depth Guidelines where necessary.

(iv) DMMs are designated as market maker on the Exchange for all purposes under the Securities Exchange Act of 1934 and the rules and regulations thereunder.

**(g) Transactions by DMMs**

(i) Transactions on the Exchange by a DMM for the DMM's account are to be effected in a reasonable and orderly manner in relation to the condition of the general market and the market in the particular stock.

(A) The following types of transactions are permitted to render the DMM's position adequate to such markets' needs:

**(I) Neutral Transactions**

(1) Definition - A neutral transaction is a purchase or sale by which a DMM liquidates or decreases a position.

(2) Neutral Transactions may be made without restriction as to price.

(3) Re-entry Obligation Following Neutral Transactions - The DMM's obligation to maintain a fair and orderly market may require re-entry on the opposite side of the market trend after effecting one or more Neutral Transactions. Such re-entry transactions should be in accordance with the immediate and anticipated needs of the market.

**(II) Non-Conditional Transactions**

(1) Definition - A non-conditional transaction is a DMM's bid or purchase and offer or sale that establishes or increases a position, other than a transaction that reaches across the market to trade with the Exchange BBO.

(2) Non-Conditional Transactions may be made without restriction as to price in order to:

(i) match another market's better bid or offer price;

(ii) bring the price of a security into parity with an underlying or related security or asset;

- (iii) add size to an independently established bid or offer on the Exchange;
- (iv) purchase at the published bid price on the Exchange;
- (v) sell at the published offer price on the Exchange;
- (vi) purchase or sell at a price between the Exchange BBO;
- (vii) purchase below the published bid or sell above the published offer on the Exchange;

(3) Re-entry Obligation Following Non-Conditional Transactions - The DMM's obligation to maintain a fair and orderly market may require re-entry on the opposite side of the market trend after effecting one or more Non-Conditional Transactions. Such re-entry transactions should be commensurate with the size of the Non-Conditional Transactions and the immediate and anticipated needs of the market.

### (III) Prohibited Transactions

- (1) During the last ten minutes prior to the close of trading, a DMM with a long position in a security is prohibited from making a purchase in such security that results in a new high price on the Exchange for the day at the time of the DMM's transaction, except as provided in subparagraphs (g)(i)(A)(II)(2)(i) through (g)(i)(A)(II)(2)(ii) above.
- (2) During the last ten minutes of trading, a DMM with a short position in a security is prohibited from making a sale in such security, that results in a new low price on the Exchange for the day at the time of the DMM's transaction, except as provided in subparagraphs (g)(i)(A)(II)(2)(i) through (g)(i)(A)(II)(2)(ii) above.

### (h) DMM Transactions in Securities that Establish or Increase the DMM's Position:

- (i) Definition - A "Conditional Transaction" is a DMM's transaction in a security that establishes or increases a position and reaches across the market to trade as the contra-side to the Exchange published bid or offer.
- (ii) The following Conditional Transactions, may be made by a DMM without restriction as to price, provided they are followed by appropriate re-entry on the opposite side of the market commensurate with the size of the DMM's transaction. ("Appropriate" re-entry shall mean re-entry on the opposite side of the market at or before the price participation point or the "PPP".):

- (A) A DMM's purchase from the Exchange published offer that is priced above the last differently-priced trade on the Exchange and above the last differently-priced published offer on the Exchange; and
  - (B) A DMM's sale to the Exchange published bid that is priced below the last differently-priced trade on the Exchange and below the last differently-priced published bid on the Exchange.
- (iii) Re-entry Obligations for Conditional Transactions:
- (A) "PPPs"—The Exchange will periodically issue guidelines, called price participation points ("PPP"), that identify the price at or before which a DMM is expected to re-enter the market after effecting a Conditional Transaction. PPPs are only minimum guidelines and compliance with them does not guarantee that a DMM is meeting its obligations.
  - (B) Notwithstanding that a security may not have reached the PPP, the DMM may be required to re-enter the market immediately after a Conditional Transaction based on the price and/or volume of the DMM's trading in reference to the market in the security at the time of such trading. In such situations DMMs may or may not rely on the fact and circumstance that there may have been one or more independent trades following the DMM's trading to justify a failure to re-enter the market.
  - (C) Immediate re-entry is required after the following Conditional Transactions:
    - (I) A purchase that (1) reaches across the market to trade with an Exchange published offer that is above the last differently priced trade on the Exchange and above the last differently priced published offer on the Exchange, (2) is 10,000 shares or more or has a market value of \$200,000 or more, and (3) exceeds 50% of the published offer size.
    - (II) A sale that (1) reaches across the market to trade with an Exchange published bid that is below the last differently priced trade on the Exchange and below the last differently priced published bid on the Exchange, (2) is 10,000 shares or more or has a market value of \$200,000 or more, and (3) exceeds 50% of the published bid size.
    - (III) A sweep is viewed as a transaction with the published bid or offer for the purpose of subparagraphs (h)(iii)(C)(I) and (h)(iii)(C)(II) above.
- (iv) The following Conditional Transactions may be made without restriction as to price:

- (A) A DMM's purchase from the Exchange published offer that is priced above the last differently-priced trade on the Exchange or above the last differently-priced published offer on the Exchange; and
  - (B) A DMM's sale to the Exchange published bid that is priced below the last differently-priced trade on the Exchange or below the last differently-priced published bid on the Exchange.
- (i) Re-entry obligations following transactions defined in subparagraphs (h)(iv)(A) and (h)(iv)(B) above are the same as for Non-Conditional Transactions pursuant to subparagraph (g)(i)(A)(3) above.

**(j) Trading Floor Functions of DMMs**

- (i) A DMM may perform the following Trading Floor functions:
- (A) maintain order among Floor brokers manually trading at the DMM's assigned panel;
  - (B) bring Floor brokers together to facilitate trading, which may include the DMM as a buyer or seller;
  - (C) assist a Floor broker with respect to an order by providing information regarding the status of a Floor broker's orders, helping to resolve errors or questioned trades, adjusting errors, and cancelling or inputting Floor broker agency interest on behalf of a Floor broker; and
  - (D) research the status of orders or questioned trades on his or her own initiative or at the request of the Exchange or a Floor broker when a Floor broker's handheld device is not operational, when there is activity indicating that a potentially erroneous order was entered or a potentially erroneous trade was executed, or when there otherwise is an indication that improper activity may be occurring.
- (ii) The Exchange may make systems available to a DMM at the post that display the following information about securities in which the DMM is registered: (A) aggregated buying and selling interest; (B) the price and size of any individual order or Floor broker agency interest file and the entering and clearing firm information for such order, except that the display shall exclude any order or portion thereof that a market participant has elected not to display to a DMM; and (C) post-trade information. A DMM may not use any information provided by Exchange systems pursuant to this subparagraph (ii) in a manner that would violate Exchange rules or federal securities laws or regulations.
- (iii) The DMM may provide market information that is available to the DMM at the post as described in subparagraph (j)(ii) to: (A) respond to an inquiry from a Floor



broker in the normal course of business; or (B) visitors to the Trading Floor for the purpose of demonstrating methods of trading; provided, however, that a Floor broker may not submit an inquiry pursuant to this subparagraph (j)(iii) by electronic means and the DMM may not use electronic means to transmit market information to a Floor broker in response to a Floor broker's inquiry pursuant to this subparagraph (j)(iii).

- (k) Temporary DMMs. In the event of an emergency, such as the absence of the DMM, or when the volume of business in the particular stock or stocks is so great that it cannot be handled by the DMMs without assistance, a Floor Governor may authorize a member of the Exchange who is not registered as a DMM in such stock or stocks, to act as temporary DMM for that day only.

A member who acts as a temporary DMM by such authority is required to file with the Exchange, at the end of the day, a report showing (a) the name of the stock or stocks in which he so acted, (b) the name of the regular DMM, (c) the time of day when he so acted, and (d) the name of the Floor Governor who authorized the arrangement. The necessary forms may be obtained at the Information Desk.

The Floor Governor will not give such authority for the purpose of permitting a member not registered as DMM habitually to relieve another DMM at lunch periods, etc.

If a temporary DMM substitutes for a DMM, and if no DMM is present, the temporary DMM is expected to assume the obligations and responsibilities of DMMs for the maintenance of the market.

#### **Rule 104A - Equities. DMMs—General**

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

#### **••• Supplementary Material:**

**.50 Equity Trading Reports.**—Every DMM unit (including relief DMMs) must keep a record of purchases and sales initiated on the Floor (including purchases and sales resulting from orders routed from the Exchange to another market center), in stocks in which he or she is registered, for an account in which he or she has an interest. DMM units must also maintain records of purchases and sales in the Exchange's off-hours trading sessions. Such record must show the sequence in which each transaction actually took place, the time thereof, and whether such transaction was at the same price or in what respect it was at a different price in relation to the immediately preceding transaction in the same stock. The price designations for transactions made in another market center pursuant to Regulation NMS are to be determined from the immediately preceding transaction price on the Exchange at the time the commitment or obligation to trade is issued. DMM units and relief DMMs are required to report such transactions in such automated format and with such frequency as may be prescribed by the Exchange.

Paragraph 104.12 - Equities sets forth circumstances under which DMMs who maintain investment accounts in registered securities are required to submit an equity trading data report.

**Options and single stock futures trading data reports.**—Every DMM unit (including relief DMMs) must keep a record of all options and single stock futures purchases and sales to hedge its registered security positions as permitted by Rule 105 - Equities and must report such transactions in such automated format and with such frequency as may be prescribed by the Exchange.

**Foreign securities reports**—Every DMM unit (including relief DMMs) must keep a record of all purchases and sales of foreign securities (as defined in Rule 36.30 - Equities) for an account in which he or she has an interest. DMM units and relief DMMs are required to report such transactions in such automated format and with such frequency as may be prescribed by the Exchange.

#### **Rule 104B - Equities. DMM Commissions**

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

No DMM or DMM unit may charge a commission for the execution of a trade in any of his or her registered securities.

#### **Rule 105 - Equities. DMMs' Interest in Pools**

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

(a) No DMM unit or officer or employee thereof shall be directly or indirectly interested in a pool dealing or trading in a stock in which such DMM unit is registered as a DMM.

#### **Rule 106A - Equities. Taking Book or Order of Another Member**

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

When a member temporarily takes the book of a DMM or an order from another member, he or she shall, while he or she is in possession of that book or order and for the remainder of the day, stand in the same relationship to the book or order as the DMM or other member.

#### **Rule 107B - Equities. Supplemental Liquidity Providers**

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

(a) For purposes of this Rule, a Supplemental Liquidity Provider ("SLP") is a member organization that electronically enters proprietary orders or quotes from off the Floor of

the Exchange into the systems and facilities of the Exchange and is obligated to maintain a bid or an offer at the National Best Bid ("NBB") or the National Best Offer ("NBO") in each assigned security in round lots averaging at least 5% of the trading day (see Section (g) below). An SLP can be either a proprietary trading unit of a member organization ("SLP-Prop") or a registered market maker at the Exchange ("SLMM").

(b) Financial Rebates for Executed Transactions. When an SLP posts liquidity on the Exchange and such liquidity is executed against an inbound order, the SLP will receive a financial rebate for that executed transaction in an amount that will be published in the Exchange's Price List (see the Equities Price List on the Exchange's website), subject to the non-regulatory penalty provision described in subsection (j) of this Rule ("Non-Regulatory Penalties").

(1) The SLP will receive credit towards the financial rebate for executions of displayed and non-displayed liquidity (e.g., reserve and dark orders) posted in round lots in their its assigned securities only.

(c) Qualifications of an SLP-Prop. To qualify as an SLP-Prop, a member organization must have:

(1) adequate technology to support electronic trading through the systems and facilities of the Exchange;

(2) mnemonics that identify to the Exchange SLP-Prop trading activity in assigned SLP securities. A member organization may not use such mnemonics for trading activity at the Exchange in assigned SLP securities that is not SLP-Prop trading activity or in securities in which a DMM unit is registered, but may use the same mnemonics for trading activity in securities not assigned to an SLP. If a member organization does not identify to the Exchange the mnemonic to be used for SLP-Prop trading activity, the member organization will not receive credit for such SLP trading;

(3) adequate trading infrastructure to support SLP trading activity, which includes support staff to maintain operational efficiencies in the SLP program and adequate administrative staff to manage the member organization's SLP program;

(4) quoting performance that demonstrates an ability to meet the 5% average quoting requirement in each assigned security;

(5) a disciplinary history that is consistent with just and equitable business practices; and

(6) the business unit of the member organization acting as an SLP-Prop must have in place adequate information barriers between the SLP-Prop unit and the member organization's customer, research and investment banking business.

(d) Qualifications of an SLMM. A member organization may register as an SLMM in one or more securities traded on the Exchange in order to assist in the maintenance of a fair and orderly market insofar as reasonably practicable. To qualify as an SLMM, a member organization must meet the requirements of Rule 107B(c)(1), and (3) - (5) - Equities and if approved as an SLMM, must:

(1) maintain continuous, two-sided trading interest in those securities in which the SLMM is registered to trade as an SLP ("Two-Sided Obligation").

(A) Two-Sided Obligation. For each security in which a member organization is registered as an SLMM, the SLMM must be willing to buy and sell such security for its own account on a continuous basis during the trading day and must enter and maintain two-sided trading interest that is identified to the Exchange as the interest meeting the Two-Sided Obligation and is displayed in Display Book at all times. Interest eligible to be considered as part of an SLMM's Two-Sided Obligation must have a displayed size of at least one round lot; provided, however, that an SLMM may augment its Two-Sided Obligation size to display limit orders priced at the same price as the Two-Sided Obligation. After an execution against its Two-Sided Obligation, an SLMM must ensure that additional trading interest exists in the Display Book to satisfy its Two-Sided Obligation either by immediately entering new interest to comply with this obligation to maintain continuous two-sided quotations or by identifying existing interest on Display Book that will satisfy this obligation.

(B) Pricing Obligations. For NMS stocks (as defined in Rule 600 under Regulation NMS) an SLMM shall adhere to the pricing obligations established by paragraph (d)(1)(A) of this Rule during the trading day; provided, however, that such pricing obligations (i) shall not commence during any trading day until after the first regular way transaction on the primary listing market in the security, as reported by the responsible single plan processor, and (ii) shall be suspended during a trading halt, suspension, or pause, and shall not re-commence until after the first regular way transaction on the primary listing market in the security following such halt, suspension, or pause, as reported by the responsible single plan processor.

(i) Bid and Offer Quotations. At the time of entry of the SLMM's bid (offer) interest, the price of the bid (offer) interest shall be not more than the Designated Percentage away from the then current NBB (NBO), or if no NBB (NBO), not more than the Designated Percentage away from the last reported sale from the responsible single plan processor. In the event that the NBB (NBO) (or if no NBB (NBO), the last reported sale) increases (decreases) to a level that would cause the bid (offer) interest to be more than the Defined Limit away from the NBB (NBO) (or if no NBB (NBO), the last reported sale), or if the bid (offer) is executed or cancelled, the SLMM shall enter new bid (offer) interest at a price not more than the Designated Percentage away from the then current NBB (NBO) (or if no NBB (NBO), the last reported sale), or identify to

the Exchange current resting interest that satisfies the SLMM's obligation according to paragraph (d)(1)(A), above.

- (ii) The NBB and NBO shall be determined by the Exchange in accordance with its procedures for determining protected quotations under Rule 600 under Regulation NMS.
- (iii) For purposes of this Rule, the "Designated Percentage" shall be 8% for securities subject to Rule 80C(a)(i) - Equities, 28% for securities subject to Rule 80C(a)(ii) - Equities, and 30% for securities subject to Rule 80C(a)(iii) - Equities, except that between 9:30 a.m. and 9:45 a.m. and between 3:35 p.m. and the close of trading, when Rule 80C - Equities is not in effect, the Designated Percentage shall be 20% for securities subject to Rule 80C(a)(i) - Equities, 28% for securities subject to Rule 80C(a)(ii) - Equities, and 30% for securities subject to Rule 80C(a)(iii) - Equities.
- (iv) For purposes of this Rule, the "Defined Limit" shall be 9.5% for securities subject to Rule 80C(a)(i) - Equities, 29.5% for securities subject to Rule 80C(a)(ii) - Equities, and 31.5% for securities subject to Rule 80C(a)(iii) - Equities, except that between 9:30 a.m. and 9:45 a.m. and between 3:35 p.m. and the close of trading, when Rule 80C - Equities is not in effect, the Defined Limit shall be 21.5% for securities subject to Rule 80C(a)(i) - Equities, 29.5% for securities subject to Rule 80C(a)(ii) - Equities, and 31.5% for securities subject to Rule 80C(a)(iii) - Equities.

Nothing in this Rule shall preclude an SLMM from quoting at price levels that are closer to the NBB and NBO than the levels required by this Rule.

- (2) maintain minimum net capital in accordance with the provisions of Rule 15c3-1 under the Securities Exchange Act of 1934.
  - (3) maintain unique mnemonics specifically dedicated to SLMM activity in order to comply with paragraph (d)(1)(A) of this Rule. Such mnemonics may not be used for trading in securities other than SLP Securities assigned to the SLMM.
- (e) Application Process.
- (1) For purposes of this Rule, an "SLP Liaison Committee" shall consist of NYX Holdings employees of the Operations Division and the U.S. Markets Division. The Head of the U.S. Markets Division or a designee shall designate the members of the SLP Liaison Committee. Among other responsibilities described in this Rule, the SLP Liaison Committee will determine whether an applicant is qualified to become an SLP.
  - (2) To become an SLP, a member organization must submit an SLP application form with all supporting documentation to the SLP Liaison Committee. The processing of

SLP applications will be suspended when the SLP quota has been reached as provided in Section (h)(2) of this Rule.

- (3) The SLP Liaison Committee will determine whether an applicant is qualified to become an SLP based on the qualifications described above in Section (c) or (d) of this Rule.
- (4) After an applicant submits an SLP application to the SLP Liaison Committee, with supporting documentation, the SLP Liaison Committee shall notify the applicant member organization of its decision.
- (5) If an applicant is approved by the SLP Liaison Committee to receive SLP status, such applicant must establish connectivity with relevant Exchange systems before such applicant will be permitted to trade as an SLP on the Exchange.
- (6) ) In the event an applicant is disapproved or disqualified (see Section (j)(2) below) by the SLP Liaison Committee, such applicant may request an appeal of such disapproval or disqualification by the SLP Panel as provided in Section (k)("Appeal of Non-Regulatory Penalties") of this Rule, and/or reapply for SLP status three (3) months after the month in which the applicant received disapproval or disqualification notice from the Exchange.

(f) Voluntary Withdrawal of SLP Status.

(1) An SLP may withdraw from such status by giving notice to the SLP Liaison Committee, the Operations Division, and FINRA. Such withdrawal shall become effective when those securities assigned to the withdrawing SLP are reassigned to another SLP. After the SLP Liaison Committee, the Operations Division, and FINRA receive the notice of withdrawal from the withdrawing SLP, the SLP Liaison Committee will reassign such securities as soon as practicable but no later than 30 days of the date said notice is received by the SLP Liaison Committee, the Operations Division, and FINRA. In the event the reassignment of securities takes longer than the 30-day period, the withdrawing SLP will have no obligations under this Rule 107B - Equities and will not be held responsible for any matters concerning its previously assigned SLP securities upon termination of this 30-day period.

(2) An SLMM may withdraw its registration in a security by giving written notice to the SLP Liaison Committee and FINRA. The Exchange may require a certain minimum notice period for withdrawal, and may place such other conditions on withdrawal and re-registration following withdrawal, as it deems appropriate in the interests of maintaining fair and orderly markets. An SLMM that fails to give advanced written notice of termination to the Exchange may be subject to formal disciplinary action.

(g) Calculation of Quoting Requirement:

- (1) The SLP's 5% quoting requirement is calculated by determining the average percentage of time the SLP is at the NBB or the NBO in each assigned security during the regular hours of the Exchange on a daily and monthly basis. For purposes of this Rule, the SLP Liaison Committee will determine whether an SLP has met its quoting requirement by calculating the following:
  - (A) the "Daily NBB Quoting Percentage", is calculated by determining the percentage of time an SLP has at least one round lot of displayed interest in each assigned security in an Exchange bid at the National Best Bid during each trading day for a calendar month;
  - (B) the "Daily NBO Quoting Percentage", is calculated by determining the percentage of time an SLP has at least one round lot of displayed interest in each assigned security in an Exchange offer at the National Best Offer during each trading day for a calendar month;
  - (C) the "Average Daily NBBO Quoting Percentage", is calculated for each trading day by summing the "Daily NBB Quoting Percentage" and the "Daily NBO Quoting Percentage" in each assigned security then dividing such sum by two; and
  - (D) the "Monthly Average NBBO Quoting Percentage", is calculated for each assigned security by summing the security's "Average Daily NBBO Quoting Percentages" for each Trading Day in a calendar month then dividing the resulting sum by the total number of Trading Days in such calendar month.
    - (i) For purposes of calculating whether an SLP is in compliance with its 5% quoting requirement, the SLP must post displayed liquidity in round lots in its assigned securities at the NBB or the NBO.
    - (ii) An SLP may post non-displayed liquidity; however, such liquidity will not be counted as credit towards the 5% quoting requirement.
    - (iii) Buy Minus Zero Plus orders will not be counted as credit towards the 5% quoting requirement.
- (2) The SLP shall not be subject to any minimum or maximum quoting size requirement in assigned securities apart from the requirement that an order be for at least one round lot. The quoting requirement will be measured by utilizing the mnemonics that the member organization has identified for SLP trading activity.
- (3) The 5% quoting requirement will not be in effect in the first calendar month a member organization operates as an SLP. Therefore, the quoting requirement will take effect on the first day of the second consecutive calendar month the member organization operates as an SLP.

(4) SLP orders will be in the "Book Participant" category for purposes of parity pursuant to Rule 72 - Equities.

(h) Assignment of Securities.

(1) The SLP Liaison Committee in its discretion, will assign to the SLP, a group of securities consisting of Exchange-listed or traded equities securities for SLP trading purposes. The SLP Liaison Committee shall determine the number of Exchange-listed or traded securities within the group of securities assigned to each SLP.

(2) The SLP Liaison Committee, in its discretion, will assign one (1) or more SLPs to each security, depending upon the trading activity of the security.

(A) A DMM unit shall not also act as an SLP in the same securities in which it is registered as a DMM.

(B) An SLP-Prop shall not also act as an SLMM in the same securities in which it is registered as an SLP-Prop and vice versa, provided, however, if a member organization maintains information barriers between an SLP-Prop unit and an SLMM unit, the SLP-Prop and SLMM units may be assigned the same securities.

(i) Entry of Orders. SLPs may only enter orders electronically from off the Floor of the Exchange and may only enter such orders directly into Exchange systems and facilities designated for this purpose. SLMM quotes and orders may be for the account of the SLMM in either a proprietary capacity or a principal capacity on behalf of an affiliated or unaffiliated person. All SLP-Prop orders must only be for the proprietary account of the SLP-Prop member organization.

(j) Non-Regulatory Penalties.

(1) If an SLP fails to meet the 5% quoting requirement, the following non-regulatory penalties may be imposed by the Exchange:

(A) If, in any given calendar month, an SLP maintains a quote at the NBB or NBO averaging at least 5% of the trading day in any assigned security, such SLP will receive a financial rebate for that calendar month for all executed transactions as described in Section (b) ("Financial Rebates for Executed Transactions") of this Rule.

(B) If, in any calendar month, an SLP maintains a quote at the NBB or the NBO averaging less than 5% of the regular trading day in an assigned security, the SLP will not receive a financial rebate for that month for executed transactions in that particular assigned security as described in Section (b) ("Financial Rebates for Executed Transactions") of this Rule; and



(C) If an SLP fails to meet the 5% quoting requirement for three (3) consecutive calendar months in any assigned security, the SLP will be at risk of losing its SLP status, and the SLP Liaison Committee may, in its discretion, take the following non-regulatory actions:

- (i) revoke the assignment of the affected security(ies) from the SLP; and
- (ii) each time the SLP Liaison Committee revokes the assignment of an affected security for non-compliance with the 5% quoting requirement, as described in Section (i)(1)(C)(i) above, the SLP Liaison Committee reserves the right to revoke the assignment of an additional unaffected security from an SLP when there is a failure to comply with such quoting requirements; or
- (iii) disqualify a member organization's status as an SLP.

(2) Disqualification Determinations. The SLP Liaison Committee shall determine if and when a member organization is disqualified from its status as an SLP. One calendar month prior to any such determination, the SLP Liaison Committee will notify the SLP of such impending disqualification in writing. If the SLP fails to meet the 5% average quoting requirement (for a third consecutive month) in a particular security, the SLP may be disqualified from SLP status. When disqualification determinations are made, the SLP Liaison Committee will provide a disqualification notice to the member organization informing such member organization that it has been disqualified as an SLP.

(3) Re-application for SLP Status: In the event a member organization is disapproved pursuant to Section (e)(6) or disqualified from its status as an SLP pursuant to Section (j)(1)(C)(iii), such member organization may re-apply for SLP status in accordance with Section (e) ("Application Process") of this Rule. Such application process shall occur at least three (3) calendar months following the month in which such member organization received its disapproval or disqualification notice.

(k) Appeal of Non-Regulatory Penalties

(1) In the event a member organization disputes the SLP Liaison Committee's decision to impose any non-regulatory penalties described above in Section (i) (Non-Regulatory Penalties) of this Rule, such member organization ("appellant") may request, within five (5) business days of receiving notice of the decision to impose such non-regulatory penalties, the Supplemental Liquidity Provider Panel ("SLP Panel") to review all such decisions to determine if such decisions were correct.

(A) In the event a member organization is disqualified from its status as an SLP pursuant to Section (j)(1)(C)(iii) of this Rule, the SLP Liaison Committee shall not reassign the appellant's assigned securities to a different SLP until the SLP Panel has informed the appellant of its ruling.

- (2) The SLP Panel shall consist of the Exchange's Chief Regulatory Officer ("CRO"), or a designee of the CRO, and two (2) officers of the Exchange designated by the Head of the U.S. Markets Division.
- (3) The SLP Panel shall review the facts and render a decision within the time frame prescribed by the Exchange.
- (4) The SLP Panel may overturn or modify an action taken by the SLP Liaison Committee under this Rule. All determinations by the SLP Panel shall constitute final action by the Exchange on the matter at issue.

### **Rule 107C - Equities. Retail Liquidity Program**

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

#### **(a) Definitions.**

- (1) Retail Liquidity Provider. A "Retail Liquidity Provider" or "RLP" is a member organization that is approved by the Exchange under this Rule to act as such and that is required to submit Retail Price Improvement in accordance with this Rule.
- (2) Retail Member Organization. A "Retail Member Organization" or "RMO" is a member organization (or a division thereof) that has been approved by the Exchange under this Rule to submit Retail Orders.
- (3) Retail Order. A "Retail Order" is an agency order or a riskless principal order that meets the criteria of FINRA Rule 5320.03 that originates from a natural person and is submitted to the Exchange by a Retail Member Organization, provided that no change is made to the terms of the order with respect to price or side of market and the order does not originate from a trading algorithm or any other computerized methodology.

A Retail Order is an Immediate or Cancel Order and shall operate in accordance with Rule 107C(k). A Retail Order may be an odd lot, round lot, or PRL.

- (4) Retail Price Improvement Order. A "Retail Price Improvement Order" or "RPI" consists of non-displayed interest in Exchange traded securities (including but not limited to Exchange-listed securities and securities listed on the Nasdaq Stock Market traded pursuant to unlisted trading privileges) that is priced better than the best protected bid ("PBB") or best protected offer ("PBO"), as such terms are defined in Regulation NMS Rule 600(b)(57), by at least \$0.001 and that is identified as such. Exchange systems will monitor whether RPI buy or sell interest, adjusted by any offset and subject to the ceiling or floor price, is eligible to interact with incoming Retail Orders. An RPI remains non-displayed in its entirety (the buy or sell interest, the offset, and the ceiling or floor). For securities to which it is assigned, an RLP shall only enter an RPI in their RLP capacity. An RLP is

permitted, but not required, to submit RPIs for securities to which it is not assigned, and will be treated as a non-RLP member organization for those particular securities. Additionally, member organizations other than RLPs are permitted, but not required, to submit RPIs. An RPI may be an odd lot, round lot, or PRL.

**(b) Retail Member Organization Qualifications and Application.**

- (1) To qualify as a Retail Member Organization, a member organization must conduct a retail business or route retail orders on behalf of another broker-dealer. For purposes of this Rule, conducting a retail business includes carrying retail customer accounts on a fully disclosed basis
- (2) To become a Retail Member Organization, a member organization must submit:
  - (A) an application form;
  - (B) supporting documentation, which may include sample marketing literature, Web site screenshots, other publicly disclosed materials describing the member organization's retail order flow, and any other documentation and information requested by the Exchange in order to confirm that the applicant's order flow would meet the requirements of the Retail Order definition; and
  - (C) an attestation, in a form prescribed by the Exchange, that substantially all orders submitted as Retail Orders will qualify as such under this Rule.
- (3) After an applicant submits the application form, supporting documentation, and attestation, the Exchange shall notify the applicant of its decision in writing.
- (4) A disapproved applicant may: (A) request an appeal of such disapproval by the Exchange as provided in paragraph (i) below; and/or (B) reapply for Retail Member Organization status 90 days after the disapproval notice is issued by the Exchange.
- (5) A Retail Member Organization may voluntarily withdraw from such status at any time by giving written notice to the Exchange.
- (6) A Retail Member Organization must have written policies and procedures reasonably designed to assure that it will only designate orders as Retail Orders if all requirements of a Retail Order are met. Such written policies and procedures must require the member organization to (i) exercise due diligence before entering a Retail Order to assure that entry as a Retail Order is in compliance with the requirements of this Rule, and (ii) monitor whether orders entered as Retail Orders meet the applicable requirements. If a Retail Member Organization does not itself conduct a retail business but routes Retail Orders on behalf of another broker-dealer, the Retail Member Organization's supervisory procedures must be reasonably designed to assure that the orders it receives from such other broker-dealer that are designated as Retail Orders meet the definition of a Retail Order. The Retail

Member Organization must (i) obtain an annual written representation, in a form acceptable to the Exchange, from each other broker-dealer that sends the Retail Member Organization orders to be designated as Retail Orders that entry of such orders as Retail Orders will be in compliance with the requirements of this Rule; and (ii) monitor whether Retail Order flow routed on behalf of such other broker-dealer meets the applicable requirements.

**(c) RLP Qualifications.** To qualify as an RLP, a member organization must:

- (1) be approved to act as a Designated Market Maker or Supplemental Liquidity Provider;
- (2) demonstrate an ability to meet the requirements of an RLP;
- (3) have mnemonics or the ability to accommodate other Exchange-supplied designations that identify to the Exchange RLP trading activity in assigned RLP securities. A member organization may not use such mnemonic or designation for non-RLP trading activity at the Exchange. A member organization shall not receive credit for its RLP trading activity for which it does not use its mnemonic or designation; and
- (4) have adequate trading infrastructure and technology to support electronic trading.

**(d) RLP Application.**

- (1) To become an RLP, a member organization must submit an RLP application form with all supporting documentation to the Exchange.
- (2) After an applicant submits an RLP application form with supporting documentation to the Exchange, the Exchange shall notify the applicant of its decision. The Exchange may approve one or more member organizations to act as an RLP for a particular security. The Exchange may also approve a particular member organization to act as RLP for one or more securities. Approved RLPs may be assigned securities according to requests made to, and approved by, the Exchange.
- (3) If an applicant is approved by the Exchange to receive RLP status, such applicant must establish connectivity with relevant Exchange systems before such applicant is permitted to trade as an RLP on the Exchange.
- (4) If an applicant is disapproved under this paragraph (d) by the Exchange, the Exchange shall provide written notice of its disapproval. The disapproved applicant may: (A) request an appeal of such disapproval by the Exchange as provided in paragraph (i) below; and/or (B) reapply for RLP status 90 days after the disapproval notice is issued by the Exchange.

**(e) Voluntary Withdrawal of RLP Status.** An RLP may withdraw from its status as an RLP by giving notice to the Exchange. Such withdrawal shall become effective when those securities assigned to the withdrawing RLP are reassigned to another RLP. After the Exchange receives the notice of withdrawal from the withdrawing RLP, the Exchange shall reassign such securities as soon as practicable, but no later than 30 days after the date said notice is received by the Exchange. In the event the reassignment of securities takes longer than the 30-day period, the withdrawing RLP shall have no obligations under this Rule 107C and shall not be held responsible for any matters concerning its previously assigned RLP securities upon termination of this 30-day period.

**(f) RLP Requirements.**

(1) An RLP may only enter a Retail Price Improvement Order electronically and directly into Exchange systems and facilities designated for this purpose and only in an RLP capacity for the securities to which it is assigned as RLP. An RLP entering RPIs in securities to which it is not assigned is not required to satisfy the requirements in this paragraph. An RLP must maintain:

(A) a Retail Price Improvement Order that is better than the PBB at least five percent of the trading day for each assigned security; and

(B) a Retail Price Improvement Order that is better than the PBO at least five percent of the trading day for each assigned security.

(2) An RLP's five-percent requirements are calculated by determining the average percentage of time an RLP maintains a Retail Price Improvement Order in each of its RLP securities during the regular trading day on a daily and monthly basis. The Exchange shall determine whether an RLP has met this requirement by calculating the following:

(A) the "Daily Bid Percentage" is calculated by determining the percentage of time an RLP maintains a Retail Price Improvement Order with respect to the PBB during each trading day for a calendar month;

(B) the "Daily Offer Percentage" is calculated by determining the percentage of time an RLP maintains a Retail Price Improvement Order with respect to the PBO during each trading day for a calendar month;

(C) the "Monthly Average Bid Percentage" is calculated for each RLP security by summing the security's "Daily Bid Percentages" for each trading day in a calendar month then dividing the resulting sum by the total number of trading days in such calendar month; and

(D) the "Monthly Average Offer Percentage" is calculated for each RLP security by summing the security's "Daily Offer Percentage" for each trading day in a

calendar month and then dividing the resulting sum by the total number of trading days in such calendar month.

(E) Only Retail Price Improvement Orders entered throughout the trading day shall be used when calculating whether an RLP is in compliance with its five-percent requirements.

(3) The five-percent requirement shall not be applicable in the first two calendar months a member organization operates as an RLP. The requirement shall take effect on the first day of the third consecutive calendar month the member organization operates as an RLP.

**(g) Failure of RLP to Meet Requirements.**

(1) If, after the first two months an RLP acts as an RLP, an RLP fails to meet any of the requirements set forth in paragraph (f) of this Rule for any assigned RLP security for three consecutive months, the Exchange may, in its discretion, take one or more of the following actions:

(A) revoke the assignment of any or all of the affected securities from the RLP;

(B) revoke the assignment of unaffected securities from the RLP; or

(C) disqualify the member organization from its status as an RLP.

(2) Disqualification Determinations. The Exchange shall determine if and when a member organization is disqualified from its status as an RLP. One calendar month prior to any such determination, the Exchange shall notify an RLP of such impending disqualification in writing. When disqualification determinations are made, the Exchange shall provide a written disqualification notice to the member organization.

(3) Appeal and/or Reapplication for RLP Status. An RLP that is disqualified under this paragraph (g) may: (A) appeal such disqualification as provided in paragraph (i) below; and/or (B) reapply for RLP status 90 days after the disqualification notice is issued by the Exchange.

**(h) Failure of RMO to Abide by Retail Order Requirements.**

(1) If a Retail Member Organization designates orders submitted to the Exchange as Retail Orders and the Exchange determines, in its sole discretion, that such orders fail to meet any of the requirements set forth in paragraph (a) of this Rule, the Exchange may disqualify a member organization from its status as a Retail Member Organization.

(2) **Disqualification Determinations.** The Exchange shall determine if and when a member organization is disqualified from its status as a Retail Member Organization. When disqualification determinations are made, the Exchange shall provide a written disqualification notice to the member organization.

(3) **Appeal and/or Reapplication for Retail Member Organization Status.** A Retail Member Organization that is disqualified under this paragraph (h) may: (A) appeal such disqualification as provided in paragraph (i) below; and/or (B) reapply for Retail Member Organization status 90 days after the date of the disqualification notice from the Exchange.

**(i) Appeal of Disapproval or Disqualification.**

(1) If a member organization disputes the Exchange's decision to disapprove it under Rule 107C(b) or (d) or disqualify it under Rule 107C(g) or (h), the member organization ("appellant") may request, within five business days after notice of the decision is issued by the Exchange, that the Retail Liquidity Program Panel ("RLP Panel") review the decision to determine if it was correct.

(A) In the event a member organization is disqualified from its status as an RLP pursuant to paragraph (g) of this Rule, the Exchange shall not reassign the appellant's securities to a different RLP until the RLP Panel has informed the appellant of its ruling.

(2) The RLP Panel shall consist of the NYSE's Chief Regulatory Officer ("CRO"), or a designee of the CRO, and two officers of the Exchange designated by the Co-Head of U.S. Listings and Cash Execution.

(3) The RLP Panel shall review the facts and render a decision within the time frame prescribed by the Exchange.

(4) The RLP Panel may overturn or modify an action taken by the Exchange under this Rule. A determination by the RLP Panel shall constitute final action by the Exchange.

**(j) Retail Liquidity Identifier.** An identifier shall be disseminated through proprietary data feeds or as appropriate through the Consolidated Quotation System when RPI interest priced at least \$0.001 better than the PBB or PBO for a particular security is available in Exchange systems ("Retail Liquidity Identifier"). The Retail Liquidity Identifier shall reflect the symbol for the particular security and the side (buy or sell) of the RPI interest, but shall not include the price or size of the RPI interest.

**(k) Retail Order Designation.** A Retail Member Organization can designate how a Retail Order will interact with available contra-side interest as follows:

- (1) Type 1. A Type 1-designated Retail Order will interact only with available contra-side Retail Price Improvement Orders and MPL Orders but will not interact with other available contra-side interest in Exchange systems or route to other markets. The portion of a Type 1-designated Retail Order that does not execute against contra-side Retail Price Improvement Orders will be immediately and automatically cancelled.
- (2) Type 2. A Type 2-designated Retail Order will interact first with available contra-side Retail Price Improvement Orders and MPL Orders and any remaining portion of the Retail Order will be executed as a Regulation NMS-compliant Immediate or Cancel Order pursuant to Rule 13 - Equities.
- (3) Type 3. A Type 3-designated Retail Order will interact first with available contra-side Retail Price Improvement Orders and MPL Orders and any remaining portion of the Retail Order will be executed as an Exchange Immediate or Cancel Order pursuant to Rule 13 - Equities.

### **(l) Priority and Order Allocation**

Retail Price Improvement Orders in the same security shall be ranked and allocated according to price then time of entry into Exchange systems. When determining the price to execute a Retail Order, Exchange systems consider all eligible RPIs and MPL Orders. If the only interest is RPIs, then the executions shall occur at the price level that completes the incoming order's execution. If the only interest is MPL Orders, the Retail Order shall execute at the midpoint of the PBBO. If both RPIs and MPL Orders are present, Exchange systems will evaluate at what price level the incoming Retail Order may be executed in full ("clean-up price"). If the clean-up price is equal to the midpoint of the PBBO, RPIs will receive priority over MPL Orders, and the Retail Order will execute against both RPIs and MPL Orders at the midpoint. If the clean-up price is worse than the midpoint of the PBBO, the Retail Order will execute first with the MPL Orders at the midpoint of the PBBO and any remaining quantity of the Retail Order will execute with the RPIs at the clean-up price. If the clean-up price is better than the midpoint of the PBBO, then the Retail Order will execute against the RPIs at the clean-up price and will ignore the MPL Orders. Any remaining unexecuted RPI interest and MPL Orders will remain available to interact with other incoming Retail Orders. Any remaining unexecuted portion of the Retail Order will cancel or execute in accordance with Rule 107C(k).

Examples of priority and order allocation are as follows:

Example 1:

PBBO for security ABC is \$10.00 - \$10.05

RLP 1 enters a Retail Price Improvement Order to buy ABC at \$10.01 for 500



RLP 2 then enters a Retail Price Improvement Order to buy ABC at \$10.02 for 500

RLP 3 then enters a Retail Price Improvement Order to buy ABC at \$10.03 for 500

An incoming Retail Order to sell ABC for 1,000 executes first against RLP 3's bid for 500, because it is the best priced bid, then against RLP 2's bid for 500, because it is the next best priced bid. RLP 1 is not filled because the entire size of the Retail Order to sell 1,000 is depleted. The Retail Order executes at the price that completes the order's execution. In this example, the entire 1,000 Retail Order to sell executes at \$10.02 because it results in a complete fill.

However, assume the same facts above, except that RLP 2's Retail Price Improvement Order to buy ABC at \$10.02 is for 100. The incoming Retail Order to sell 1,000 executes first against RLP 3's bid for 500, because it is the best priced bid, then against RLP 2's bid for 100, because it is the next best priced bid. RLP 1 then receives an execution for 400 of its bid for 500, at which point the entire size of the Retail Order to sell 1,000 is depleted. The Retail Order executes at the price that completes the order's execution, which is \$10.01.

Example 2:

PBBO for security DEF is \$10.00 - 10.01

RLP 1 enters a Retail Price Improvement Order to buy DEF at \$10.006 for 500

RLP 2 enters a Retail Price Improvement Order to buy DEF at \$10.005 for 500

MPL 1 enters an MPL Order to buy DEF at \$10.01 for 1000

RLP 3 enters a Retail Price Improvement Order to buy DEF at \$10.002 for 1000

An incoming Retail Order to sell DEF for 2,500 arrives. The clean-up price is \$10.002. Because the midpoint of the PBBO is priced better than the clean-up price, the Retail Order executes with MPL 1 for 1000 shares at \$10.005. The Retail Order then executes at \$10.002 against RLP 1's bid for 500, because it is the best-priced bid, then against RLP 2's bid for 500 because it is the next best-priced bid and then RLP 3 receives an execution for 500 of its bid for 1000, at which point the entire size of the Retail Order to sell 2,500 is depleted.

Assume the same facts above. An incoming Retail Order to sell DEF for 1,000 arrives. The clean-up price is \$10.005. Because the clean-up price is equal to the midpoint of the PBBO, RPIs will receive priority over MPL Orders. As a result, the Retail Order executes first against RLP 1's bid for 500, because it is the best-priced bid, then against RLP 2's bid for 500 because it is the next best-priced bid, at which point the entire size of the Retail Order to sell 1,000 is depleted.

**(m) Rule Pilot Program.** This rule shall operate for a pilot period set to expire on December 31, 2017. During the pilot period, the Program will be limited to trades occurring at prices equal to or greater than \$1.00 per share.

### **Rule 108 - Equities. Limitation on Members' Bids and Offers**

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

#### **On parity**

(a) No bid or offer made by a member or made on an order for stock originated by a member while on the Floor to establish or increase a position in such stock for an account in which such member has an interest shall be entitled to parity with a bid or offer made on an order originated off the Floor, except that such a bid or offer shall be entitled to parity with a bid or offer made on an order originated off the Floor and being executed pursuant to Section 11(a)(1)(G) of the Act and Rule 11a1-1(T) thereunder. The foregoing shall not apply to DMMs.

#### **Exceptions**

(b) The provisions of paragraphs (a) and (b) shall not apply to bids or offers made:

- (1) to offset a transaction made in error; or
- (2) for bona fide arbitrage.

(See Rule 90(c) - Equities `Dealings by Members in the Exchange' and Rule 112- Equities for `Interpretations and Instructions'.)

#### **••• Supplementary Material:**

.10 Combining own bids or offers with orders.—When members combine bids or offers for own account with orders in their possession for the purpose of initiating or increasing a position and purchase or sell stock they must, if the amount bought or sold is in excess of their orders, ask other members in the Crowd at the time who made bids or offers at the price of the transaction, if they have public orders. If such be the case, the member who bought or sold the stock must turn over to the other members on their public orders the amount in excess of his orders before retaining the remainder for his own account.

This does not apply when the member is covering a short position or liquidating a long position for his own account.

**Rule 112 - Equities. Orders Initiated `Off the Floor.'**

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

(a) All orders in stocks for the account of a member organization or any member, principal executive, or approved person in such organization or officer or employee thereof or a discretionary account serviced by the member or member organization must be sent to the Floor through a clearing firm's order room or other facilities regularly used for transmission of public customers' orders to the Floor.

The restrictions of paragraph (a) above shall not apply to an order:

- (i) when a Floor Official expressly invites a member or members to participate in a difficult market situation;
  - (ii) to facilitate the purchase or sale of a block of stock because the market on the Floor could not readily absorb the block at a particular price or prices;
  - (iii) to sell stock for an account in which the member organization is directly or indirectly interested if, in facilitating the sale of a large block of stock, the member organization acquired its position on the Floor because the demand was not sufficient to absorb the block at a particular price or prices;
  - (iv) to effect bona fide arbitrage or to engage in the purchase and sale, or sale and purchase of securities of companies involved in publicly announced merger, acquisition, consolidation, tender, etc.; or
  - (v) to offset a transaction made in error.
- (b) `On the Floor' or `On-Floor' means the trading Floor of the Exchange as defined in Rule 6 - Equities.
- (c) A member using a communication facility located on the Floor of the Exchange to enter an order for his own account will be deemed to be initiating an off-Floor order if such order is routed through a clearing firm's order room, where a time-stamped record of the order is maintained, before such order is re-transmitted to the Floor for execution. However, an off-Floor order for an account in which a member has an interest is to be treated as an on-Floor order if it is executed by the member who initiated it.
- (d) Any order entered by a member organization for any account in which it, or any member, principal executive, approved person, officer, or employee of such organization is directly or indirectly interested, or for any discretionary account serviced by the member organization, following a conversation with a member or employee in that

organization who is on the Floor, shall be deemed to be an off-Floor order, provided (i) that such order is transmitted to the Floor through an order room or other facility regularly used for the transmission of public orders to the Floor, where a time-stamped record of the order is maintained; or (ii) an exception from the order room transmission requirement is available under paragraph (a) of this Rule.

(e) No member or member organization shall execute, or cause to have executed, on the Exchange, any order for any account in which such member, member organization, or any member, principal executive, approved person, officer, or employee of such organization thereof is directly or indirectly interested, or for any discretionary account serviced by the member or member organization, in contravention of any Exchange policy against the front-running of block transactions that the Exchange may from time to time adopt and make known to its members.

### **Rule 113 - Equities. DMM Unit's Public Customers**

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

(a) No DMM or DMM unit with which he or she is associated shall accept an order for the purchase or sale of any stock in which he or she is registered as a DMM directly (1) from the company issuing such stock; (2) from any officer, director or 10% stockholder of that company; (3) from any pension or profit-sharing fund; (4) from any institution, such as a bank, trust company, insurance company, or investment company.

(b) No order given to a DMM for the purchase or sale of a security in which he or she is registered as a DMM shall indicate in any way the account for which it is entered except for orders received by the DMM by means other than any Exchange automated order routing system for accounts in which any of the below-named persons or parties has a direct or indirect interest:

(i) The DMM himself or herself;

(ii) any member, principal executive, officer, employee or person or party active in the business of such DMM; and

(iii) the spouse and children of any of the above-named persons or parties who reside in the same household as such person or party.

(c) Every DMM shall report to the Exchange on a monthly basis, on such form and in such format as the Exchange may prescribe, a record of all purchases and sales effected in stocks in which he or she is registered for any customer account not prohibited under section (a) which:

(1) is carried by the DMM's unit; or

(2) is serviced by such DMM or DMM's unit; or

(3) is introduced by such DMM or DMM's unit to another member organization on a disclosed basis.

••• ***Supplementary Material:***

**.20 `Popularizing' stocks in which a DMM is registered.**— It is contrary to good business practice for a DMM or his or her DMM unit or any other member, or principal executive in such organization, or any officer or employee thereof, to "popularize", either orally or in writing, any security in which he or she is registered. An approved person or member organization associated with the DMM unit may popularize a security in which such DMM is registered, provided that it makes the following disclosures:

- (i) It is associated with a DMM who makes a market in the security:
- (ii) At any given time, the associated DMM may have an inventory position, either "long" or "short", in the security; and
- (iii) As a result of the associated DMM's function as a market maker, such DMM may be on the opposite side of orders executed on the Floor of the Exchange in the security.

Reserved.

**Handling of Orders and Reports (Rules 115 - Equities—127 - Equities)**

**Rule 115A - Equities. Orders at Opening**

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

**(a) Arranging an opening or price.** When arranging an opening or reopening price:

- (1) Except as provided for in Rule 115A(a)(2) - Equities, market interest is guaranteed to participate in the opening or reopening transaction and shall have precedence over
  - (i) limit interest that is priced equal to the opening or reopening price of a security and (ii) DMM interest.
- (A) For purposes of the opening or reopening transaction, market interest includes
  - (i) Market and MOO Orders, (ii) limit interest to buy (sell) that is priced higher (lower) than the opening or reopening price, and (iii) Floor broker interest entered manually by the DMM.
- (B) For purposes of the opening or reopening transaction, limit interest includes limited-priced interest, including e-Quotes, LOO orders, and G orders that are priced equal to the opening or reopening price of a security.

(C) Limit interest that is priced equal to the opening or reopening price of a security and DMM interest are not guaranteed to participate in the opening or reopening transaction.

(D) G orders that are priced equal to the opening or reopening price of a security yield to all other limit interest priced equal to the opening or reopening price of a security except DMM interest.

(2) If the aggregate quantity of MOO and market orders on at least one side of the market equals one round lot or more, the security shall open on a trade. If the aggregate quantity of MOO and market orders on each side of the market equals less than one round lot or is zero, the security may open on a quote. If a security opens on a quote, odd-lot market orders shall automatically execute in a trade immediately following the open on a quote and odd-lot MOOs shall immediately and automatically cancel. MOO and market orders subject to tick restrictions that either cannot participate at an opening or reopening price or are priced equal to the opening or reopening price shall not be included in the aggregate quantity of MOO and market orders.

#### **Rule 116 - Equities. `Stop' Constitutes Guarantee**

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

An agreement by a member to `stop' securities at a specified price shall constitute a guarantee of the purchase or sale by him of the securities at that price or its equivalent.

If an order is executed at a less favorable price than that agreed upon, the member who agreed to stop the securities shall be liable for an adjustment of the difference between the two prices.

#### **••• Supplementary Material:**

.10 **Reporting `stops'**.—Members and member organizations should report to their customers that securities have been `stopped' with another member only if the `stop' is unconditional and the other member had definitely agreed thereto.

.20 **`Stopping' stock**.—The privilege of stopping stock, other than rights, shall not be granted or accepted by a Floor broker, except that, in a minimum variation market, a Floor broker who holds simultaneously an order to buy at the market and an order to sell the same stock at the market may stop such purchase and selling orders against each other and pair them off at prices and in amounts corresponding to those of the subsequent sales in the stock as they occur in the market. This exception will also apply when two Floor brokers, one holding an order to buy at the market and the other holding an order to sell the same stock at the market, arrive in the Crowd at the same time.

For the purpose of the exceptions provided herein, a limited order to buy which is possible of execution at the prevailing offer price or a limited order to sell which is possible of execution at the prevailing bid price may be regarded as a market order.

**.30 Restrictions on `stopping' stock by DMM.**—No DMM may stop stock against the book or for his or her own account.

**.40 `Stopping' stock on market-at-the-close orders.** Notwithstanding any provisions of this Rule or of any other Exchange Rule to the contrary, a member shall execute market-at-the-close and marketable limit-at-the-close orders in a stock as provided below, where the member is holding simultaneously both buy and sell market-at-the-close and/or marketable limit-at-the-close orders.

(A) Where there is an imbalance between the buy and sell market-at-the-close orders, the member shall, at the close of trading on the Exchange in that stock on that day, execute the imbalance against the prevailing bid or offer on the Exchange, as appropriate.

(B) Where the aggregate size of the buy market-at-the-close orders equals the aggregate size of the sell market-at-the-close orders, the buy orders and sell orders shall be paired-off at the price of the last sale of the Exchange just prior to the close of trading in that stock on that day. The transaction shall be reported to the consolidated last sale reporting system as a single transaction. See Rule 123C - Equities for discussion of procedures applicable to market-at-the-close and limit-at-the close orders.

### **Rule 117 - Equities. Orders of Members To Be in Writing**

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

No member on the Floor shall make any bid, offer or transaction for or on behalf of another member except pursuant to a written or electronically recorded order. If a member to whom an order has been entrusted leaves the Crowd without actually transferring the order to another member, the order shall not be represented in the market during his or her absence, except with respect to any portion of his or her agency interest file that was not cancelled before the member left the Crowd, notwithstanding that such failure to cancel an agency interest file is a violation of Exchange rules.

#### **••• Supplementary Material:**

**.10 Absence from Crowd.**—When a member keeps an order in his or her possession and leaves the Crowd in which dealings in the security are conducted, the member is not entitled during his or her absence to have any bid, offer or transaction made in such security on his or her behalf or to have dealings in the security held up until he or she is summoned to the Crowd, except that the member shall be held to any executions involving his or her agency interest files. To insure representation of an order in the market during his or her absence, a member must therefore actually turn the order over to another member who will undertake to remain in the Crowd. If a member keeps the order

in his or her possession and during his or her absence from the Crowd the security sells at or through the limit of his or her order, the member will be deemed to have missed the market.

**.20 Re-opening contracts.**—Transactions in securities made by a member when he has no order for the purchase or sale thereof must be consummated for the account of the member or his member organization and may not later be assumed by another account.

**Rule 119 - Equities. Change in Basis from "And Interest" to "Flat"**

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

When a change in the basis of trading in bonds from "and interest" to "flat" becomes effective as determined by the Exchange, the order will be cancelled, and the NYSE American Bonds User who entered the order will be immediately notified of such cancellation.

The User of NYSE American Bonds who gave the order to sell shall be immediately notified that the order to sell at a price "and interest" is no longer valid and has been cancelled.

Reserved.

**Rule 121 - Equities. Records of DMM Units**

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

Every DMM unit shall keep a legible record of all orders placed with him or her in the securities in which the DMM unit is registered and of all executions, modifications and cancellations of such orders, and shall preserve such record and all memoranda relating thereto for a period of at least three years. All such records of orders and modifications or cancellations of such orders shall include the name and amount of the security, the terms of the order, modification or cancellation, and the time when such order, modification or cancellation was received. The DMM unit shall retain for a period of at least three years any report received from the Exchange relating to the migration to or from, or the execution through, the "Off-Hours Trading Facility" (as Rule 900 - Equities (Off-Hours Trading: Applicability and Definitions) defines that term) of any order placed with the DMM unit.

**••• Supplementary Material:**

**.10 Entry of orders.**—All orders given to DMMs or to other members must be entered and treated according to the name appearing on the slip, even though such name may be that of a member who is known to be affiliated with a member organization. Similarly, all reports confirmations, inquiries, give-ups, calls for members to confirm trades, etc. must be made in the name appearing on the slip. However, if a member requests a DMM to



give up a clearing name instead of the one on the order slip, the DMM is not prohibited from doing so.

### **Rule 122 - Equities. Orders with More than One Broker**

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

Except as provided herein, no member, member organization or any principal executive therein, or subsidiary of such organization within the meaning of Rule 321 - Equities, shall maintain with more than one broker, for execution on the Exchange, market orders or orders at the same price for the purchase or sale of the same security with knowledge that such orders are for the account of the same principal. However, a Floor broker may transmit manually or from a hand-held terminal to the Display Book® system, a portion of an order, while retaining the balance of the order. In any instance where a Floor broker has so transmitted a portion of an order for execution and retained the balance of such order, the Floor broker may not make a bid (offer) on behalf of the retained balance of the order in the auction market or via the Floor broker agency interest file, or execute any part of the retained order as part of an auction market transaction or automatic execution, at a price at which the portion of the order transmitted to the Display Book® system may also be represented in a bid (offer) or executed until the portion of the order transmitted to the Display Book® system has been executed or cancelled.

### **Rule 123 - Equities. Record of Orders**

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

#### **(a) Given Out**

Every member shall preserve for at least three years a record of every order originated by him on the Floor and given to another member for execution and of every order originated from the Floor which is routed to another market center pursuant to Regulation NMS, and of every order originating off the Floor, transmitted by any person other than a member or member organization, to such member on the Floor, which record shall include the name and amount of the security, the terms of the order and the time when such order was so given or transmitted; provided, however, that the Exchange may, upon application, grant exemptions from the provisions of this Rule.

#### **(b) Receipt of Orders**

Every member shall preserve for at least three years a record of every order received by that member on the Floor from off the Floor. Such record shall include the name and amount of the security, the terms of the order and the time when such order was received. The provisions of this paragraph shall not apply to orders in Exchange listed or traded securities initiated and/or routed from a member organization's booth premise operating pursuant to Rule 70.40 - Equities for execution on another market center. Orders initiated and/or routed from a member organization's booth premise operating pursuant to Rule

70.40 - Equities for execution on another market center must comply with the provisions of the Rule Equities 7400 Series.

**(c) Cancelled or Executed**

Whenever a cancellation is entered with respect to such an order or an order routed to another market center pursuant to Regulation NMS or a report of the execution of such an order or an order routed to another market center pursuant to Regulation NMS is received, there shall be preserved for at least three years, in addition to the record required by the foregoing paragraph, a record of the cancellation of the order or of the receipt of such report, which shall include the time of the entry of such cancellation or of the receipt of such report.

**(d) By Accounts**

Before any such order is executed, including the case where an order is routed to another market center for execution pursuant to Regulation NMS there shall be placed upon the order slip or other record the name or designation of the account for which such order is to be executed. No change in such account name or designation shall be made unless the change has been authorized by any member, principal executive or officer in the member organization or authorized representative thereof who shall, prior to giving his approval of such change, be personally informed of the essential facts relative thereto and shall indicate his approval of such change in writing on the order.

**(e) System Entry Required**

(i) Except as provided in paragraphs .21 and .22 below, immediately following the receipt of an order in an Exchange listed or traded security on the Floor, members and member organizations must record the details of the order in an electronic system on the Floor. Any member organization proprietary system used to record the details of the order and agency interest file must be capable of transmitting these details to a designated Exchange data base within such time frame as the Exchange may prescribe. No Floor member or member organization shall represent, execute or place an agency interest file within the Display Book system or routed to a Floor broker for execution at the post unless the details of the order have been entered into an electronic system on the Floor.

(ii) Member organizations operating an approved booth premises pursuant to Rule 70.40 - Equities are only subject to the provisions of subparagraph (i) above when the order received or any part thereof in a member organization's approved booth premise is to be represented, executed or placed in an agency interest file within the Display Book System or routed to a Floor broker for execution at the post.

(iii) The details of each order required to be recorded by paragraphs (i) and (ii) above shall include the following data elements, any changes in the terms of the order and cancellations, in such form as the Exchange may from time to time prescribe:

1. Symbol;
2. Clearing member organization;
3. Order identifier that uniquely identifies order
4. Identification of member or member organization recording order details;
5. Number of shares or quantity of security;
6. Side of market;
7. Designation as market or limit order;
8. Any limit price, discretionary price range, discretionary volume range, discretionary quote price, pegging ceiling price, pegging floor price and/or whether discretionary instructions are active in connection with interest displayed by other market centers;
9. Time in force;
10. Designation as held or not held;
11. Any special conditions;
12. System-generated time of recording order details, modification of terms of order or cancellation of order; and
13. Such other information as the Exchange may from time to time require.

(iv) The Floor member must identify which orders or portions thereof are being made part of the Floor broker agency interest file and, with respect to such orders or portions thereof, what discretionary and/or pegging instructions, if any, have been assigned pursuant to such procedures as required by the Exchange.

**(f) Reports of Order Executions**

Order execution reports must be entered into the same database as required by this rule for the entry of orders. Any member organization proprietary system used to record the details of an order pursuant to paragraph (e) must also be capable of transmitting a report of the order's execution to such database. Order execution reports must be entered into such system within such time frame as the Exchange may prescribe. The details of each execution report required to be recorded shall include the following data elements, and any modifications to the report, in such form as the Exchange may from time to time prescribe:

1. Order identifier that uniquely identifies the order as required by paragraph (e);

2. Symbol;
3. Number of shares or quantity of security;
4. Transaction price;
5. Time the trade was executed;
6. Executing broker badge number, or alpha symbol as may be used from time to time, in regard to its side of the contract;
7. Executing broker badge number, or alpha symbol as may be used from time to time, of the contra side to the contract;
8. Clearing firm number, or alpha symbol as may be used from time to time, in regard to its side of the contract;
9. Clearing firm number, or alpha symbol as may be used from time to time, in regard to the contra side of the contract;
10. Whether the account for which the order was executed was that of a member or member organization or of a non-member or non-member organization;
11. Identification of member or member organization which recorded order details as required by paragraph (e);
12. Date the order was entered into an Exchange system;
13. Indication as to whether this is a modification to a previously submitted report;
14. Settlement Instructions; (e.g., cash, next day, or seller's option as defined in Equities Rule 14)
15. Special Trade Indication, if applicable;
16. Online Comparison System (OCS) Control Number;
17. Such other information as the Exchange may from time to time require.

••• ***Supplementary Material:***

.10 Orders originated on or transmitted to the Floor.—When giving out orders originating on the Floor, or transmitted by any person other than a member or member organization to members on the Floor, or when changing or cancelling orders previously given, members are required to do so electronically, or in writing. This requirement, as well the requirement as provided in Rule 123 - Equities, above, relating to the keeping of records,

may be met by preparing and retaining a duplicate of each such order given out and of any subsequent changes.

**.20 Orders.**—For purposes of paragraph (e), an order shall be any written, oral or electronic instruction to effect a transaction.

**.21 Orders not subject to paragraph (e) recording requirements.**—Any order executed by a DMM for his or her own account and any orders which by their terms are incompatible for entry in an Exchange system relied on by a Floor member to record the details of the order in compliance with this Rule shall be exempt from the order entry requirements of paragraph (e) above.

**.22** With respect to a bona fide arbitrage order, a member may execute such order before entering the order into an electronic system as required by paragraph (e) above, but such member must enter such order into such electronic system no later than 60 seconds after the execution of such order. With respect to an order to offset a transaction made in error, a member may, upon discovering such error within the same trading session, effect an offsetting transaction without first entering such order into an electronic system, but such member must enter such order into such electronic system no later than 60 seconds after the execution of such order.

**.23 Time standards.**—Any vendor or proprietary system used by a member or member organization on the Floor to record the details of an order or report for purposes of this rule must be synchronized with reference to a time source as designated by the Exchange.

### **Rule 123A - Equities. Miscellaneous Requirements**

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

#### **••• Supplementary Material:**

**.10** Reserved

#### **.20 Day Orders**

Members will facilitate business on the Floor by sending their orders as early as possible before the opening.

**.23 Use of order and report forms.**—Members and member organizations who rent telephone spaces on the Floor may use at such spaces order forms, etc., bearing only their own name. In the case of a member organization, the name of the Exchange member may be used, if desired, provided the prior approval of the Exchange has first been obtained.

A member or member organization who rents no space may use forms bearing their own name in the telephone spaces of other members or member organizations with the

permission of the Exchange, but if no such permission has been obtained such slips may be used only for orders originated on the Floor.

A member who acts as a DMM and uses the report pad of another member or member organization, must have his own name placed on said pad in addition to the name of such other member or member organization.

The foregoing does not apply to members who assist other members temporarily or in an emergency, but only to those members who regularly use the pad of another member or member organization.

Members and member organizations are required to use standardized stationery in such format as the Exchange may from time to time prescribe.

.24 (Intentionally left blank)

.31 through .39 Reserved

### **Broker's Obligation In the Handling of Certain Orders**

**.41 Market orders.**— A broker handling a market order is to use due diligence to execute the order at the best price or prices available to him under the published market procedures of the Exchange.

**.42 Limited orders.**— A broker handling a limited price order is to use due diligence to execute the order at the limit price, or at a better price, if available to him under the published market procedures of the Exchange.

**.43 At the close orders.**—A broker handling an `at the close' order is to use due diligence to execute the order in its entirety at the closing price, on the Exchange, of the stock named in the order, and if the order cannot be so executed, it is to be cancelled. (See also Rules 13 - Equities and 116.40 - Equities.)

**.44 Not held orders.**—A broker who has been given a not held order is to use brokerage judgment in the execution of the order, and if he exercises such judgment, is relieved of all responsibility with respect to the time of execution and the price or prices of execution of such an order.

A DMM may not accept a `not held' order.

**.45 Members' off-floor orders.**—Two persons consisting of Executive Floor Governors, or in the absence of any of them, two Floor Governors, Senior Floor Officials, or Executive Floor Officials in the order of seniority, have the authority to limit or ban the execution of off-Floor orders for accounts in which members or member organizations have an interest.

#### **.46 Representation by Member of Multiple Orders**

A member who has accepted for execution orders on the same side of the market from more than one customer may not proceed to execute any such order until the member discloses to all such customers that he or she is representing multiple orders on the same side of the market if the orders, as they are being executed, may not receive an execution in time priority of receipt, or an equal or strictly proportional split, based on the size of the orders, if that is the case, unless the terms of the order would provide for a different split.

**.65 Stabilizing orders.**—Attention is directed to the provisions of Regulations §-240.10b-6, 7, 8 of the Securities and Exchange Commission in the event a member is given an order for execution on the Exchange and he knows that the order is for the purpose of pegging, fixing or stabilizing the price of a security to facilitate an offering.

#### **Short Sales**

**.71 Short Sales Accepted by Members.**— A member who accepts an order to sell short will be charged with seeing that the order is executed only when permitted by the rules regarding short selling.

Whenever the lowest price at which a short order may be executed is altered by reason of a change in the last sale price, the order shall be regarded as a new order at the new price and shall take its place in Exchange systems as though it were a new order received at the time of the price change.

If a member accepts a short order at a limited price, such order shall be handled in accordance with the usual practice and rules of the Exchange.

Great care must be exercised by members in the handling of short limited orders. Members entrusted with short limited orders will appreciate that such orders may not retain their precedence when the limit at which they can be executed is changed as a result of the restrictions contained in such rules.

**.75 Order Identification.**—All members and member organizations shall comply with such requirements concerning the format for noting the identification and cancellation of orders, and such requirements and formats concerning special notations to be placed on orders, as the Exchange may from time to time prescribe.

#### **Rule 123B - Equities. Exchange Automated Order Routing System**

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

**(a)** The Exchange's SuperDot System (hereafter referred to as 'the System') provides automated order routing and reporting services to facilitate the timely and efficient transmission, execution, and reporting of market and limit orders on the Exchange.

Members and member organizations may transmit orders by means of the System of such size as the Exchange may specify from time to time. However, special features of these systems, as described in paragraph (b) below, may be available only to orders of a particular smaller size, as the Exchange may specify from time to time.

The Exchange will from time to time designate the size and types of orders eligible for transmission by means of the System, the securities as to which such orders may be transmitted, and the operational characteristics of the System, and may modify or amend such designations or characteristics from time to time.

(b) Special Features. The following special features shall be available to orders of such size as the Exchange may specify from time to time:

(1) Intentionally omitted

(2) Rule 411 - Equities provides that the price at which an order is executed shall be binding notwithstanding the fact that an erroneous report in respect thereto may have been rendered. When a purchase or sale has been reported in error, and a transaction has appeared on the tape at the price of the erroneous report and in a quantity equal to or exceeding the amount reported, the member who made the error must render a corrected report not later than noon on the business day following the day of the transaction. If not so corrected, the member who made the error will be responsible for any resulting loss.

(3) **Booth Support System.**—An entering member organization may determine to route orders of specified sizes eligible for transmission through the System to the DMM's post, or to its booth or to the booth of another member. Parameters for market orders are based on the size of the order. Parameters for limit orders are based on the size of the order and whether the order is marketable based on the limit price on the order in relation to the last sale on the Exchange in the subject security.

(c) System trades shall be reported and compared utilizing such universal contra designations as the Exchange may from time to time determine.

(d) The Exchange shall not be liable for any loss sustained by a member or member organization resulting from the use of the System. Generally, a loss pertaining to an order that is entered through the System and which does not appear on the System's Merged Order and Report Log will be absorbed by the entering member organization. A loss pertaining to an order that is entered through the System, and which does appear on the System's Merged Order and Report Log will generally subject to the provisions of Rule 18 - Equities.

••• *Supplementary Material:*

.10 Intentionally omitted



.20 For purposes of this Rule, in all instances where an order received by Exchange systems is canceled and replaced with another order, the replacement will be deemed to be a new order.

### **.30 Sponsored Access to the Exchange**

#### **(a) Applicability and Definitions**

(i) Applicability. The provisions of this rule do not apply to NYSE American Bonds (Rule 86 - Equities).

(ii) Definitions.

(A) "Sponsoring Member Organization" means an Exchange Member or Member Organization as defined in Rule 2 - Equities that enters into a written "sponsorship agreement" with a "Sponsored Participant" (as that term is defined in this rule) to provide the Sponsored Participant with authorized access to the Exchange.

(B) "Sponsored Participant" means a person as defined in Rule 2(e) - Equities who has entered into a sponsorship arrangement with a Sponsoring Member Organization to obtain authorized access to the Exchange pursuant to this rule.

(b) Subject to the requirements for sponsored access set forth in this Rule, a Person with authorized access may submit orders for execution to the Exchange. To obtain authorized access to the Exchange, such Person must enter into a sponsorship agreement.

(c) Sponsored Participants. A Sponsored Participant may obtain authorized access to the Exchange only if such access is authorized in advance by one or more Sponsoring Member Organization as follows:

(1) Sponsored Participants must enter into and maintain customer agreements with one or more Sponsoring Member Organization establishing proper relationship(s) and account(s) through which the Sponsored Participant may trade on the Exchange. Such customer agreement(s) must incorporate the provisions set forth in paragraph (2) below.

(2) A Sponsoring Member Organization must agree in writing to the sponsorship provisions set forth below in order for the Sponsored Participant to obtain and maintain authorized access to the Exchange:

(A) The Sponsored Participant and its Sponsoring Member Organization must have entered into and maintained an agreement with the Exchange. The Sponsoring Member Organization must designate the Sponsored Participant by name in such agreement.

(B) The Sponsoring Member Organization acknowledges and agrees that:

- (i) All orders entered by the Sponsored Participants and any person acting on behalf of or in the name of such Sponsored Participant and any executions occurring as a result of such orders are binding in all respects on the Sponsoring Member Organization; and
  - (ii) The Sponsoring Member Organization is responsible for any and all actions taken by such Sponsored Participant and any person acting on behalf of or in the name of such Sponsored Participant.
- (C) The Sponsoring Member Organization shall at all times comply with the rules and procedures of the Exchange and the Sponsored Participant shall comply with the rules and procedures of the Exchange as if the Sponsored Participant were a Sponsoring Member Organization.
- (D) The Sponsored Participant shall maintain, keep current, and provide to the Sponsoring Member Organization, upon request, a list of Authorized Traders (as described in section (d) below) who may obtain access to the Exchange on behalf of the Sponsored Participant.
- (E) The Sponsored Participant shall familiarize its Authorized Traders with all of the Sponsored Participant's obligations under this Rule and will assure that they receive appropriate training prior to any use or access to the Exchange.
- (F) The Sponsored Participant may not permit anyone other than Authorized Traders to use or obtain access to the Exchange.
- (G) The Sponsored Participant shall take reasonable security precautions to prevent unauthorized use or access to the Exchange, including unauthorized entry of information into the Exchange, or the information and data made available therein. The Sponsored Participant understands and agrees that the Sponsored Participant is responsible for any and all orders, trades, and other messages and instructions entered, transmitted or received under identifiers, passwords, and security codes of Authorized Traders, and for the trading and other consequences thereof.
- (H) The Sponsored Participant acknowledges its responsibility to establish adequate procedures and controls that permit it to effectively monitor its employees, agents, and customers' use and access to the Exchange for compliance with the terms of this agreement.
- (I) The Sponsored Participant shall pay when due all amounts, if any, payable to the Sponsoring Member Organization, the Exchange, or any other third parties that arise from the Sponsored Participants access to and use of the Exchange. Such amounts include, but are not limited to applicable exchange and regulatory fees.

(3) Prior to providing the Sponsored Participant with authorized access to the Exchange, the Sponsoring Member Organization must provide the Exchange with a notice of consent acknowledging its responsibility for the orders, executions, and actions of its Sponsored Participant at issue.

(d) Authorized Trader. For the purpose of this rule, an Authorized Trader shall mean a person who may submit orders to the Exchange on behalf of the Sponsored Participant.

(1) A Sponsoring Member Organization shall maintain a list of Authorized Traders who may obtain access to the Exchange on behalf of the Sponsoring Member Organization's Sponsored Participants. The Sponsoring Member Organization shall update the list of Authorized Traders as necessary. The Sponsoring Member Organization must provide the list of Authorized Traders to the Exchange upon request.

(2) A Sponsoring Member Organization must have reasonable procedures to ensure that all Authorized Traders comply with the rules and procedures of the Exchange.

(3) A Sponsoring Member Organization must suspend or withdraw a person's status as an Authorized Trader if the Exchange has determined that the person has caused the Sponsoring Member Organization to fail to comply with the Rules of the Exchange and the Exchange has directed the Sponsoring Member Organization to suspend or withdraw the person's status as an Authorized Trader.

(4) A Sponsoring Member Organization must have reasonable procedures to ensure that the Authorized Traders maintain the physical security of any equipment sited on its premises for the purpose of accessing the Exchange, so as to prevent the improper use of or access to the Exchange, including unauthorized entry of information into the Exchange.

### **Rule 123C - Equities. The Closing Procedures**

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

#### **(1) Definitions for the Purpose of this Rule .**

(a) Better Priced. Better Priced than the closing price means an order that is lower than the closing price in the case of an order to sell or higher than the closing price in the case of an order to buy.

(b) Informational Imbalance Publication. An Informational Imbalance Publication is the dissemination of information between 3:00 p.m. and 3:45 p.m., pursuant to subparagraph (5)(b) below, that indicates a disparity between MOC and marketable LOC interest to buy and MOC and marketable LOC interest to sell of any size in any security that is not a Mandatory MOC/LOC Imbalance Publication.

- (c) Legitimate Error. A legitimate error means an error in any term of an MOC or LOC order, such as price, number of shares, side of the transaction (buy or sell) or identification of the security.
- (d) Mandatory MOC/LOC Imbalance Publication. A Mandatory MOC/LOC Imbalance Publication is the dissemination of information that indicates a disparity between MOC and marketable LOC interest to buy and MOC and marketable LOC interest to sell, measured at 3:45 p.m., that is:
  - (i) 25,000 shares or more in any security, regardless of the average daily trading volume; or
  - (ii) otherwise constitutes a significant imbalance, such as an imbalance of less than 25,000 shares in any security where such imbalance is significant in relation to the average daily trading volume in the security may be published as soon as practicable after 3:45 p.m. with prior approval of a Floor Official or qualified ICE employee as defined in Rule 46.10 - Equities.
- (e) Official Closing Price. The Official Closing Price of a security listed on the Exchange is determined as follows:
  - (i) The Official Closing Price is the price established in a closing transaction under paragraphs (7) and (8) of this Rule of one round lot or more. If there is no closing transaction in a security or if a closing transaction is less than one round lot, the Official Closing Price will be the most recent last-sale eligible trade in such security on the Exchange on that trading day.
    - (A) If there were no last-sale eligible trades in a security on the Exchange on a trading day, the Official Closing Price of such security will be the prior day's Official Closing Price.
    - (B) For a security that has transferred its listing to the Exchange and does not have any last-sale eligible trades on the Exchange on its first trading day, the Official Closing Price will be the prior day's closing price disseminated by the primary listing market that previously listed such security.
    - (C) For a security that is a new listing and does not have any last-sale eligible trades on the Exchange on its first trading day, the Official Closing Price will be based on a derived last sale associated with the price of such security before it begins trading on the Exchange.
  - (ii) If the Exchange determines at or before 3:00 p.m. Eastern Time that it is unable to conduct a closing transaction in one or more securities due to a systems or technical issue, the Exchange will designate an alternate exchange for such security or securities and the Official Closing Price of each security will be determined on the following hierarchy:

- (A) the Official Closing Price will be the official closing price for such security under the rules of the designated alternate exchange;
  - (B) if the designated alternate exchange does not have an official closing price in a security, the Official Closing Price will be the volume-weighted average price ("VWAP") of the consolidated last-sale eligible prices of the last five minutes of trading during regular trading hours up to the time that the VWAP is processed, including any closing transactions on an exchange, and taking into account any trade breaks or corrections up to the time of the VWAP is processed;
  - (C) if the designated alternate exchange does not have an official closing price in a security and there were no consolidated last-sale eligible trades in the last five minutes of trading during regular trading hours in such security, the Official Closing Price will be the last consolidated last-sale eligible trade during regular trading hours on that trading day;
  - (D) if the designated alternate exchange does not have an official closing price in a security and there were no consolidated last-sale eligible trades on a trading day in such security, the Official Closing Price will be the prior day's Official Closing Price; or
  - (E) if an Official Closing Price for a security cannot be determined under (A), (B), or (C) of this paragraph (e)(ii) and there is no prior day's Official Closing Price, the Exchange will not publish an Official Closing Price for such security.
- (iii) If the Exchange determines after 3:00 p.m. Eastern Time that it is unable to conduct a closing transaction in one or more securities due to a systems or technical issue, the Official Closing Price of each such security will be determined on the following hierarchy:
- (A) the Official Closing Price will be the VWAP of the consolidated last-sale eligible prices of the last five minutes of trading during regular trading hours up to the time that the VWAP is processed, including any closing transactions on an exchange, and any taking into account any trade breaks busts or corrections up to the time the VWAP is processed;
  - (B) if there were no consolidated last-sale eligible trades in the last five minutes of trading during regular trading hours in such security, the Official Closing Price will be the last consolidated last-sale eligible trade during regular trading hours on that trading day;
  - (C) if there were no consolidated last-sale eligible trades in such security on a trading day, the Official Closing Price will be the prior day's Official Closing Price; or

(D) if an Official Closing Price for a security cannot be determined under (A), (B), or (C) of this paragraph (e)(iii) and there is no prior day's Official Closing Price, the Exchange will not publish an Official Closing Price for such security.

(iv) If the Exchange determines the Official Closing Price under paragraphs (e)(ii) or (e)(iii) of this Rule, the Exchange will publicly announce the manner by which it will determine its Official Closing Price and the designated alternate exchange, if applicable, and all open interest designated for the Exchange close residing in Exchange systems will be deemed cancelled to give member organizations the opportunity to route their closing interest to alternate execution venues.

(f) Order Imbalance Information. Order Imbalance Information is the data feed disseminated by the Exchange between 3:45 p.m. and 4:00 p.m. pursuant to subparagraph (6) below, which includes real-time order imbalances that accumulate prior to the closing transaction on the Exchange of this Rule 123C.

(g) Trading Halt. A Trading Halt as used in this Rule 123C means a halt in the trading of any security pursuant to the provisions of Rule 123D - Equities.

## **(2) MOC, LOC and CO Order Entry.**

(a) Order Entry Before 3:45 p.m.

(i) Except as otherwise provided in this rule, all MOC and LOC orders must be entered electronically by 3:45 p.m.

(ii) CO orders may be entered in a security any time prior to 4:00 p.m.

(b) Order Entry After 3:45 p.m.

(i) After the publication of a Mandatory MOC/LOC Imbalance Publication pursuant to paragraph (5) below, Exchange systems will only accept MOC and LOC orders that offset the published imbalance and will reject MOC and LOC orders that do not offset the published imbalance (i.e., on the same side of a Mandatory MOC/LOC Imbalance Publication). Specifically, if the Mandatory MOC/LOC Imbalance Publication shows an excess of sell interest over buy interest, only MOC and LOC orders to buy will be accepted; if the Mandatory MOC/LOC Imbalance Publication show an excess of buy interest over sell interest, only MOC and LOC orders to sell will be accepted.

(ii) Where there is no Mandatory MOC/LOC Imbalance Publication, Exchange systems will reject MOC and LOC orders entered after 3:45 p.m.

(iii) CO orders may be entered on both sides of the market up to 4:00 p.m. and are not restricted to offsetting the Mandatory MOC/LOC Imbalance Publication.

(c) Order Entry in the Event of a Trading Halt

- (i) Where a Mandatory MOC/LOC Imbalance Publication is published at or after 3:45 p.m., and a Trading Halt occurs after such imbalance publication, Exchange systems will accept MOC and LOC orders that offset the published imbalance and will reject MOC and LOC orders on the same side of a Mandatory MOC/LOC Imbalance.
- (ii) When a Trading Halt in a security is in effect at 3:45 p.m. but is lifted prior to the close of trading in the security and a Mandatory MOC/LOC Imbalance Publication is published in connection with or after the reopening of trading in such security, Exchange systems will accept MOC and LOC orders that offset the published imbalance and will reject MOC and LOC orders on the same side of a Mandatory MOC/LOC Imbalance.
- (iii) Where there is no Mandatory MOC/LOC Imbalance Publication and a Trading Halt occurs after 3:45 p.m., Exchange systems will reject MOC and LOC orders after 3:45 p.m.

**(3) Cancellation of MOC, LOC and CO orders.**

- (a) Up to 3:45 p.m. MOC, LOC and CO orders may be cancelled or reduced in size for any reason.
- (b) Between 3:45 p.m. and 3:58 p.m., MOC, LOC and CO orders may be canceled or reduced in size to correct a legitimate error as that term is defined pursuant to Rule 123C(1)(c).
- (c) Except as provided for in Rule 123C(9), after 3:58 p.m., MOC, LOC and CO orders may not be cancelled or adjusted for any reason, including the correction of a legitimate error. Any such cancellations or adjustments entered through Exchange systems will be rejected.

**(4) Calculation of MOC and LOC Imbalances**

- (a) Calculation of Imbalances. MOC and LOC imbalances are calculated as follows:
  - (i) For purposes of calculating the Mandatory MOC/LOC Imbalance Publication, the term "last sale price" in paragraph (4)(a)(iii) and (iv) below means the last sale in the subject security, as reported to the Consolidated Tape, prior to 3:45 p.m.
  - (ii) For purposes of calculating Informational Imbalances and Order Imbalances, the term "last sale price" in paragraph (4)(a)(iii) and (iv) below means the last sale in the subject security, as reported to the Consolidated Tape prior to the calculation of the Informational Imbalance or the Order Imbalance.

- (iii) Buy side closing volume is determined by aggregating all Buy MOC orders and Buy LOC orders priced above the last sale price. Buy LOC orders that are equal to the last sale price are not included in the calculation.
- (iv) Sell side closing volume is determined by aggregating all Sell and Sell Short MOC orders and Sell and Sell Short LOC orders priced below the last sale price. Sell and Sell Short LOC orders that are equal to the last sale price are not included in the calculation.
- (v) The difference between the Buy side closing volume as determined in paragraph 4(a)(iii) above and the Sell side closing volume as determined in paragraph 4(a)(iv) above is the Buy or Sell Imbalance.
- (vi) Buy or Sell Imbalance as determined pursuant to paragraph (4)(a)(v) above will be reduced by the volume of LOC orders and LOC orders priced equal to the last sale to bring the imbalance quantity as close to zero as possible.
  - (A) In the event of a Buy Imbalance, only Sell and Sell Short LOC orders priced equal to the last sale will be included to offset the imbalance.
  - (B) In the event of a Sell Imbalance, only Buy LOC orders priced equal to the last sale will be included to offset the imbalance.

**(5) Publication of Mandatory MOC/LOC and Informational Imbalances.**

- (a) A Mandatory MOC/LOC Imbalance Publication as defined in (1)(d)(i) above shall be published on the Consolidated Tape as soon as practicable after 3:45 p.m. A Mandatory MOC/LOC Imbalance Publication of less than 25,000 shares as defined in subparagraph (1)(d)(ii) above may be published only with the prior approval of a Floor Official or qualified ICE employee as defined in NYSE Rule 46.10.
- (b) An Informational Imbalance Publication as defined in paragraph (1)(b) above in any security may be published on the Consolidated Tape between 3:00 and 3:45 p.m. with the prior approval of a Floor Official or qualified ICE employee as defined in NYSE Rule 46.10.
  - (i) If an Informational Imbalance Publication is published between 3:00 p.m. and 3:45 p.m., and subsequently there is an imbalance of 25,000 shares or greater, a Mandatory MOC/LOC Imbalance Publication must be published as soon as practicable after 3:45 p.m.
  - (ii) If an Informational Imbalance Publication is published between 3:00 p.m. and 3:45 p.m., and the requirements for the publication of a Mandatory MOC/LOC Imbalance Publication do not exist at 3:45 p.m., a notice indicating that there is "no imbalance" must be published on the Consolidated Tape as soon as practicable after 3:45 p.m.



- (c) When a trading halt in a security is in effect at 3:45 p.m. but is lifted prior to the close of trading in the security, a Mandatory MOC/LOC Imbalance Publication should be published as close to the resumption of trading as practicable.

**(6) Publication of Order Imbalance Information Data Feed**

- (a) Exchange systems may also make available, from time to time, as the Exchange shall determine, Order Imbalance Information prior to the closing of a security on the Exchange.
- (i) Order Imbalance Information disseminated prior to the closing transaction is the data feed disseminated by the Exchange of real-time order imbalances that accumulate prior to the closing transaction on the Exchange which includes:
- (A) the Mandatory MOC/LOC Imbalance Publication;
- (B) a data field indicating the price at which closing-only interest (i.e., MOC orders, marketable LOC orders, and CO orders opposite the imbalance) may be executed in full;
- (C) a data field indicating the price at which interest in the Display Book (e.g., Minimum Display Reserve Orders, Floor broker reserve e-Quotes not designated to be excluded from the aggregated agency interest information available to the DMM, d-Quotes and pegged e-Quotes at the price indicated on the order as the base price to be used to calculate the range of discretion) as well as all closing-only inter orders (MOC, marketable LOC, and CO orders opposite the imbalance) may be executed in full; and
- (D) if the price at which all closing-only interest in the Display Book is at or between the quote, then data fields pursuant to subparagraphs (6)(a)(i)(B) and (C) above indicating imbalance information will publish the price at which the closing-only interest (MOC orders, marketable LOC orders, and CO orders) may be executed in full.
- (ii) In addition, commencing at 3:55 p.m., the Order Imbalance Information disseminated by the Exchange data feed also includes d-Quotes and all other e-Quotes containing pegging instructions eligible to participate in the closing transaction.
- (iii) Such Order Imbalance Information will use a reference price to indicate the number of shares that would be needed in the security to close with an equal number of shares on the buy side and the sell side of the market. The Exchange will determine the reference price as follows:
- (A) If the best bid for the security on the Exchange is higher than the last sale price for the security, that best bid will serve as the reference price.

- (B) If the best offer for the security on the Exchange is lower than the last sale price for the security, that best offer will serve as the reference price.
- (C) If the last sale price falls within the Exchange's best bid and offer for the security, the last sale price will serve as the reference price.
- (iv) Order Imbalance Information disseminated prior to the close by Exchange systems will be disseminated approximately every five seconds between 3:45 p.m. and 4:00 p.m.
- (v) On any day that the scheduled close of trading on the Exchange is earlier than 4:00 p.m., the dissemination of Order Imbalance Information prior to the closing transaction will commence approximately 15 minutes before the scheduled closing time. Order Imbalance Information will be disseminated approximately every five seconds until the scheduled closing time.
- (vi) The Mandatory MOC/LOC Imbalance Publication pursuant to paragraph (5)(a) of this Rule above shall be the sole indication that governs the entry of offsetting interest.
- (b) Exchange systems shall disseminate between 2:00 p.m. and 3:45 p.m. on any trading day (or beginning two hours prior to the closing transaction until 15 minutes prior to the closing transaction on any day that the scheduled close of trading on the Exchange is earlier than 4:00 p.m.), approximately every 15 seconds, to Floor brokers a data feed that provides the amount of, and any imbalance between, MOC interest and marketable LOC interest to buy and MOC interest and marketable LOC interest to sell, offset by any CO interest available at the reference price or better on the opposite side of the imbalance, in any security in which the Floor broker is representing an order and in any security that the Floor broker specifically requests, except that specific requests for such information do not carry over to the next trading day and must be re-entered.

## **(7) Order of Execution on the Close**

- (a) The following orders must be executed in whole or in part in the closing transaction in the order delineated below:
  - (i) MOC orders that do not have tick restrictions;
  - (ii) MOC orders that have tick restrictions that limit the execution of the MOC to a price better than the price of the closing transaction;
  - (iii) Floor broker interest entered manually by the DMM;
  - (iv) Limit orders better priced than the closing price;

- (v) LOC orders that do not have tick restrictions better priced than the closing transaction;
  - (vi) LOC orders better priced than the closing transaction that have tick restrictions that are capable of being executed based on the closing price; and
  - (vii) G orders better priced than the closing price.
- (b) The following interest may be used to offset a closing imbalance in order delineated below:
- (i) Limit orders represented in the Display Book with a price equal to the closing price and DMM interest;
  - (ii) LOC orders with a price equal to the closing price;
  - (iii) MOC orders that have tick restrictions that limit the execution of the MOC to the price of the closing transaction;
  - (iv) LOC orders that have tick restrictions that are capable of being executed based on the closing price and the price of such limit order is equal to the price of the closing transaction;
  - (v) CO Orders; and
  - (vi) G orders with a price equal to the closing price.

**(8) Closing Transactions**

- (a) Closing transactions where there is an order imbalance.
- (i) Where there is an imbalance of shares to buy over shares to sell in MOC and/or marketable LOC orders, or vice versa, the imbalance shall, at the close of trading, be executed against orders on the Display Book and/or represented in the Crowd that are opposite to the imbalance.
    - (A) Market orders and limit orders better priced than the closing price trading against the imbalance amount are guaranteed to participate in the closing transaction.
    - (B) Limit orders trading against the imbalance amount are not guaranteed an execution in the closing transaction if the price of such limit order is the same as the closing price, but may be included in full or in part at the discretion of the DMM, based on market conditions and the availability of offsetting interest.

(ii) The remaining MOC/LOC buy and MOC/LOC sell orders are paired off against each other at the same price as the imbalance price.

(iii) The imbalance and the paired off transaction shall be reported to the Consolidated Tape as a single transaction.

(b) Closing transactions where there is no order imbalance. Where the aggregate size of buy MOC and marketable LOC orders in a security equals the aggregate size of sell MOC orders and marketable LOC orders, they shall be stopped against each other and paired off at the price of the last sale on the Exchange just prior to the close of trading in that security on that day.

**(9) Extreme Order Imbalances at or Near the Close**

(a) To avoid closing price dislocation that may result from an order entered into Exchange systems or represented to a DMM orally at or near the close, the Exchange may temporarily suspend the following:

(1) The hours of operation to permit the solicitation and entry of orders into Exchange systems (Rule 52 - Equities), provided that:

(i) Such orders are solicited solely to offset any imbalance in a security that may exist as of 4:00 p.m.;

(ii) The Exchange solicits such offsetting interest from both on-Floor and off-Floor participants. Such solicitation requests shall include, at a minimum, the security symbol, the imbalance amount and side, the last sale price, and an order acceptance cut-off time. The order acceptance cut-off time will be a time period designated by the Exchange.;

(iii) Any interest entered in response to such solicitations must be: (A) entered no later than the order acceptance cut-off time indicated in the solicitation request; (B) offsetting interest as indicated in the solicitation request; (C) a limit order priced no worse than the last sale; and (D) irrevocable;

(iv) The DMM will close the security the earlier of the order acceptance cut-off time or if the imbalance is paired off at or reasonably contiguous to the last sale price. For purposes of this Rule, a price reasonably contiguous to the last sale price is within cents of the last sale price and would be a price point that during a regular closing auction would not be considered a dislocating closing price as compared to the last sale price. All offsetting interest solicited pursuant to this section of the Rule will trade on parity; and

(v) A Floor broker may represent offsetting interest pursuant to this rule without first entering the details of the order into a designated Exchange database, as required by Rule 123 - Equities, so long as such orders are entered into a

designated Exchange database on an "as of" basis immediately following execution of the order.

(2) The prohibition on canceling or reducing an MOC or LOC order after 3:58 p.m. Rule 123C(3) - Equities, provided that:

(i) The cancellation or reduction is necessary to correct a legitimate error; and

(ii) Execution of such an MOC or LOC order would cause significant price dislocation at the close.

(b) Only the DMM assigned to a particular security may request a temporary suspension under section (9)(a) of this Rule. A determination to declare such a temporary suspension may be made after 4 p.m. (or earlier, in the case of an earlier scheduled close) and will be made on a security-by-security basis. Such determination, as well as any entry or cancellation of orders or closing of a security under section (9)(a) of this Rule, must be supervised and approved by either an Executive Floor Governor or a qualified ICE employee, as defined under Rule 46(b)(v) - Equities, and supervised by a qualified Exchange Officer, as defined in Rule 48(d) - Equities. Factors that may be considered when making such a determination include, but are not limited to, when the order(s) that impacted the imbalance were entered into Exchange systems or orally represented to the DMM, the impact of such order(s) on the closing price of the security, the volatility of the security during the trading session, and the ability of the DMM to commit capital to dampen the price dislocation.

(c) A temporary suspension under section (9)(a) of this Rule is in effect only for the particular security for which such suspension has been granted and for that trading day.

••• ***Supplementary Material:***

**.10** Closings may be effectuated manually or electronically (see Rule 104(b) - Equities). Exchange systems will not permit a DMM to close a security electronically if a DMM has manually-entered Floor interest.

If a DMM cannot facilitate the close of trading for one or more securities for which the DMM is registered as required by Exchange rules, the Exchange will close those securities electronically. Manually-entered Floor interest will not participate in any closing effectuated electronically by the Exchange and if previously entered, will be ignored. If the Exchange closes a security, the closing price will be within a specified percentage ("Closing Numerical Guideline"), as set forth below, greater than or less than the last sale price on the Exchange ("Reference Price"):

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**Reference Price**

**Closing Numerical Guideline**

**(Closing Price % Difference from  
the Reference Price)**

Greater than \$0.00 up to and including \$25.00	10%
Greater than \$25.00 up to and including \$50.00	5%
Greater than \$50.00	3%

If the Exchange closes a security,

(a) It will consider all interest to be eligible to trade in the close consistent with Rule 123C(7) - Equities and 123C(8)(a) - Equities, except that interest specified in Rule 123C(7)(a) - Equities will not participate in the closing trade if such interest would cause a closing price to be outside the Closing Numerical Guidelines; and

(b) The provisions of Rules 123C(9)(a)(1) - Equities and 123C(9)(b) - Equities will be suspended and only the Exchange may request a temporary suspension under Rule 123C(9)(a)(2) - Equities.

**.20** For purposes of Rule 123C(7)(b) - Equities, short sale orders for a covered security during a period when a Short Sale Price Test (as provided for in Rule 440B - Equities) is in effect, shall be treated as orders that have tick restrictions. The term "covered security" shall have the same meaning as such term has in Rule 201 of Regulation SHO.

**.30** During a Short Sale Period (as provided for in Rule 440B(d) - Equities), Sell Short MOC and LOC orders will not be included in the Sell side closing volume, as currently provided for in Rule 123C(4)(a)(iv) - Equities. During a Short Sale Period, in addition to the interest specified in Rule 123C(4)(a)(vi)(A) - Equities, all Sell Short MOC and LOC interest priced equal to or below the last sale price will be included to offset the Buy Imbalance.

**.40** If not otherwise specified, when the scheduled close of trading is before 4:00 p.m., the times specified in this Rule 123C shall be adjusted based on the early scheduled closing time and references to 4:00 p.m. shall mean the early scheduled close, 3:00 p.m. shall mean one hour before the early scheduled close, 3:45 p.m. shall mean 15 minutes before the early scheduled close, 3:55 p.m. shall mean five minutes before the early scheduled close, and 3:58 p.m. shall mean two minutes before the early scheduled close.

**Rule 123D - Equities. Openings and Halts in Trading**

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

**(a) Openings:** Unless otherwise specified, references to an open or opening in paragraph (a) of this Rule also mean a reopening following a trading halt or pause in a security.

(1) It is the responsibility of each DMM to ensure that registered securities open as close to the opening bell as possible, and at the end of the halt or pause, while at the same time not unduly hasty, particularly when at a price disparity from the prior close (for openings) or last price on the Exchange (for reopenings).

(A) DMMs may open a registered security on a trade or on a quote. A DMM may open a registered security on a quote when there is no opening trade.

(B) Openings may be effectuated manually or electronically (see Rule 104(b)(ii) - Equities). Exchange systems will not permit a DMM to open a security electronically if a DMM has manually entered Floor interest.

(i) Except under the conditions set forth in paragraphs (a)(1)(B)(ii) and (iii) of this Rule, a DMM may not effect an opening electronically if:

(a) the opening (but not reopening) transaction will be at a price more than 4% away from the Official Closing Price, as defined in Rule 123C(1)(e) - Equities,

(b) the reopening transaction will be at a price more than 4% away from the last sale price on the Exchange, or

(c) the matched volume for the opening transaction will be more than:

(1) 150,000 shares for securities with an average opening volume of 100,000 shares or fewer in the previous calendar quarter; or

(2) 500,000 shares for securities with an average opening volume of over 100,000 shares in the previous calendar quarter.

(ii) If as of 9:00 a.m. Eastern Time, the E-mini S&P 500 Futures are +/- 2% from the prior day's closing price of the E-mini S&P 500 Futures, or if the Exchange determines that it is necessary or appropriate for the maintenance of a fair and orderly market, a DMM may effect an opening electronically if the opening transaction will be at a price of up to 8% away from the Official Closing Price, as defined in Rule 123C(1)(e) - Equities, (for openings, but not reopenings) or the last sale price on the Exchange (for reopenings), without any volume limitations.

(iii) When reopening a security following a trading pause under Rule 80C - Equities or a market-wide halt under Rule 80B - Equities, if a preopening indication has

been published in a security under Rule 15 - Equities, a DMM may not reopen such security electronically if the reopening transaction will be at a price outside of the last-published preopening indication.

(2) If a DMM cannot facilitate the open of trading for one or more securities for which the DMM is registered as required by Exchange rules, the Exchange will open those securities electronically on a trade or a quote as provided for in paragraphs (a)(3) - (a)(6) of this Rule. Manually-entered Floor interest will not participate in any opening effectuated electronically by the Exchange and if previously entered, will be ignored.

(3) **Opening on a Trade:** The Exchange will open a security on a trade if there is buy and sell interest that can trade a round lot or more at a price that is no greater than or no less than a specified range ("Opening Price Range") away from the last sale price on the Exchange ("Reference Price"). The Exchange will determine the Opening Price Range and the Reference Price parameters from time to time and will provide advance notice to market participants.

(A) If all interest guaranteed to participate in an opening trade under Rule 115A(a) - Equities can trade at a price consistent with the Opening Price Range, the opening trade will be at the price at which all such interest can trade.

(B) If there are only Market Orders on both sides of the market, the opening price will be the Reference Price.

(C) If interest that is otherwise guaranteed to participate in an opening trade under Rule 115A(a) - Equities would cause an opening price to be outside the Opening Price Range, such interest is not guaranteed to participate in the opening trade. In such case, the opening trade will be at the price at which the maximum volume of shares is tradable that is closest to the Reference Price and orders will be allocated in the following priority:

(i) Market and MOO Orders will trade first in time priority, provided that, during a Short Sale Period, sell short Market Orders and MOO Orders will be adjusted to a Permitted Price and will be considered Limit Orders for purposes of determining allocation priority.

(ii) Limit Orders (including Reserve Orders) to buy (sell) and e-Quotes (including Reserve e-Quotes) to buy (sell) priced higher (lower) than the opening price will trade second on parity by agent under Rule 72(c) - Equities.

(iii) G-quotes to buy (sell) priced higher (lower) than the opening price will trade third on parity by agent under Rule 72(c) - Equities.

(iv) All other limit interest that is priced equal to the opening price will trade last and be allocated consistent with Rule 115A(a)(1) - Equities.



(4) **Opening on a Quote:** The Exchange will open a security on a quote under the following circumstances:

- (A) If interest of less than a round lot pairs off at a price within the Opening Price Range. After opening on a quote, such interest will trade at the price closest to the Reference Price (or at the Reference Price if the only interest is Market Orders), but will not be reported as an opening trade.
- (B) If interest of any size pairs off at a price below (above) the lower (upper) boundary of the Opening Price Range. Such paired-off interest will not trade.
- (C) If there is no interest that can be quoted on either or both sides of the market. An opening quote that has a zero bid and/or a zero offer is not an "Opening Price" for purposes of the Regulation NMS Plan to Address Extraordinary Market Volatility (See Rule 80C - Equities).

(5) **Pre-Opening Information:** When the Exchange facilitates the opening of a security, it will publish Order Imbalance Information pursuant to Rule 15(g) - Equities, but will not issue pre-opening indications pursuant to Rule 15(a) - Equities, provided that the Exchange will publish indications pursuant to Rule 15(a) - Equities for a re-opening following a regulatory halt.

(6) **Cancellation of Orders:** The Exchange will cancel orders after opening on a trade or quote as follows:

- (A) All unexecuted Market Orders, MOO Orders, and LOO Orders will be cancelled.
- (B) After an opening on a trade, buy (sell) Limit Orders priced higher (lower) than the opening price will be cancelled.
- (C) If interest would have paired off at a price below (above) the lower (upper) boundary of the Opening Price Range, after opening on a quote, sell (buy) Limit Orders will be cancelled.

**(b) Delayed Openings.** Openings and reopenings should be timely, as well as fair and orderly, reflecting a professional assessment of market conditions at the time, and appropriate consideration of the balance of supply and demand as reflected by orders represented in the market. DMMs should, to the best of their ability, provide timely and impartial information at all phases of the opening process. DMMs should ensure adequate personnel are assigned and call upon additional clerical and relief DMM resources to assist in order management and Crowd communication, when appropriate. It is also incumbent upon DMMs to seek the advice of Floor Officials when openings are delayed or when a halt in trading may be appropriate due to unusual market conditions.

Brokers should recognize the difficulty in providing accurate information in a constantly changing situation, and that significant changes are often occasioned by single orders or

substantial interests delivered via Exchange systems. Brokers should make every effort to ascertain the client's interest as early as possible and to inform the DMM so that such interest can be factored into the opening process. Brokers should communicate to clients the problems caused by delaying their interest until the last minute. Brokers should expect to have time to communicate the essential facts to their clients and to react to the changing picture. They should not expect, however, to be able to delay the opening for every last fragment of this change, and should recognize their obligation to a timely opening. Once a relatively narrow range of opening possibilities is given, the broker and his or her client should have sufficient information to enter a final order. In this regard, brokers should advise their clients against limits which are not firm, or are based solely on where the opening looked at the time the information was given. Brokers should not expect to be given endless opportunities to adjust those limits. Whenever possible the broker should have discretion within a range of the client's interest, and have the power to react to last minute changes without having to go back to the phone. This is particularly true for orders in amounts that represent a small fraction of the total opening volume, but applies to all orders. Brokers must recognize that orders or cancellations merely dropped on the counter can be lost or misplaced, and should hand the order directly to the DMM or his or her assistant and orally state the terms. Failure to do so could result in a monetary error to the broker as well as the DMM

Floor Officials participate in the regulatory process by providing an impartial professional assessment of unusual situations, as well as advice with respect to pricing when a significant disparity in supply and demand exists. The DMM, however, has ultimate responsibility in this regard, and while a Floor Official's approval may be a mitigating factor, it will not exonerate a DMM when performance has been deemed not satisfactory.

A DMM should consider the following areas of DMM performance when involved in an unusual market situation:

- an opening price change that is not in proportion to the size of an imbalance;
- absence of an indication before a large opening price change;
- inadequate support after a large opening price change, i.e., lack of sufficient continuity and depth in the aftermarket;
- absence of trading without good cause or Floor Official approval (or an unjustified or unreasonably delayed opening or halt in trading);
- not obtaining appropriate Floor Official approvals for opening delays, trading halts, and wide price variations.

In addition, a Floor Official should be consulted as soon as it becomes apparent that an unusual situation exists, and a Floor Governor should be consulted if it is anticipated that the opening price may be at a significant disparity from the prior close.

Floor Governors should keep apprised of developments when consulted, and should seek the assistance of Executive Floor Governors, when appropriate, as soon as possible.

Floor Governors should be prepared to balance the opportunity for brokers to participate in the opening with the need for timeliness, and should assist in identifying opportunities for opening the security, based upon the shifting supply and demand in conjunction with appropriate DMM participation.

DMMs should make every effort to balance timeliness with the opportunity for customer reaction and participation. Although the correct price based on information available at the time is always the goal, DMMs and supervising Floor Governors should recognize customers' desires for a timely opening. When the DMM and Floor Governor agree that all participants have had a reasonable opportunity to participate, the DMM should open the stock.

**(c) Temporary Suspension of DMM Automated Opening Limitations or Floor Official Approval.**

- (1) If the CEO of the Exchange determines that a Floor-wide event is likely to have an impact on the ability of DMMs to arrange for a fair and orderly opening or reopening following a market-wide trading halt at the Exchange and that, absent relief, the operation of the Exchange is likely to be impaired, the CEO of the Exchange may temporarily suspend:
  - (A) the prohibition on a DMM opening a security electronically if the opening transaction will be more than the price or volume parameters specified in paragraph (a)(1)(B) of this Rule; or
  - (B) the need under paragraph (b) of this Rule, for prior Floor Official approval to open or reopen a security following a market-wide trading halt.
- (2) In determining whether to temporarily suspend the specified paragraphs of Rule 123D - Equities, the CEO of the Exchange will:
  - (A) consider the facts and circumstances that are likely to have Floor-wide impact for a particular trading session, including volatility in the previous day's trading session, trading in foreign markets before the open, substantial activity in the futures market before the open, the volume of pre-opening indications of interest, evidence of pre-opening significant order imbalances across the market, government announcements, news and corporate events, and such other market conditions that could impact Floor-wide trading conditions;
  - (B) notify the Chief Regulatory Officer of the Exchange; and
  - (C) inform the Securities and Exchange Commission staff as promptly as practicable of the temporary suspension.

- (3) A temporary suspension under this Rule will be in effect for the trading day on which it was declared only.

**(d) Equipment Changeover.**—The Exchange has established a non-regulatory trading halt condition designated as 'Equipment Changeover'.

This condition may be used when trading in a particular security is temporarily inhibited due to a systems, equipment or communications facility problem or for other technical reasons.

In making a determination on whether to halt trading in a security because of an "Equipment Changeover" condition, it is important to keep in mind that once halted, trading cannot be resumed for at least one minute even though, in many cases, the systems or equipment problem may be corrected in a much shorter period of time. Further, if, during the "Equipment Changeover" trading halt, a pre-opening indication would be required to be published or a regulatory condition occurs, the nature of the halt will be changed, notice must be disseminated and trading cannot resume until three minutes after the first indication after the new halt condition. This factor should be taken into consideration along with market condition factors in making a determination on whether to declare an official trading halt.

#### **Rule 123E - Equities. DMM Combination Review Policy**

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

(a) No DMM unit shall complete a "proposed combination" (as defined below in paragraph (b) of this rule) with one or more other DMM units unless the combination has been approved by the Exchange.

(b) For purposes of this rule, a "proposed combination" means:

- (1) a transaction in which two or more DMM units agree to merge or otherwise combine their businesses, with the result that the total number of existing independent DMM units will be reduced;
- (2) two or more DMM units agree to combine their businesses with the result that the existing number of DMM units will not be reduced, but one or more of the surviving units is substantially reduced in size; or
- (3) a DMM unit merges or otherwise combines with a non-DMM business resulting in a change of control of the existing DMM unit.

(c) Proponents of a DMM unit combination must make a written submission to the Office of the Corporate Secretary of the Exchange, discussing all the factors for review pursuant to subparagraph (d) below. The written submission should also address and discuss:

- (1) performance in any securities received through previous combinations or transfers of registrations during the preceding two years;
  - (2) whether the resulting DMM unit will maintain staffing adequate to the needs of the market place;
  - (3) whether the proposed combined unit will have a real-time surveillance system that monitors DMM trading and uses exception alerts to detect unusual trades or trading patterns; and
  - (4) whether the proposed combined unit will have disaster recovery facilities for its computer network and software;
  - (5) whether it has designated specific individuals to handle unusual situations on the Floor (if so, the names of the individuals);
  - (6) whether the combined unit will employ a "zone" or other management system on the Floor (with identification of the names of the individuals and their specific responsibilities, as applicable); and
  - (7) whether the combined unit will designate a senior staff member to be responsible for reviewing DMM performance data, with specific procedures for correcting any deficiencies identified.
- (d) The Exchange will consider the following criteria in its review of a proposed combination:
- (1) the ability of the DMM unit or units resulting from the transaction to comply with Equities rules, including, without limitation, the provision of Rule 98 - Equities; Rule 103 - Equities; Rule 103B, Section II - Equities and Rule 104 - Equities;
  - (2) whether the proposed combination minimizes both the potential for financial failure and the negative consequences of any such failure on the DMM system as a whole;
  - (3) whether the proposed combination maintains or increases operational efficiencies;
  - (4) the surviving DMM unit's commitment to the Exchange market, including but not limited to whether the constituent DMM units:
    - (A) work to support, strengthen and advance the Exchange, its market and its competitiveness in relation to other markets;
    - (B) participate upon request in the Exchange's marketing seminars, sales calls and other marketing initiatives seeking to attract order flow and new listings;

(C) accept innovations in order-routing and other trade-support systems and willingness to make optimal use of the systems once they become fully operational;

(D) assist other units by providing capital and personnel in unusual market situations, such as "breakouts" and difficult openings;

(E) engage in efforts to streamline the efficiency of its own operations and its competitive posture; and

(5) The effect of the proposed combination on overall concentration of DMM units.

(e) Where a proposed combination involves an organization that is not a DMM unit, consideration shall entail an assessment of whether the organization will work to support, strengthen and advance the Exchange, and its competitiveness in relation to other markets.

(f) The Exchange shall approve or disapprove a proposed combination within ten (10) business days based on its assessment of the criteria pursuant to subparagraph (d) above and, in the case of a proposed combination involving a non-DMM unit, its assessment of the additional criteria pursuant to subparagraph (e) above. The Exchange reserves the right to extend its review process if the information submitted by the proponents of the DMM combination is inadequate or requires additional time to review to enable the Exchange to reach a decision.

(1) The Exchange shall approve a proposed combination if the proposed combination satisfies the criteria set forth in Rule 123E(d)(1)-(5) - Equities, and if the Exchange determines that the proposed combination would:

(A) not create or foster concentration in the DMM business detrimental to the Exchange and its markets;

(B) foster competition among DMM units; and

(C) enhance the performance of the constituent DMM unit and the quality of the markets in the securities involved.

(g) The Exchange may condition its approval upon compliance by the resulting DMM unit with any steps the Exchange may specify to address any concerns it may have in regard to considerations of the above criteria.

(h) In any instance where the Exchange does not approve a proposed DMM combination, the proponents of such proposed combination have a right to have such decision reviewed by the Exchange's Board of Directors.

Reserved.

Reserved.

### **Rule 126 - Equities. Odd-Lot Dealers General**

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

#### **Income and expense report**

Each registered odd-lot dealer shall file an income and expense report and additional information in the type, form, manner and time prescribed by the Exchange.

### **Rule 127 - Equities. Block Crosses Outside the Prevailing Exchange Quotation**

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

(a) A member organization that receives an order or orders for the purchase or sale of a block of stock, that may not readily be absorbed by the market, should explore in depth the market on the Floor. Unless professional judgment dictates otherwise, this should include checking with the DMM to ascertain the extent of the DMM's interest in participating at an indicated price or prices. The DMM should maintain the same depth and normal variations between sales as he or she would had he or she not learned of the block.

(b) A member organization that has a block of stock it intends to cross on the Floor at a specific clean-up price outside the current quotation may, when ready to effect the cross, proceed in the manner described below.

(i) The member organization should inform the DMM of its intention to cross a block at a specific price. There should not be any intervening trades other than transactions required to effect the block cross as required herein by the member organization representing the block order between the time it informs the DMM of its intention and the trade or trades to clean-up the block.

(ii) In order to effect a block cross at a clean-up price outside the current quotation pursuant to this paragraph (b), the member organization must: (a) trade with the Exchange best bid (offer), including all reserve interest at that price; (b) trade with all orders in the Display Book® system limited to prices better than the block clean-up price, including Floor Brokers' e-Quotes at a price that is the minimum variation (typically, one cent) better than the block clean-up price, and (c) crossing the block orders at the specified clean-up price. The block shall be entitled to priority at the clean-up price.

#### **(c) Member Organization Positioning.**

This paragraph shall apply to block transactions in which all or a part of one side of the block is for a member or member organization's own account.

(1) **Establishing or increasing a position.** If all or any portion of the block will establish or increase the member organization's position, the member organization representing the block orders must: (a) trade with the Exchange best bid (offer), including all reserve interest at that price and (b) crossing the block orders at the specified clean-up price. The member organization must fill at the clean-up price orders limited to the clean-up price or better before any amount may be retained for the member organization's account.

(2) **Liquidating position.** A member organization which is covering a short position or liquidating a long position must: (a) trade with the Exchange best bid (offer), including all reserve interest at that price; (b) trade with all orders in the Display Book® system limited to prices better than the block clean-up price, including Floor Brokers' e-Quotes at a price that is the minimum variation (typically, one cent) better than the block clean-up price, and (c) crossing the block orders at the specified clean-up price. The member organization is not required to fill at the clean-up price orders limited to the clean-up price.

**(d) Reasonable Needs of the DMM**

(1) After exploring the market and consulting with the DMM, the member organization should be prepared to fill the needs of the DMM in accordance with that conversation. The DMM cannot increase the amount which he or she initially indicated unless the member organization agrees or the market has changed substantially.

(2) If the member organization does not consult with the DMM, the member organization should make a professional estimate of the probable needs of the DMM and reserve an appropriate amount to fill such needs.

(3) If the DMM and the member organization representing the block orders disagree as to the extent of the needs of the DMM, they should consult with a Floor Official. As appropriate, it may be necessary for the DMM to trade with the offer side of the cross to ensure that his or her reasonable needs in maintaining an aftermarket are satisfied.

(e) The requirements of Rule 76 - Equities will not apply to executions made in accordance with this rule.

**••• Supplementary Material:**

**.10 Definition of a Block.**—For the purposes of this Rule, a block shall be at least 10,000 shares or a quantity of stock having a market value of \$200,000 or more, whichever is less, which is acquired by a member organization on its own behalf and/or for others from one or more buyers or sellers in a single transaction.



**Publications of Transactions and Changes (Rules 128 - Equities—129 - Equities)****Rule 128 - Equities. Clearly Erroneous Executions For Equities**

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

The provisions of paragraphs (c), (e)(2), (f), and (g) of this Rule, as amended on September 10, 2010, and the provisions of paragraphs (i) through (k), shall be in effect during a pilot period to coincide with the pilot period for the Limit Up-Limit Down Plan, including any extensions to the pilot period for the Plan. If the Plan is not either extended or approved as permanent, the prior versions of sections (c), (e)(2), (f), and (g) shall be in effect, and the provisions of paragraphs (i) through (k) shall be null and void.

**(a) Definition.** For purposes of this Rule, the terms of a transaction executed on the Exchange are "clearly erroneous" when there is an obvious error in any term, such as price, number of shares or other unit of trading, or identification of the security. A transaction that is clearly erroneous and cancelled by both parties or determined by the Exchange to be clearly erroneous will be removed from the Consolidated Tape.

**(b) Request and Timing of Review.** A member or member organization of the Exchange that receives an execution on an order that was submitted erroneously to the Exchange for its own or customer account may request that the Exchange review the transaction under this Rule. An Officer of the Exchange or such other senior level employee designee of the Exchange ("Officer") shall review the transaction under dispute and determine whether it is clearly erroneous, with a view toward maintaining a fair and orderly market and the protection of investors and the public interest. Such request for review shall be made in writing via e-mail or other electronic means specified from time to time by the Exchange in a circular distributed to members or member organizations or in person on the Floor of the Exchange.

(i) *Requests for Review.* Requests for review must be received within thirty (30) minutes of execution time and shall include information concerning the time of the transaction(s), security symbol(s), number of shares, price(s), side (bought or sold), and factual basis for believing that the trade is clearly erroneous. Upon receipt of a timely filed request that satisfies the numerical guidelines set forth in Section (c)(1) of this Rule, the counterparty to the trade shall be notified by the Exchange as soon as practicable, but generally within thirty (30) minutes. An Officer may request additional supporting written information to aid in the resolution of the matter. If requested, each party to the transaction shall provide, within thirty (30) minutes of the request, any supporting written information. Each party to the disputed trade may request the supporting written information provided by the other party on the matter.

(ii) *Routed Executions.* Other market centers will generally have an additional thirty (30) minutes from receipt of their participant's timely filing, but no longer than sixty (60) minutes from the time of the execution at issue, to file with the Exchange for

review of transactions routed to the Exchange from that market center and executed on the Exchange.

**(c) Thresholds.** Determinations of a clearly erroneous execution will be made as follows:

(1) *Numerical Guidelines.* Subject to the provisions of paragraph (c)(3) below, a transaction executed during the regular trading hours of the Exchange and after hours of the Exchange shall be found to be clearly erroneous if the price of the transaction to buy (sell) that is the subject of the complaint is greater than (less than) the Reference Price by an amount that equals or exceeds the Numerical Guidelines set forth below. The execution time of the transaction under review determines whether the Numerical Guideline applied is the Regular Trading Hours or the After Hours of the Exchange. The Reference Price will be equal to the consolidated last sale immediately prior to the execution(s) under review except for: (A) Multi-Stock Events involving twenty or more securities, as described in (c)(2) below; and (B) in other circumstances, such as, for example, relevant news impacting a security or securities, periods of extreme market volatility, sustained illiquidity, or widespread system issues, where use of a different Reference Price is necessary for the maintenance of a fair and orderly market and the protection of investors and the public interest.

<b>Reference Price, Circumstance or Product</b>	<b>Regular Trading Hours of the Exchange Numerical Guidelines (Subject transaction's % difference from the Reference Price):</b>	<b>After Hours of the Exchange Numerical Guidelines (Subject transaction's % difference from the Reference Price):</b>
Greater than \$0.00 up to and including \$25.00	10%	20%
Greater than \$25.00 up to and including \$50.00	5%	10%
Greater than \$50.00	3%	6%
Multi-Stock Event - Filings involving five or more, but less than twenty, securities whose executions occurred within a period of five	10%	10%

minutes or less

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Multi-Stock Event - Filings involving twenty or more securities whose executions occurred within a period of five minutes or less	30%, subject to the terms of paragraph (c)(2) below	30%, subject to the terms of paragraph (c)(2) below
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Leveraged ETF/ETN securities	Regular Trading Hours of the Exchange Numerical Guidelines multiplied by the leverage multiplier (ie. 2x)	Regular Trading Hours of the Exchange Numerical Guidelines multiplied by the leverage multiplier (ie. 2x)
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(2) *Multi-Stock Events Involving Twenty or More Securities.* During Multi-Stock Events involving twenty or more securities the number of affected transactions may be such that immediate finality is necessary to maintain a fair and orderly market and to protect investors and the public interest. In such circumstances, the Exchange may use a Reference Price other than consolidated last sale. To ensure consistent application across market centers when this paragraph is invoked, the Exchange will promptly coordinate with the other market centers to determine the appropriate review period, which may be greater than the period of five minutes or less that triggered application of this paragraph, as well as select one or more specific points in time prior to the transactions in question and use transaction prices at or immediately prior to the one or more specific points in time selected as the Reference Price. The Exchange will nullify as clearly erroneous all transactions that are at prices equal to or greater than 30% away from the Reference Price in each affected security during the review period selected by the Exchange and other markets consistent with this paragraph.

(3) *Additional Factors.* Except in the context of a Multi-Stock Event involving five or more securities, an Officer may also consider additional factors to determine whether an execution is clearly erroneous, including but not limited to, system malfunctions or disruptions, volume and volatility for the security, derivative securities products that correspond to greater than 100% in the direction of a tracking index, news released for the security, whether trading in the security was recently halted/resumed, whether the security is an IPO, whether the security was subject to a stock-split, reorganization, or other corporate action, overall market conditions, Opening and Late Session executions, validity of the consolidated tapes trades and quotes, consideration of primary market indications, Depth Guidelines and executions inconsistent with the trading pattern in the stock. Each additional

factor shall be considered with a view toward maintaining a fair and orderly market and the protection of investors and the public interest.

**(d) Outlier Transactions.** In the case of an Outlier Transaction, an Officer may at its sole discretion, and on a case-by-case basis, consider requests received pursuant to subsection (b) of this Rule after thirty (30) minutes, but not longer than sixty (60) minutes after the transaction in question, depending on the facts and circumstances surrounding such request.

(1) "Outlier Transaction" means a transaction where:

(A) the execution price of the security is greater than three times (3x) the current Numerical Guidelines set forth in Paragraph (c)(1) of this Section, or

(B) the execution price of the security in question is not within the Outlier Transaction parameters set forth in Paragraph (d)(1)(A) of the Section but breaches the 52-week high or 52-week low, the Exchange may consider Additional Factors as outlined in Paragraph (c)(3) above, in determining if the transaction qualifies for further review or if the Exchange shall decline to act.

**(e) Review Procedures.**

**(1) Determination by Officer.** Unless all parties to the disputed transaction agree to withdraw the initial request for review, the transaction under dispute shall be reviewed, and a determination shall be rendered by the Officer. If the Officer determines that the transaction is not clearly erroneous, the Officer shall decline to take any action in connection with the completed trade. In the event that the Officer determines that the transaction in dispute is clearly erroneous, the Officer shall either (i) declare the transaction(s) null and void or (ii) if such transaction(s) occurred only on the Exchange and no contemporaneous transactions occurred on other market centers at a price that meets or exceeds the applicable Numerical Guidelines and if the Exchange has no actual knowledge of a clearly erroneous execution review of a contemporaneous transaction of the subject security on another market center, modify one or more of the terms of the transaction to achieve an equitable rectification of the error that would place the parties in the same position, or as close as possible to the same position that they would have been in, had the error not occurred. A determination shall be made generally within thirty (30) minutes of receipt of the complaint, but in no case later than the open of the Regular Trading Hours of the Exchange on the following trading day. The parties shall be promptly notified of the determination.

**(2) Appeals.** If a member or member organization affected by a determination made under this Rule so requests within the time permitted below, the Clearly Erroneous Execution Panel ("CEE Panel") will review decisions made by the Officer under this Rule, including whether a clearly erroneous execution occurred and whether the correct adjustment was made; provided however that the CEE Panel will not review decisions made by an Officer under subsection (f) of this Rule if such Officer also determines

under subsection (f) of this Rule that the number of the affected transactions is such that immediate finality is necessary to maintain a fair and orderly market and to protect investors and the public interest, and further provided that with respect to rulings made in conjunction with one or more additional market centers, the number of the affected transactions is similarly such that immediate finality is necessary to maintain a fair and orderly market and to protect investors and the public interest and, hence, are also non-appealable.

**(A)** The CEE Panel will consist of the Exchange's Chief Regulatory Officer ("CRO"), or a designee of the CRO, and representatives from two (2) member or member organizations of the Exchange.

**(B)** The Exchange shall designate at least ten (10) member or member organization representatives to be called upon to serve on the CEE Panel as needed. In no case shall a CEE Panel include a person affiliated with a party to the trade in question. To the extent reasonably possible, the Exchange shall call upon the designated representatives to participate on a CEE Panel on an equally frequent basis.

(3) A request for review on appeal must be made via e-mail within thirty (30) minutes after the party making the appeal is given notification of the initial determination being appealed, except that an Exchange member who trades on the Floor of the Exchange may submit a request for appeal of an initial determination in person on the Floor of the Exchange. The CEE Panel shall review the facts and render a decision as soon as practicable, but generally on the same trading day as the execution(s) under review. On requests for appeal received between 3:00 ET and the close of after hours trading, a decision will be rendered as soon as practicable, but in no case later than the trading day following the date of the execution under review.

(4) The CEE Panel may overturn or modify an action taken by the Officer under this Rule. All determinations by the CEE Panel shall constitute final action by the Exchange on the matter at issue.

(5) If the CEE Panel votes to uphold the decision made pursuant to Rule 128(e)(1) - Equities, the Exchange will assess a \$500.00 fee against the Exchange member(s) or member organization(s) who initiated the request for appeal.

(6) Any determination by an Officer or by the CEE Panel shall be rendered without prejudice as to the rights of the parties to the transaction to submit their dispute to arbitration.

**(f) System Disruption or Malfunctions.** In the event of any disruption or a malfunction in the operation of any electronic communications and trading facilities of the Exchange in which the nullification or modification of transactions may be necessary for the maintenance of a fair and orderly market or the protection of investors and the public interest exist, the Officer, on his or her own motion, may review such transactions and declare such transactions arising out of the operation of such facilities during such period

either: (i) null and void or, (ii) if such transaction(s) occurred only on the Exchange and no contemporaneous transactions occurred on other market centers at a price that meets or exceeds the applicable Numerical Guidelines and if the Exchange has no actual knowledge of a clearly erroneous execution review of a contemporaneous transaction of the subject security on another market center, modify one or more of the terms of the transaction to achieve an equitable rectification of the error that would place the parties in the same position, or as close as possible to the same position that they would have been in, had the error not occurred. In all such events, the Officer will rely on the provisions of Section (c)(1)-(3) of this Rule, but in extraordinary circumstances may also use a lower Numerical Guideline if necessary to maintain a fair and orderly market, protect investors and the public interest. Absent extraordinary circumstances, any such action of the Officer pursuant to this subsection (f) shall be taken within thirty (30) minutes of detection of the erroneous transaction. When extraordinary circumstances exist, any such action of the Officer must be taken by no later than the start of the regular trading hours of the Exchange the day following the date of execution(s) under review. Each Exchange member or member organization involved in the transaction shall be notified as soon as practicable, and the member or member organization aggrieved by the action may appeal such action in accordance with the provisions of subsection (e)(2)-(4).

**(g) Officer Acting On Own Motion.** An Officer acting on its own motion, may review potentially erroneous executions that occur on the Exchange and may decline to take any action in connection with the completed transaction(s) or shall either: (i) declare such transaction(s) null and void or, (ii) if such transaction(s) occurred only on the Exchange and no contemporaneous transactions occurred on other market centers at a price that meets or exceeds the applicable Numerical Guidelines and if the Exchange has no actual knowledge of a clearly erroneous execution review of a contemporaneous transaction of the subject security on another market center, modify one or more of the terms of the transaction to achieve an equitable rectification of the error that would place the parties in the same position, or as close as possible to the same position that they would have been in, had the error not occurred. In all such events, the Officer will rely on the provisions of Sections (c)(1)-(3) of this Rule. Absent extraordinary circumstances, any such action of the Officer shall be taken in a timely fashion, generally within thirty (30) minutes of the detection of the erroneous transaction. When extraordinary circumstances exist, any such action of the Officer must be taken by no later than the start of the Regular Trading Hours of the Exchange on the trading day following the date of execution(s) under review. When such action is taken independently, each party involved in the transaction shall be notified as soon as practicable by the Exchange, and the party aggrieved by the action may appeal such action in accordance with the provisions of subsection (e)(2)-(4) above.

**(h) Trade Nullification and Price Adjustments for UTP Securities that are Subject of Initial Public Offerings ("IPOs").** Pursuant to SEC Rule 12f-2, as amended, the Exchange may extend unlisted trading privileges to a security that is the subject of an initial public offering when at least one transaction in the subject security has been effected on the national securities exchange or association upon which the security is listed and the transaction has been reported pursuant to an effective transaction reporting plan. A clearly erroneous execution may be deemed to have occurred in the opening

transaction of the subject security if the execution price of the opening transaction on the Exchange is the lesser of \$1.00 or 10% away from the opening price on the listing exchange or association. In such circumstances, the Officer shall decline to take action in connection with the completed transaction(s), declare the opening transaction null or if such transaction(s) occurred only on the Exchange and no contemporaneous transactions occurred on other market centers at a price that meets or exceeds the applicable Numerical Guidelines and if the Exchange has no actual knowledge of a clearly erroneous execution review of a contemporaneous transaction of the subject security on another market center, adjust the transaction price to the opening price on the listing exchange or association. Clearly erroneous executions of subsequent transactions of the subject security will be reviewed in the same manner as the procedure set forth in (e)(1). Absent extraordinary circumstances, any such action of the Officer pursuant to this subsection (h) shall be taken in a timely fashion, generally within thirty (30) minutes of the detection of the erroneous transaction. When extraordinary circumstances exist, any such action of the Officer must be taken by no later than the start of the regular trading hours of the Exchange on the day following the date of execution(s) under review. Each party involved in the transaction shall be notified as soon as practicable by the Exchange, and the party aggrieved by the action may appeal such action in accordance with the provisions of subsection (e)(2)-(4) above.

**(i) Securities Subject to Limit Up-Limit Down Plan.** For purposes of this paragraph, the phrase "Limit Up-Limit Down Plan" or "Plan" shall mean the Plan to Address Extraordinary Market Volatility Pursuant to Rule 608 of Regulation NMS under the Act. The provisions of paragraphs (a) through (h) and (j) through (k) below above shall govern all Exchange transactions, including transactions in securities subject to the Plan, other than as set forth in this paragraph (i). If as a result of an Exchange technology or systems issue any transaction occurs outside of the applicable price bands disseminated pursuant to the Plan, an Officer of the Exchange or senior level employee designee, acting on his or her own motion or at the request of a third party, shall review and declare any such trades null and void. Absent extraordinary circumstances, any such action of the Officer of the Exchange or other senior level employee designee shall be taken in a timely fashion, generally within thirty (30) minutes of the detection of the erroneous transaction. When extraordinary circumstances exist, any such action of the Officer of the Exchange or other senior level employee designee must be taken by no later than the start of regular trading hours on the trading day following the date on which the execution(s) under review occurred. Each Member involved in the transaction shall be notified as soon as practicable by the Exchange, and the party aggrieved by the action may appeal such action in accordance with the provisions of paragraph (e)(2) above. In the event that a single plan processor experiences a technology or systems issue that prevents the dissemination of price bands, the Exchange will make the determination of whether to nullify transactions based on paragraphs (a) through (h) above and (j) through (k) below.

**(j) Multi-Day Event.** A series of transactions in a particular security on one or more trading days may be viewed as one event if all such transactions were effected based on the same fundamentally incorrect or grossly misinterpreted issuance information resulting in a severe valuation error for all such transactions (the "Event"). An Officer, acting on

his or her own motion, shall take action to declare all transactions that occurred during the Event null and void not later than the start of trading on the day following the last transaction in the Event. If trading in the security is halted before the valuation error is corrected, an Officer shall take action to declare all transactions that occurred during the Event null and void prior to the resumption of trading. Notwithstanding the foregoing, no action can be taken pursuant to this paragraph with respect to any transactions that have reached settlement date or that result from an initial public offering of a security. To the extent transactions related to an Event occur on one or more other market centers, the Exchange will promptly coordinate with such other market center(s) to ensure consistent treatment of the transactions related to the Event, if practicable. Any action taken in connection with this paragraph will be taken without regard to the Numerical Guidelines set forth in this Rule. Each member or member organization involved in a transaction subject to this paragraph shall be notified as soon as practicable by the Exchange, and the party aggrieved by the action may appeal such action in accordance with the provisions of paragraph (e)(2) above.

(k) *Trading Halts.* In the event of any disruption or malfunction in the operation of the electronic communications and trading facilities of the Exchange, another market center or responsible single plan processor in connection with the transmittal or receipt of a regulatory trading halt, suspension or pause, an Officer, acting on his or her own motion, shall nullify any transaction in a security that occurs after the primary listing market for such security declares a regulatory trading halt, suspension or pause with respect to such security and before such regulatory trading halt, suspension or pause with respect to such security has officially ended according to the primary listing market. In addition, in the event a regulatory trading halt, suspension or pause is declared, then prematurely lifted in error and is then re-instituted, an Officer shall nullify transactions that occur before the official, final end of the halt, suspension or pause according to the primary listing market. Any action taken in connection with this paragraph shall be taken in a timely fashion, generally within thirty (30) minutes of the detection of the erroneous transaction and in no circumstances later than the start of regular trading hours on the trading day following the date of execution(s) under review. Any action taken in connection with this paragraph will be taken without regard to the Numerical Guidelines set forth in this Rule. Each member or member organization involved in a transaction subject to this paragraph shall be notified as soon as practicable by the Exchange, and the party aggrieved by the action may appeal such action in accordance with the provisions of paragraph (e)(2) above.

### **Rule 128A - Equities. Publication of Transactions**

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

#### **••• Supplementary Material:**

**.10 Duty of seller.**—It is the duty of the seller to report the sale of a security in such manner as to facilitate the printing of the trade on the tape. Members should promptly call the attention of the appropriate person(s) to any error on or omission from the tape.



.11 **Price not in dispute.**—The publication of a transaction on the tape may not be objected to if the price at which it was made is not in dispute.

.12 Reserved

.13 **Registered as to principal.** Transactions in bonds registered as to principal must be published on the tape and "sales sheet,"\* designated "Registered as to Principal."

.14-.15 Reserved.

.16 **'Stopped' Securities.**—Transactions in 'stopped' securities shall be published on the tape and in the 'sales sheet' \* in sequence and included in the volume for the day. If a member so requests, such transactions shall be designated on the tape with the symbol 'ST'. A trade so designated is considered to be outside the regular bidding and offering rules and only the grantor of the 'stop' and the broker who has been 'stopped' may participate in such trade.

\* Reference herein to the "sales sheet" is to the list of transactions published by the Exchange or its authorized agent.

### **Rule 128B - Equities. Publication of Changes, Corrections, Cancellations or Omissions and Verification of Transactions**

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

#### **••• Supplementary Material:**

**.10 Publication on the tape or in the 'sales sheet'.**—Publication of a change or a correction in a transaction which previously appeared on the tape, or publication of the cancellation of a transaction which previously appeared on the tape and which was properly rescinded, or publication of a transaction omitted from the tape may be made on the tape on the day of the transaction provided both buying and selling members or member organizations agree to the change in the transaction(s) and approval is received from a Floor Governor, Executive Floor Official, Senior Floor Official or Executive Floor Governor. In the event such publications are not made on the tape on the day of the transaction, they may be published on the tape at least ten minutes prior to the opening of business on the following business day or in the "sales sheet" \* within three business days of the date of the transaction with the approval of both the buying and selling members and a Floor Official, provided the price of the transaction does not affect the high, low, opening or closing price of the security on the day of the transaction.

.11 Reserved.

.12 **Mechanical, system and clerical errors.**—Erroneous publications made on the tape due to mechanical or system troubles or to clerical errors may be corrected on the tape on the day of the transaction, or on the tape by at least ten minutes prior to the opening of

business on the following business day, or in the `sales sheet' within three business days of the date of the transaction under the direction of an authorized ICE employee.

.13 **Other errors.**—A correction in the amount of a transaction reported erroneously to the tape by a party to the transaction, may be published on the tape on the day of the transaction, or on the tape at least ten minutes prior to the opening of business on the following business day, or on the "sales sheet" \* within three business days of the date of the transaction with the approval of a Floor Governor, Executive Floor Official, Senior Floor Official or Executive Floor Governor.

Members who wish to make requests to have publications made on the tape or in the `sales sheet' or to have verifications of transactions made, should first take up the matter as to procedure with a reporter in the Crowd where the security is dealt in or with the section supervisor at the post.

Reserved.

## **Comparisons and Exchange of Contracts (Rules 130 - Equities—143 - Equities)**

### **Rule 130 - Equities. Overnight Comparison of Exchange Transactions**

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

(a) Notwithstanding any other rule to the contrary, each transaction effected on the Exchange shall be compared or otherwise closed out by the close of business on the Exchange on the business day following the day of the contract.

(b) The provisions of paragraph (a) above shall apply regardless of whether the transaction has been submitted to a `Qualified Clearing Agency' for comparison or settlement, but such provisions shall apply only to contracts for `regular way', `next day' and `seller's option' settlement, as prescribed in Equities Rule 14, in stocks, rights, warrants, `when issued' and `when distributed' securities. The provisions of paragraph (a) shall apply to contracts in listed bonds.

(c) To facilitate next day comparison of transactions effected on the Exchange as provided for in paragraph (a) above, by such time following any such transaction as the Exchange may prescribe, each member or member organization which is a party to the contract shall submit, or cause to be submitted, such trade data as may be required by the Exchange or the Qualified Clearing Agency it selects, in such form as the Exchange or the Qualified Clearing Agency shall prescribe, to:

(i) the Qualified Clearing Agency it selects; or

(ii) such facility as the Exchange may develop and implement to facilitate comparison of transactions effected on the Exchange; and,

(iii) in the case where a Qualified Clearing Agency will not be used to compare or settle the transaction, to the party or parties on the other side of the trade.

(d) Members and member organizations shall comply with such other rules and procedures as may be adopted by the Exchange or the Qualified Clearing Agency they select, for the comparison or settlement of transactions, for the resolution of uncomparing or questioned trades, and for the collection and submission of audit trail data.

••• *Supplementary Material:*

.10 For purposes of paragraph (b) of this Rule 130 - Equities, the term 'Qualified Clearing Agency' shall have the same meaning as set forth in paragraph .10 of Rule 132 - Equities, provided further that a clearing agency shall be deemed a 'Qualified Clearing Agency' only if it has established rules and procedures to facilitate next day comparison of transactions as provided for in paragraph (a) of this Rule 130 - Equities.

.20 Transactions in securities admitted to dealings on the Exchange shall be submitted to the Exchange by issue or by type, as may be determined by the Exchange from time to time, for the comparison of trade information. Each clearing member shall be responsible for the submission of its own trade information to comparison and the transaction information of other members and member organizations that it has authorized to 'give up' its name. Each clearing member shall file its trade information with the Exchange in accordance with the provisions of Rule 132.30 - Equities.

.30 On each business day the Exchange shall compare the trade information submitted to it by each clearing member and by the Exchange for transactions effected in Exchange systems and shall issue lists to each such clearing member indicating the results of such comparison.

.40 Each clearing member shall designate the Qualified Clearing Agency or securities depository as to which its comparison data is to be transmitted for clearance and settlement, unless the parties to a contract have mutually agreed that such data shall not be so transmitted, or it has been so stated in the bid or offer, or the Exchange refuses to act in the matter. On each business day at or prior to such time as may be prescribed by each such Qualified Clearing Agency or securities depository, the Exchange shall transmit each clearing members' compared trades based on the comparison services performed by the Exchange on that day.

.50 The Exchange shall not be responsible or liable in any way whatsoever to any member, member organization, clearing member organization, Qualified Clearing Agency or securities depository for compared trades, the failure to compare trades or for any delays, errors or omissions in the comparison process or for the production and delivery of or for the failure to produce and deliver lists and reports.

**Rule 131 - Equities. Comparison—Requirements for Reporting Trades and Providing Facilities**

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

**Duty to Report Transactions**

(a) It shall be the duty of every member to report each transaction made by him on the Floor as promptly as possible, but no later than one hour after the close of business on that day to his office, to the office of the member or member organization clearing for him or his member organization, or to the office of his principal, as the case may be, where adequate facilities to effect comparison are maintained. The Exchange may change the time requirements specified herein as it may determine.

**Facilities for Comparison**

(b) Every clearing member and member organization shall maintain adequate facilities for the comparison of transactions, and shall keep them available during such hours as to enable other members and member organizations reasonably to complete comparisons as required by the Rules.

**Availability of Records**

(c) It shall be the duty of every member to have available, at his office, his records with regard to transactions effected by him on the Floor in order to enable other members and member organizations with whom or for whom transactions were made to make inquiry concerning such transactions. The requirements of this paragraph (c) notwithstanding, every member who effects transactions on the Floor shall have available on the Floor records of orders, original Floor Reports (or a facsimile thereof) and all other pertinent data relating to transactions that are uncompleted from the previous business day.

**Availability of Representative**

(d) Every member and member organization shall have a representative qualified to answer inquiries regarding orders and trades present in the office until at least 4:30 p.m. every business day.

**Rule 131A - Equities. A Member Organization Shall Use Its Own Mnemonic When Entering Orders**

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

(a) A mnemonic is a unique identifier issued by the Exchange to a member organization for order entry and execution identification purposes. Multiple mnemonics may be issued to a member organization at the Exchange's discretion.

(b) Mnemonics must be obtained from the Exchange by the member organization directly or by a clearing member organization on behalf of a member organization. A mnemonic will be assigned to only one member organization and each member organization assigned a mnemonic must designate its clearing member organization.

(c) Mnemonics obtained by a clearing member organization on behalf of a member organization that enters orders on the Exchange must be in the entering member organization's name.

(d) A member organization must use one of its own mnemonics when it enters an order on the Exchange to identify it as the entering firm.

(e) A member organization must use one of its own mnemonics when it uses its order entry system (proprietary and or vendor systems) to submit an order on the Exchange on its own behalf (proprietary and or agency orders) to identify it as the entering firm.

(f) A member organization that enters an order on the Exchange on behalf of a non-member must use its own mnemonic to identify it as the entering firm.

(g) A member organization that uses its order entry system to submit an order on the Exchange on behalf of another member organization must use its own mnemonic in the order's entering field to identify itself as the entering firm.

(h) When a member organization requests another member organization to handle the execution of its order on the Floor of the Exchange, the mnemonic of the requesting member organization must be placed in the order's entering firm field.

### **Rule 132 - Equities. Comparison and Settlement of Transactions Through A Fully-Interfaced or Qualified Clearing Agency**

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

(a) Each party to a contract shall submit data regarding its side of the contract ('trade data') to a Fully-Interfaced Clearing Agency for comparison or settlement, but each party shall be free to select the Fully-Interfaced Clearing Agency of its choice for such purpose. Where the parties to a contract do not choose Fully-Interfaced Clearing Agencies for the comparison of such contract, they shall both submit trade data to the same Qualified Clearing Agency for comparison pursuant to the rules of such Clearing Agency and where such parties do not choose Fully-Interfaced Clearing Agencies for the settlement of such contract, they shall both submit the same transaction to the same Qualified Clearing Agency for settlement pursuant to the rules of such Clearing Agency; provided, however, that this paragraph (a) shall not apply if (i) it is otherwise stipulated in the bid or offer, (ii) it is otherwise mutually agreed upon by both parties to the contract, or (iii) the Fully-Interfaced or Qualified Clearing Agency selected by either party to the contract refuses to act in the matter.

(b) Transactions which are not submitted to a Qualified Clearing Agency for comparison pursuant to the rules of such Clearing Agency shall be compared in accordance with the Rules of the Exchange and transactions which are not submitted to a Qualified Clearing Agency for settlement pursuant to the rules of such Clearing Agency shall be settled in accordance with the Rules of the Exchange.

••• ***Supplementary Material:***

**Definitions**

.10 *Definition of a Qualified Clearing Agency*—The term 'Qualified Clearing Agency' shall mean a clearing agency (as defined in the Securities Exchange Act of 1934) which (i) has been granted registration by the Securities and Exchange Commission under said Act, (ii) maintains facilities through which Exchange Contracts may be compared or settled, and (iii) has agreed to supply the Exchange with data reasonably requested in order to permit the Exchange to enforce compliance by its members and member organizations with the provisions of the Securities Exchange Act of 1934, the rules and regulations thereunder, and the Rules of the Exchange.

.20 *Definition of Fully-Interfaced Clearing Agency*—The term 'Fully-Interfaced Clearing Agency' shall mean a Qualified Clearing Agency which, in conjunction with the Qualified Clearing Agency selected by the contra-party to the contract: (i) in the case of a submission for comparison, has established systems for effecting comparison of a securities contract which permits each party to the contract to submit its trade data to the Qualified Clearing Agency selected by it and (ii) in the case of a submission for settlement, has established systems for the settlement of securities contracts in a manner which does not require each party to a contract to be a participant in the same Qualified Clearing Agency.

.30 Regardless of whether or not a Fully-Interfaced or Qualified Clearing Agency is being used for the comparison and/or settlement of a round-lot regular way contract for the purchase or sale of a security entered into on the Exchange, each clearing member organization that is a party to such contract shall submit to a Fully-Interfaced or Qualified Clearing Agency, as defined above, in such form and within such time periods as may be prescribed by the Clearing Agency, or the Exchange, as appropriate, each of the following trade data elements:

- (1) Name or identifying symbol of the security, as may be required by the clearing agency;
- (2) Number of shares or quantity of security;
- (3) Transaction price;
- (4) Time the trade was executed;

- (5) Executing broker badge number, or alpha symbol as may be used from time to time, in regard to its side of the contract;
- (6) Executing broker badge number, or alpha symbol as may be used from time to time, of the contra side to the contract;
- (7) Clearing firm number, or alpha symbol as may be used from time to time, in regard to its side of the contract;
- (8) Clearing firm number, or alpha symbol as may be used from time to time, in regard to the contra side of the contract;
- (9) The capacity in which the member organization executed the transaction (e.g., agency, principal, or riskless principal);
- (10) Such other information as the Exchange may from time to time require.

Each clearing member organization that is a party to a round lot non-regular way contract for the purchase or sale of a security entered into on the Exchange shall submit each of the trade data elements referred to above to the Exchange, in such form and within such time periods as the Exchange may prescribe.

### **Rule 133 - Equities. Comparison—Non-cleared Transactions**

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

Comparison of transactions in securities executed on the Exchange, which are not submitted to the Exchange or to a Qualified Clearing Agency for comparison pursuant to the rules of such Exchange or Qualified Clearing Agency shall be effected in the following manner:

- (1) Each selling member and member organization shall send to the office of the buyer in respect of each sale a comparison form in duplicate on the same business day of the transaction, but not later than 5:00 p.m. on that day;
- (2) The party to whom the comparison is presented shall retain the original, if it be correct, and immediately return the duplicate duly signed;

except that transactions for delivery on the business day following the day of the contract shall be compared, in the manner prescribed herein, no later than one hour after the closing of the Exchange on the day of the transaction.

### **Rule 134 - Equities. Differences and Omissions-Cleared Transactions ('QTs')**

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

(a) When a clearing member organization submits a transaction in a listed stock which it executed on the Exchange to the Exchange or to a Qualified Clearing Agency pursuant to the rules of such Exchange or Qualified Clearing Agency as a comparison item, and learns that it is uncomparing, it shall resolve such comparison item on the first business day after the trade date through the facilities of the Correction System (the `System') during the time that such System is available for use.

(b) Beginning on the morning of the first business day after the trade date, it shall be the responsibility of each clearing member organization to review its file of uncomparing transactions, if any, displayed on a terminal provided by the Exchange for such purpose and make any necessary additions, deletions or changes to its data no later than 12:00 PM on that same day. When a clearing member organization adds an uncomparing transaction to its file, it must include the time of the execution and the badge number of its executing broker and the badge number of the contra-broker.

(c) Beginning at 12:01 PM on the first business day after the trade date (or earlier in the case of transactions effected for delivery on the business day following the day of the transaction), the clearing member organization's members that executed the uncomparing transactions shall begin to resolve such uncomparing transactions by comparing their records with the data displayed on the terminal by the contra-parties to the transactions.

(1) When the executing broker for the clearing member organization is a "\$2" broker or a DMM, the clearing member organization shall notify the "\$2" broker or the DMM of the uncomparing transaction by presenting him or her with a copy of the details of the transaction produced by the System. Such notification shall be made no later than 1:00 PM on the first business day after the trade date. The clearing member organization shall provide the "\$2" broker or the DMM with copies of all relevant Floor Reports at the same time the uncomparing trade is presented.

(2) When a clearing member organization has an uncomparing transaction which it submitted to comparison (but did not execute) for a non-clearing member organization, it shall notify the non-clearing member organization of the uncomparing trade by presenting it with a copy of the details of the trade produced by the System.

Such notification shall be made no later than 1:00 PM on the first business day after the trade date. The member of the non-clearing member organization that executed the uncomparing transaction shall begin immediately to resolve the trade. If a `2' broker or a DMM executed the transaction on behalf of the non-clearing member, he shall be provided with copies of all relevant Floor Reports at the same time the uncomparing trade is presented.

(d)(i) No member shall be permitted to effect transactions on the Floor unless such member: (a) maintains an error account at a registered broker or dealer in his or her name, or in the name of his or her member organization; or (b) such member participates in an error account established for a group of members (`group error account'). A member shall maintain only one error account as referenced above for the resolution of errors



related to transactions executed on the Exchange Floor. For orders initiated and/or routed from a member organization's booth premise operating pursuant to Rule 70.40 - Equities, member organizations are prohibited from processing errors related to transactions on another market center in its Exchange required error account.

(ii) Any transaction effected on the Floor which results in a member or member organization assuming or acquiring a position in a security as a result of an error and any transaction initiated on the Floor by a member to offset a transaction made in error shall be cleared in the member's or his or her member organization's error account or group error account unless the customer accepts the error transaction, or the DMM in the security accepts the error transaction as a trade on `account of error'. Any transaction initiated on the Floor by a member to offset a transaction made in error shall be evidenced by a time stamped order ticket indicating that the transaction is to cover an error.

(iii) Records as to all errors shall be maintained by the member or his or her member organization. Such records shall include the audit trail data elements prescribed in Rule 132 - Equities, as well as the nature and amount of the error, the means whereby the member resolved the error with the member or member organization that cleared the error trade on the member's behalf, the aggregate amount of liability that the member has incurred and has outstanding, as of the time each such error trade entry is recorded, and such other information as the Exchange may from time to time require.

(iv) When a clearing member organization ceases to carry a member's or member organization's error account, the clearing member organization must notify the Exchange in writing immediately, but in no event later than the opening of trading on the following business day.

(v) No trading may take place in an error account that is not related to an error.

••• ***Supplementary Material:***

.10 The term `registered broker or dealer' as used in this Rule shall mean any broker or dealer registered in accordance with Section 15(b) of the Securities Exchange Act of 1934.

.20 An error may be resolved by the customer accepting the error transaction as executed and a member or member organization paying the customer to settle the amount of the error (a `difference check'). Detailed records of the type contained in (d)(iii) shall be maintained by the member or member organization of each transaction which resulted in a difference check of more than \$500, or for which a customer refused a difference check of any amount.

.30 If the customer does not accept the erroneous transaction and the order cannot be executed on its original terms or better in the then current market, the member must issue a report from the member's or his or her member organization's error account, or with the

prior approval of the DMM, from the DMM's account. Such report may be confirmed to the customer as an Exchange transaction provided there is a liquidation transaction on the Exchange in the error account.

.40 Every member not associated with a member organization, and every member associated with a member organization which derives at least 75% of its revenue from floor brokerage based on execution of orders on the Floor shall report to the Exchange error transactions in such member's or his or her member organization's account which result in a profit of more than \$500 for any transaction, or for more than \$3,000 in any calendar week. Such reports shall contain a detailed record of the errors and liquidating transaction.

(e)(i) Clearing member organizations shall resolve all uncomparing transactions as either OK or DK no later than 6:00 PM on the first business day after the trade date by inserting the appropriate response next to each uncomparing transaction contained in the System's file; provided, however, that if the transaction is for delivery on the business day following the day of the transaction, it shall be resolved no later than 2:00 PM on such day.

(ii) In order that clearing member organizations can comply with the above requirement, "\$2" brokers, DMMs and non-clearing members having uncomparing transactions presented to them must respond no later than 5:00 PM, except when a non-clearing member organization has re-transmitted an uncomparing trade to a "\$2" broker or a DMM, the non-clearing member has until 5:30 PM to respond to its clearing member organization.

(iii) At the close of business on the trade date but no earlier than 5:00 PM, the Exchange shall assign a DMM Unit as the contra party to any unresolved omnibus account imbalance still remaining in the Online Comparison System.

(iv) At the close of business on the first business day after the trade date after the conclusion of the processes described in sections (e)(i) and (ii) of this Rule, but no earlier than 7:00 PM, the Exchange shall assign a Floor broker's clearing member organization as the contra party to any uncomparing e-Quote transaction still remaining in the Online Comparison System.

(v) The time requirements set forth in Paragraphs (b), (c) and (e) may be changed from time to time as the Exchange may determine. However, the time for resolving transactions as either OK or DK set forth in Paragraph (e)(i) shall not be extended past the time that the System is available for use on any business day.

(f)(i) Transactions agreed upon as OK by a clearing member organization by entering the appropriate response into the System may not be subsequently DK'd by the clearing member. Transactions agreed upon as DK by a clearing member organization by entering the appropriate response into the System may not be subsequently OK'd by the clearing member.

(ii) Transactions which have been DK'd by a clearing member organization by entering the appropriate response into the System may be closed out by the questioning firm under the provisions of Rule 282 - Equities and the printed record of such response produced by the System shall constitute the notice requirement of Rule 282 - Equities.

(g) For the purposes of this rule an `error' occurs as described in this subsection (g) and (h) below. When an order is executed outside of the customer instructions as entered in the electronic order tracking system of the Exchange pursuant to Rule 123(e) - Equities. This includes, but is not limited to:

(i) When a held or a not held order is executed in:

- (a) the wrong security; or
- (b) on the wrong side of the market; or
- (c) at a price outside the limit price of the order; or
- (d) is over bought or over sold; or
- (e) duplicates an execution.

(ii) When an error is committed in the execution of a not held order as it relates to symbol, side, or price as noted in (i) above, which causes such not held order to remain unexecuted.

(h) When: (i) there is a failure to execute a held order when market conditions permitted; or (ii) when a not held order remains unexecuted, in whole or in part, due to the order being lost or misplaced, or as a result of a system malfunction. A system malfunction is the failure of physical equipment, devices and/or programming employed by the Floor broker or otherwise provided by the Exchange and used in the execution of orders.

(i) The Floor broker must maintain a signed, time-stamped record, including supporting documentation of such error.

(j)(i) For the types of errors referred to in (h)(ii) above, such record and supporting documents must be provided to the Division of Market Surveillance prior to the opening of the Floor on the next trade date following the error.

(ii) With respect to the errors described in (h)(ii) above, the Floor broker may execute the order in alignment with half the volume of each Exchange tape print up to the size of the order between the time that the order was entered and the time that the Floor Broker realized that the order was lost, misplaced or not executed as a result of a system malfunction. If executing half the volume of an order based on the Exchange tape print would result in more than a unit of trading, but not a multiple thereof (such as 150

shares), the customer would be entitled to the nearest full unit of shares rounded down (such as 100 shares).

(iii) If the Floor broker fails to provide sufficient documentation, (which must include, but is not limited to, the date and time of the error, the date and time the error was discovered, the size of the error, the stock in which the error occurred, the original instructions, the names of all involved parties including the client and any upstairs trader, a detailed narrative of how the error occurred, detail narrative of discussions with relevant parties, the steps taken to correct the error and the ultimate resolution of the error) prior to the next trade date following the error, the Floor broker is prohibited from relying on the provisions of (j)(ii) above.

• • • ***Supplementary Material:***

.10 Orders Stored in Exchange Systems.-Differences and omissions with respect to transactions involving orders stored in Exchange systems shall be resolved pursuant to the procedures set forth in Rule 115A.30 - Equities.

**Rule 135 - Equities. Differences and Omissions—Non-cleared Transactions (DK's)**

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

(a) When a comparison of a transaction executed on the Exchange which is not submitted to the Exchange or to a Qualified Clearing Agency for comparison pursuant to the rules of such Exchange or Qualified Clearing Agency is received and the recipient has no knowledge of the transaction, the comparison shall be stamped 'Don't Know,' dated and initialed by the person so marking the same, and the comparison form, so stamped, shall be returned immediately to the seller; and

(b) when the buyer has not received a comparison from the seller, or when comparison cannot be made because of a difference, the buyer shall communicate that fact by telephone to the seller as soon as possible, but not later than the opening of the Exchange on the first business day following the day of the transaction; and

(c) when a comparison form has been returned to the seller stamped 'Don't Know,' or if, for any reason, comparison cannot be made, the parties shall, as soon as possible, but not later than 12:01 PM on the first business day following the day of the transaction, report the transaction to the executing Floor broker or brokers; and

(d) the Floor broker or brokers to whom such a transaction is reported shall investigate it immediately and resolve the transaction as either OK or DK no later than 6:00 PM on such day; provided, however, that, if the questioned transaction is one for delivery on the business day following the day of the transaction, it shall be handled as provided above and reported to the executing Floor broker or brokers as soon as possible, but in any event prior to the opening of the Exchange on the business day following the day of the transaction, and resolved no later than 2:00 PM that same day.

The provisions of this rule do not apply to transactions which are submitted to the Exchange or to a Qualified Clearing Agency for comparison pursuant to the rules of such Qualified Clearing Agency.

••• **Supplementary Material:**

.10 Sample 'Don't know' stamp.—

DON'T KNOW

Jones & Smith

Date ....

Per ....

**Rule 136 - Equities. Comparison—Transactions Excluded from a Clearance**

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

A transaction which was submitted to the Exchange or to a Qualified Clearing Agency for comparison pursuant to the rules of such Exchange or Qualified Clearing Agency, but which has been excluded for any reason by such Exchange or Qualified Clearing Agency and has not otherwise been compared through the facilities or pursuant to the rules of such Exchange or Agency shall be compared, in the manner provided in Rule 133 - Equities, as promptly as possible after the parties thereto have been advised that the transaction has been excluded.]

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**[Rule 235 - Equities. Ex-Dividend, Ex-Rights**

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

Transactions in stocks (except those made for 'cash' as prescribed in Rule 14 - Equities) shall be ex-dividend or ex-rights on the business day preceding the record date fixed by the corporation or the date of the closing of transfer books. Should such record date or such closing of transfer books occur upon a day other than a business day, this Rule shall apply for the second preceding business day.

Transactions in stocks made for 'cash' shall be ex-dividend or ex-rights on the business day following said record date or date of closing of transfer books.

The Exchange may, however, in any specific case, direct otherwise.]

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**Admission of Members [(Rules 300 - Equities—324 - Equities)]****Transfers of Memberships—Admissions of Members, Allied Members, etc. (Rule 300 - Equities—308 - Equities)****Rule 300 - Equities. Trading Licenses**

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

(a) A trading license issued by the Exchange is required to effect transactions on the floor of the Exchange or through any facility thereof. An organization may acquire and hold a trading license only if and for so long as such organization is qualified and approved to be a member organization of the Exchange. A member organization holding a trading license may designate a natural person to effect transactions on its behalf on the floor of the Exchange, subject to such qualification and approvals as the Exchange may require. A trading license is not transferable and may not be, in whole or in part, transferred, assigned, sublicensed or leased; provided, however, that the holder of the trading license may, with the prior written consent of the Exchange, transfer a trading license to a qualified and approved member organization (i) which is an affiliate or (ii) which continues substantially the same business of such trading license holder without regard to the form of the transaction used to achieve such continuation, e.g., merger, sale of substantially all assets, reincorporation, reorganization or the like.

(b) In each annual offering, up to 1366 trading licenses for the following calendar year will be sold annually at a price of \$40,000 per license for the first two licenses held by a member organization and \$25,000 per license for additional licenses held by a member organization, or such other price as the Exchange may set per trading license, which may include tiered pricing such as the foregoing based on the number of trading licenses held by a member organization.

(i) A member organization that holds a number of trading licenses in the current calendar year that wishes to maintain that same number of trading licenses in the following calendar year shall be presumed to have applied for that same number of trading licenses and will be charged by the Exchange the applicable fixed price per trading license for each license pursuant to section (b) above, subject to the provisions of section (c) below.

(c) In each annual offering, the Exchange will limit the number of trading licenses that may be initially applied for by a single member organization to a number that is the greater of (i) 35 and (ii) 125% of the greatest number of trading licenses utilized by the member organization in its business during the current calendar year. If there are nonetheless more than 1366 trading licenses applied for in the offering, each member organization will be allocated a number of trading licenses equal to the lesser of the

number it applied for in the offering and the number used in its business at any time during the current calendar year, and the additional trading licenses up to 1366 trading licenses will be distributed by lottery among the member organizations applying for them.

(d) Following the annual offering and at any time thereafter during the following calendar year, the Exchange shall sell additional trading licenses expiring at the end of the calendar year at a price equal to the applicable price for each license for that year for licenses purchased in the annual offering, pro rated to reflect the amount of time remaining in the year. For such a trading license that is in place for 15 calendar days or less in a calendar month, proration for that month will be at a flat rate of \$100 per day with no tier pricing involved. For such a trading license that is in place for 16 calendar days or more in a calendar month, proration for that month will be computed based on the number of days as applied to the applicable annual fee for the license. The Exchange shall not sell additional trading licenses if such sale would cause the number of outstanding trading licenses to exceed 1366.

(e) A buyer of a trading license shall pay the Exchange the trading license fee in equal monthly installments in arrears over the period during which the trading license is in effect.

(f) Trading licenses shall expire at the end of the calendar year for which they are issued. Notwithstanding the foregoing, the holder of a trading license may terminate such trading license prior to the scheduled expiration of such trading license by providing at least 10 days' prior written notice to the Exchange of such termination. The termination will be effective at the end of the month following the end of such 10-day notice period.

(g) If a holder of a trading license shall cease to be a member organization of the Exchange for any reason, such holder shall be deemed to have terminated the trading license as of the last date of member organization status.

••• ***Supplementary Material:***

.10T This Rule 300.10T shall apply to each Exchange member organization that (i) was a holder of a valid permit to trade on Exchange systems and facilities located at 86 Trinity Place ("86 Trinity Permit") as of the date that the Exchange member organization applied for a trading license and (ii) does not meet Exchange member organization qualifications under Equities rules. Within six months of the earlier of either receiving a trading license issued by the Exchange under this Rule or the cancellation of 86 Trinity Permits, such member organizations shall comply with all applicable Exchange membership requirements. If such a member organization fails to comply with applicable Exchange membership requirements by the expiration of the applicable grace period, such member organization shall not be entitled to effect transactions on the Floor of the Exchange, and the Exchange may commence proceedings consistent with its rules to revoke the membership of such member organization.

**Rule 301 - Equities. Qualifications for Membership**

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

**(a) Age.**—An applicant for membership in the Exchange must be at least the minimum age of majority required to be responsible for his contracts in each jurisdiction in which the applicant conducts business.

**(b) Application for membership.**—In making application for membership, a candidate is required to sign a personal statement, on a form prescribed by the Exchange, giving, among other things, complete details as to business history. A candidate who will be active on the Floor will be required to arrange with the Medical Clinic located in the Exchange building for a physical examination. A candidate may also be required to present letters of recommendation from at least three responsible persons.

**(c) Fingerprinting.**—Every member and every applicant for membership is required to be fingerprinted through an agent acceptable to the Exchange and to submit, or cause to be submitted, a report of such fingerprinting for appropriate processing. No applicant who has not previously been fingerprinted shall be admitted to the Floor until the results of the foregoing fingerprinting have been posted to the Central Registration Depository, reviewed and approved by the Exchange. An applicant previously fingerprinted may receive conditional approval to be admitted to the Floor, pending review and approval of the foregoing fingerprint report, provided that such applicant was employed by a member or registered broker dealer within ninety days of the application.

Applicants whose fingerprint reports are deemed illegible pursuant to Rule 17f-2(a)(1)(iv) of the Exchange Act must submit an alternative background check acceptable to the Exchange covering the same factors as the fingerprint report. No applicant shall be admitted to the Floor until the results of the background check are reviewed and approved by the Exchange, provided that an applicant who has previously supplied an acceptable background check may receive conditional approval to go upon the Floor, pending review and approval of the new background check, and further provided that such applicant was employed by a member or registered broker dealer within ninety days of the application.

**(d) Appearance of applicant.**—An applicant for membership to the Exchange is required to appear personally at the time his application for membership is presented for consideration. The Exchange will advise the applicant of the date of such appearance at the time arrangements are entered into for the proposed admission to membership.

**(e) Miscellaneous Provisions***Floor Commissions*

(1) All Floor commissions of an Exchange member who is associated with a member organization as a member must be for the account of the organization.



*DMM trading*

(2) When an Exchange member is a DMM, in a member organization, his or her ordinary trading business as a DMM must be for the organization's account, or for the joint account in which his or her organization is permitted to participate under the provisions of Rule 94 - Equities.

Reserved.

**Rule 303 - Equities Limitation on Access to Floor**

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

(a) Members' badges.—All members who execute orders on the Floor must be provided with an identification badge and must wear the same while on the Floor. Every member's badge must contain his or her name and a number and the name of his or her member organization.

(b) Subletting spaces on Floor.—No member or member organization may, without specific permission of the Exchange, sublet to another member or member organization any telephone or DMM space on the Floor.]

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**[Rule 304A - Equities Member Examination Requirements**

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

(a) Every applicant for membership shall pass an examination required by the Exchange unless such examination is waived by the Exchange.

(b) Every applicant for membership shall agree with the Exchange that, unless the appropriate qualifying examination required by the Exchange is waived, the applicant will, within three months following six months after becoming a member without having passed such examination, or upon failure to pass such examination after-not more than three attempts, whichever occurs first, cease to be a member, retire as a general partner, principal executive officer, or director and if necessary promptly dispose of sufficient voting stock as may be necessary to reduce ownership below that level which enables such applicant to exercise controlling influence over the management or policies of the member organization.

(c) No member shall undertake any active duties as a member until the appropriate examination requirement is satisfied. A member who is to be active on the floor is required to be indoctrinated under the guidance of an experienced floor member for such period of time as may be necessary to become acquainted with floor procedures before being permitted to executed orders without supervision.

••• *Supplementary Material:*

.10 The procedures for applying for these examinations are contained in study outlines which are available from the Exchange.

.20 Without the consent of the Exchange, no member qualified as a floor member shall act as an office member nor shall a member qualified as an office member act as a floor member without passing the appropriate qualifying examination required by the Exchange.

.30 Reserved.

.40 An office member required to retire, under paragraph (b) of this rule, who at the time of submitting the application was qualified as a floor member, may, if the member and the member organization so desire, retain membership and act as a floor member in the member organization.

.50 Any member whose sole duties are on the floor of another exchange will not be required to pass a New York Stock Exchange examination, if a floor examination, satisfactory to this Exchange, given by the exchange on whose floor the applicant is active, is passed.

.60 A member who applies to register as an odd-lot dealer or broker, DMM or registered trader is also required to pass an appropriate examination in these areas as prescribed by the Exchange. (See Rule 101.10 - Equities, 103.10 - Equities, and 111 - Equities.)

.70 Any member intending to work in the office of a member organization, who lacks experience in the securities business and who proposes to service customers accounts may also be required to undergo a period of training and to pass the examination for registered representatives.

.80 Any member who is engaged in the solicitation or handling of business in, or the sale of, commodities futures contracts must demonstrate competency by satisfying a solicitors examination requirement of a national commodities exchange, which examination is acceptable to the Exchange.

.90T (a) This Rule 304A.20T - Equities shall apply only to approved persons of a member organization who (i) have been designated by such member organization to effect transactions on the Floor of Exchange; and (ii) held a valid 86 Trinity Permit at the time they were designated to effect transactions on the Floor of the Exchange.

(b) Approved persons who satisfy the conditions set forth in Rule 304A.20T(a) - Equities above shall have six months from the date of such designation to meet the requirements contained in Rule 304A - Equities. If an approved person who has been designated to effect transactions on the Floor of the Exchange fails to meet the requirements of Rule 304A - Equities by the end of the grace period, such approved person shall not be

permitted to effect trades on the Floor until such approved person shall have satisfied the requirements of Rule 304A - Equities.]

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**Offices and Employees [(Rules 341 -Equities—354 - Equities)]**

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**[Rule 345 - Equities. Employees—Registration, Approval, Records**

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

(a) No member or member organization shall permit any natural person to perform regularly the duties customarily performed by a securities lending representative, a Securities Trader or a direct supervisor of such, unless such person is registered with, qualified by and is acceptable to the Exchange. Exchange members and member organizations shall also comply with NASD Rule 1031, concerning the registration and approval of registered representatives and their supervisors, and any amendments thereto, as if such Rule is part of the Exchange's Rules.

••• ***Supplementary Material:***

**Registration of Employees**

**.10 Employees required to be registered or approved.**— See definitions of "branch office manager" and "registered representative" contained in Rules 9 - Equities and 10 - Equities and Rule 3110 - Equities for qualification requirements for supervisors. A "securities lending representative" is defined as any person who has discretion to commit his member or member organization employer to any contract or agreement (written or oral) involving securities lending or borrowing activities with any other person.

A "Securities Trader" is defined as any person engaged in the purchase or sale of securities or other similar instruments for the account of a member organization with which such person is associated, as an employee or otherwise, and who does not transact any business with the public. A Securities Trader must be registered as such on Web CRD and pass the Series 57 Examination.

A supervisor of a Securities Trader must satisfy its registration requirements under this Commentary .10 by registering and qualifying as a Securities Trader Principal in Web CRD if (a) such supervisor's supervisory responsibilities are limited solely to supervising Securities Traders; (b) such supervisor is qualified to be so registered by passing the General Securities Principal Qualification Examination - Series 24; and (c) such supervisor is registered pursuant to Exchange Rules as a Securities Trader. Such a supervisor shall not be qualified to function in a Principal or supervisory capacity with responsibility over any area of business other than that involving proprietary trading.

## **.11 Investigation and Records**

(a) Members and member organizations shall thoroughly investigate the previous record of persons whom they contemplate employing including, (1) persons required to be registered with the Exchange, (2) persons who regularly handle or process securities or monies or maintain the books and records relating to securities or monies and (3) persons having direct supervisory responsibility over persons engaged in the activities referred to in (1) and (2) above who are not otherwise required to be registered.

Investigatory requirements for persons required to be registered with the Exchange (referred to in (a)(1) above) shall be satisfied when the member or member organization fulfills its obligation to verify the information contained in the Uniform Application for Securities Industry Registration or Transfer (Form U-4) and reviews the most recent Form U-5, as described below, if applicable.

In addition, a member or member organization shall obtain from an applicant, if applicable, a copy of his or her Uniform Termination Notice of Securities Industry Registration (Form U-5) and any amendments filed thereto, by the most recent employer. A member or member organization shall request said Form U-5 from any person who was previously registered with the Exchange or other self-regulatory organization that requires its members to provide a copy of Form U-5 to its terminated registered persons. (See also Rule 345.17 - Equities.)

The member or member organization shall obtain said Form U-5 no later than sixty (60) days following the filing of the application for registration or demonstrate to the Exchange that it has made reasonable efforts to comply with the requirement. A member or member organization receiving a Form U-5 pursuant to this provision shall review the Form U-5 and any amendment thereto as part of its investigatory process and shall take such action as may be deemed appropriate.

Investigatory requirements pertaining to persons specified in (a)(2) and (3) above shall be satisfied if a member or member organization verifies the information obtained pursuant to paragraph (c) below. Notwithstanding the above, further inquiry shall be made where appropriate in light of background information developed, the position for which the person is being considered or other circumstances. Investigation and verification shall be done by a member or person designated under the provisions of Rule 3110(a) - Equities.

(b) Any applicant for registration who receives a request for a copy of his or her Form U-5 from a member or member organization pursuant to (a) above shall provide such copy to the member or member organization within two (2) business days of the request if the Form U-5 has been provided to such person by his or her former employer. If an employer has failed to provide the Form U-5 to the applicant for registration, such person shall promptly request the Form U-5, and shall provide it to the requesting member or member organization within two (2) business days of receipt thereof. The applicant shall promptly provide any subsequent amendments to a Form U-5 he or she receives to the requesting member or member organization.

(c) Members and member organizations are reminded to obtain and keep on file all information required under Rule 17a-3(a)(12) of the Securities Exchange Act of 1934 for persons included within the definition of "associated person" pursuant to Rule 17a-3(a)(12)(ii). In addition, the Exchange requires that a record be kept of whether a bonding company has ever denied or revoked, or paid out on any bond because of such person.

If an employee is registered with the Exchange, a duplicated copy of Form U-4 signed by an authorized person shall satisfy all the recordkeeping requirements of this paragraph.

**.12 Applications:** Applications for all natural persons required to be registered with the Exchange shall be submitted to the Exchange on Form U-4, copies of which will be supplied on request. The application for the approval of such registered person shall be completed and filed upon the candidate's employment in order that processing may be completed by the time the training period is finished. (*See .18—Filing With Agent.*)

The information contained on Form U-4 must be kept current and shall be updated by the filing with the Exchange of an amendment to that form.

**.13 Agreements.**—Prior to the Exchange's consideration of the application, each candidate for registration, other than a member of the Exchange shall sign an agreement(s), on a form(s) prescribed by the Exchange, which includes a pledge that the registered person will abide by the Rules adopted pursuant thereto as these now exist and as from time to time amended.

**.14 Payment of fees.**—Members and member organizations shall pay registration, maintenance, filing, and other related fees as prescribed by the Exchange.

### **.15 Qualifications**

(1)(a) **Candidates for registration.**—Candidates for registration, shall qualify by passing a qualification examinations, as applicable, which is acceptable to the Exchange.

(b) **Examination waivers.**—Where good cause is shown, the examination requirement for a candidate for registration may be waived at the discretion of the Exchange pursuant to the Rule 9600 Series. Consideration may be given to previous related employment and to training and/or examination requirements of other self-regulatory organizations. In such cases, the Exchange must be satisfied that the candidate is qualified for registration.

(2) **Registered representatives.**—Such candidates shall pass a qualifying examination acceptable to the Exchange.

(3) **Limited registration.**—Applications as limited purpose registered representative candidates will be considered by the Exchange for those duly qualified persons whose activities are limited solely to the solicitation or handling of the sale or purchase of: investment company securities and variable contracts, insurance premium funding program, direct participation programs, and municipal securities, among other limited

registration categories. Limited purpose registered representative candidates shall qualify by passing a qualification examination acceptable to the Exchange.

(4) **Reserved.**

(5) **Commodities solicitors.**—Individuals who are engaged in the solicitation or handling of business in, or the sale of, commodities futures contracts shall demonstrate their competency by satisfying a solicitor's examination requirement of a national commodities exchange, which examination is acceptable to the Exchange.

.16 **Power of Exchange over all employees.**—The Exchange may require at any time that the name, terms of employment, and actual duties of any person employed by a member or member organization shall be stated to the Exchange, together with such other information with respect to such employee as it may deem appropriate to permit it to enforce compliance with the Rules.

### **General Information Regarding Employees**

#### **.17 Termination of employment**

(a) The discharge or termination of employment of any registered person together with the reasons thereof, shall be reported promptly, but in any event not later than thirty days following termination, to the Exchange on a U-5 Form. (*See .18—Filing With Agent.*) A copy of said termination notice shall be provided concurrently to the person whose association has been terminated.

(b) The member or member organization shall provide written notification to the Exchange by means of an amendment to Form U-5, filed pursuant to paragraph (a) above, in the event that the member or member organization learns of facts or circumstances causing any information set forth in said notice to become inaccurate or incomplete. Such amendment shall be filed with the Exchange and provided to the person whose association has been terminated not later than thirty days after the member or member organization learns of the facts or circumstances giving rise to the amendment.

.18 **Filing With Agent.**—Any filing or submission required to be made with the Exchange under this rule, where appropriate, may be made with a properly authorized agent acting on behalf of the Exchange and shall be deemed to be a filing with the Exchange.

### **Rule 345A - Equities. Continuing Education For Registered Persons**

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

(a) **Regulatory Element.**—No member or member organization shall permit any registered person to continue to, and no registered person shall continue to, perform

duties as a registered person, unless such person has complied with the continuing education requirements of Section (a) of this Rule.

(1) Each registered person shall complete the Regulatory Element of the continuing education program on the occurrence of their second registration anniversary date and every three years thereafter or as otherwise prescribed by the Exchange. On each occasion, the Regulatory Element must be completed within one hundred twenty days after the person's registration anniversary date. A person's initial registration date, also known as the "base date", shall establish the cycle of anniversary dates for purposes of this Rule. The content of the Regulatory Element of the program shall be determined by the Exchange for each registration category of persons subject to the rule. A person qualified solely as a Securities Trader shall comply with the continuing education requirements appropriate for the Series 57 by completing the S101 Program. All other registered persons shall comply with the continuing education requirements applicable to their particular registration.

(2) **Failure to complete.**—Unless otherwise determined by the Exchange, any registered persons who have not completed the Regulatory Element of the program within the prescribed time frames will have their registration deemed inactive until such time as the requirements of the program have been satisfied. Any person whose registration has been deemed inactive under this Rule shall cease all activities as a registered person and is prohibited from performing any duties and functioning in any capacity requiring registration. The Exchange may, upon application and a showing of good cause, allow for additional time for a registered person to satisfy the program requirements.

(3) **Disciplinary Actions.**—Unless otherwise determined by the Exchange, a registered person will be required to re-take the Regulatory Element of the program and satisfy the program's requirements in their entirety in the event such person:

(i) becomes subject to any statutory disqualification as defined in Section 3(a)(39) of the Securities Exchange Act of 1934 (see also Rule 342(e) of the Office Rules);

(ii) becomes subject to suspension or to the imposition of a fine of \$5,000 or more for violation of any provision of any securities law or regulation, or any agreement with or rule or standard of conduct of any securities governmental agency, securities self-regulatory organization, or as imposed by any such regulatory or self-regulatory organization in connection with a disciplinary proceeding; or

(iii) is ordered pursuant to a disciplinary proceeding to re-take the Regulatory Element by any securities governmental agency or securities self-regulatory organization.

A re-taking of the Regulatory Element shall commence with participation within one hundred twenty days of the registered person becoming subject to the statutory disqualification, in the case of (i) above, or the completion of the sanction or the disciplinary action becoming final, in the case of (ii) and (iii) above. The date that the

disciplinary action becomes final will be deemed the person's new base date for purposes of this Rule.

**(b) Firm Element**

**(1) Persons Subject to the Firm Element.**—The requirements of Section (b) of this Rule shall apply to any registered person who has direct contact with customers in the conduct of the member's or member organization's securities sales, trading or investment banking activities, and to the immediate supervisors of such persons, and to registered persons who function as supervisory analysts, and research analysts as defined in Rule 344 - Equities (collectively, "covered registered persons").

**(2) Standards**

(i) Each member and member organization must maintain a continuing and current education program for its covered registered persons to enhance their securities knowledge, skills and professionalism. At a minimum, each member and member organization shall at least annually evaluate and prioritize its training needs and develop a written training plan. The plan must take into consideration the member's or member organization's size, organizational structure, and scope of business activities, as well as regulatory developments and the performance of covered registered persons in the Regulatory Element. If a member's or member organization's analysis determines a need for supervisory training for persons with supervisory responsibilities, such training must be included in the member's or member organization's training plan.

(ii) **Minimum Standards for Training Programs.**—Programs used to implement a member's or member organization's training plan must be appropriate for the business of the member or member organization and, at a minimum, must cover the following matters concerning securities products, services and strategies offered by the member or member organization:

- a. General investment features and associated risk factors;
- b. Suitability and sales practice considerations; and
- c. Applicable regulatory requirements.

(iii) **Administration of Continuing Education Program.**—Each member and member organization must administer its continuing education program in accordance with its annual evaluation and written plan and must maintain records documenting the content of the programs and completion of the programs by covered registered persons.

**(3) Participation in the Firm Element.**—Covered registered persons included in a member's or member organization's plan must take all appropriate and reasonable steps to participate in continuing education programs as required by the member or member organization.



(4) **Specific Training Requirements.**—The Exchange may require a member or member organization, either individually or as part of a larger group, to provide specific training to its covered registered persons in such areas the Exchange deems appropriate. Such a requirement may stipulate the class of covered registered persons for which it is applicable, the time period in which the requirement must be satisfied and, where appropriate, the actual training content.

••• *Supplementary Material:*

.10 For purposes of this Rule, the term "registered person" means any member, principal executive, registered representative, or other person registered or required to be registered under Exchange rules, but does not include any such person whose activities are limited solely to the transaction of business on the Floor with members or registered broker-dealers.

.20 For purposes of this Rule, the term "customer" means any natural person or any organization, other than a registered broker or dealer, executing transactions in securities or other similar instruments with or through, or receiving investment banking services from, a member or member organization.

.30 Any registered person who has terminated association with a registered broker or dealer and who has, within two years of the date of termination, become reassociated in a registered capacity with a registered broker or dealer shall participate in the Regulatory Element of the continuing education program at such intervals that apply (second registration anniversary and every three years thereafter) based on the initial registration anniversary date, rather than based on the date of reassociation in a registered capacity.

Any former registered person who becomes reassociated in a registered capacity with a registered broker or dealer more than two years after termination as such will be required to satisfy the program's requirements in their entirety (second registration anniversary and every three years thereafter), based on the most recent registration date.

.40 Any registration that is deemed inactive for a period of two calendar years pursuant to section (a)(2) of this Rule for failure of a registered person to complete the Regulatory Element, shall be terminated. A person whose registration is so terminated may become registered only by reapplying for registration and satisfying applicable registration and qualification requirements of Exchange rules (see Rule 345 - Equities).

.50 Pursuant to Rule 345 A(b)(1) - Equities, all persons registered as research analysts and supervisory analysts pursuant to Rule 344 - Equities must participate in a Firm Element Continuing Education program that includes training in applicable rules and regulations, ethics, and professional responsibility.

**Rule 346 - Equities. Deleted**

Deleted.]

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**[Rules 348 - Equities—349 - Equities**

Reserved.

**Rule 350 - Equities. Reserved**

Reserved.

**Rule 351 - Equities. Reserved**

Reserved.

**Rule 352 - Equities. Reserved**

Reserved.

**Rule 354 - Equities. Reserved**

Reserved.

**Rule 355 - Equities—374 - Equities**

Reserved.]

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**[Rule 376 - Equities—381 - Equities**

Reserved.

**Rule 382 - Equities. Reserved**

Reserved.

**Rule 383 - Equities—386 - Equities**

Reserved.]

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**[Rule 388 - Equities. Prohibition Against Fixed Rates of Commission**

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

The Exchange does not require its members to charge fixed or minimum rates of commission in connection with transactions effected on, or effected by the use of the facilities of the Exchange. Nothing in the Rules or practices of the Exchange shall be construed as conferring authority upon members, or persons associated with members to agree or arrange, directly or indirectly, for the charging of fixed rates of commission.

**Rules 389 - Equities - 391 - Equities**

Reserved.

**Rule 392 - Equities. Reserved.**

Reserved.

**Rules 393 -Equities—400 - Equities**

Reserved.]

**Conduct of Accounts [(Rules 401 - Equities—414 - Equities)**

**Rule 401 - Equities. Reserved.**

Reserved.

**Rule 401A - Equities. Reserved**

Reserved]

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**[Rule 405 - Equities. Reserved**

Reserved.

**Rule 405A - Equities. Reserved**

Reserved.]

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**[Rule 410A - Equities. Deleted]**

Deleted.

**Rule 411 - Equities. Erroneous Reports**

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

**(a)(i) Erroneous Reports.**— Except as provided in Rule 123B(b) - Equities and in paragraph (ii) below, the price at which an order is executed shall be binding notwithstanding the fact that an erroneous report in respect thereto may have been rendered. A member must offer a corrected report to the non-member, which is rejected by an individual authorized to act for the non-member, before relying on paragraph (ii) below.

(ii) A non-member for whom a member executed an order but rendered an erroneous report thereto may treat the terms of the execution report as though they were the terms of the actual auction market trade, provided:

(1) the price and size of the erroneous report are within the range of prices and sizes in the subject security reported on the Consolidated Tape on the day in which the order was executed;

(2) the member reports the nature of the error to the customer, and whether the error was favorable or unfavorable to the non-member;

(3) the member documents, on trade-by-trade basis, the name of individual authorized to accept the erroneous report for the non-member, the amount of the error, and whether the error was in the non-member's or member's favor;

(4) except as provided in (6) below, the member treats the erroneous report as though it were an erroneous trade, and takes the opposite side of the report, and the opposite side of the actual auction market trade, into his or her error account or the error account of the member organization;

(5) the member assumes any loss occasioned by the erroneous report, with any profit paid to the New York Stock Exchange Foundation;

(6) a DMM may accommodate the member and take the error into the DMM's error account, so long as the member documents the DMM's taking in the error, and documents the non-member understandings indicated in paragraph (2) above, the DMM documents taking in the error to accommodate the member, and the member assumes any loss, with any profit going to the New York Stock Exchange Foundation.

(iii) Except as provided in (iv) below, a report shall not be binding and must be rescinded if an order was not actually executed but was in error reported to have been executed; an

order which was executed, but in error reported as not executed, shall be binding; provided, however, when a member who is on the Floor reports in good faith the execution of an order entrusted to him by another member or member organization and the other party to that transaction does not know it, the member or member organization to whom such report was rendered and the member broker who made the report shall treat the transaction as made for the account of the member who made the report, or the account of his member organization, if the price and size of the transaction were within the price and volume of transactions in the security at the time that the member who made the report believed he had executed the order. A detailed memorandum of each such transaction shall be prepared and filed with the Exchange by the member assuming the transaction.

(iv) A Floor broker who fails to execute a not held order because of the Floor broker's error as to symbol, side or price, but reports to the customer the order had been executed in accordance with the customer's instructions, may treat the terms of the execution report as though they were the terms of a trade, provided:

(1) the price and size of the erroneous report are within the range of prices and sizes in the subject security reported on the Exchange portion of the Consolidated Tape on the day in which the order was erroneously reported;

(2) the Floor broker reports the error to the customer, and whether the error was favorable or unfavorable to the customer;

(3) the Floor broker documents, on a trade-by-trade basis, the name of individual authorized to accept the erroneous report for the customer, the amount of the error, and whether the error was in the customer's favor;

(4) the Floor broker treats the erroneous report as though it were an erroneous trade and his or her error account or the error account of the member organization becomes the opposite side to the report; and

(5) the Floor broker assumes any loss occasioned by the erroneous report, and pays any profit to the New York Stock Exchange Foundation.

(b)(1) **Conduct of Accounts.**—"Bunching" odd/lot orders.—A member or member organization shall not combine the orders given by several different customers to buy or sell odd-lots of the same stock, into a round-lot order without the prior approval of the customers interested.

(2) Recording of transactions in accounts.—Transactions in securities shall be recorded in accounts no later than settlement date.]

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**[Rule 413 - Equities. Reserved**

Reserved.

**Rule 414 - Equities. Reserved**

Reserved]

**Financial Statements and Reports [(Rules 415 -Equities—425 - Equities)]**

**[Rule 415 - Equities. Reserved.**

Reserved.]

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**[Rule 417 - Equities. Reserved**

Reserved.

**Rule 418 - Equities. Reserved**

Reserved.

**Rule 419 - Equities. Reserved**

Reserved.

**Rule 420 - Equities. Reserved**

Reserved.

**Rule 421 - Equities. Reserved**

Reserved.]

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**[Rule 423 - Equities. Reserved**

Reserved.

**Rule 424 - Equities. Reports of Options**

Each member and member organization shall report to the Exchange such information as may be required with respect to any substantial option relating to listed securities in which such member, member organization or principal executive therein is directly or indirectly interested or of which such member, member organization or principal executive has knowledge by reason of transactions executed by or through such member or organization.

The Exchange may disapprove of the connection of any member, member organization or principal executive therein with any such option which it shall determine to be contrary to the best interest or welfare of the Exchange or to be likely to create prices which will not fairly reflect market values.

**••• *Supplementary Material:***

.10 **Options.**—Each member and member organization is required to report all options, selling agreements and kindred arrangements (excluding purchase warrants, puts and calls) relating to securities listed on the Exchange, in which options they are directly or indirectly interested, or of which they have knowledge by reason of transactions executed by or through them. Such reports are to be made in letter form, addressed to Regulation & Surveillance, and must be filed as soon as such interest therein or knowledge thereof has been acquired.

The report should contain the following information for each option:

- (1) The name of the security; if a stock, the number of shares; if a bond, the principal amount thereof;
- (2) the duration and terms of the option;
- (3) the names of the grantors and grantees;
- (4) the names of all persons entitled as of the date of the report to exercise such option; and
- (5) copies of any agreements or instruments in writing relating to the option thus reported.

Only an initial report of each option is required unless changes occur in the terms thereof, in which case such changes should be reported at once to the Department.

**Rules 425 - Equities - 429 - Equities**

Reserved.]

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**[Rule 438 - Equities. Participation in Decimal Conversion Testing**

Each member not associated with a member organization, and each member organization shall participate in industry testing of electronic systems designed to prepare for the implementation of decimal trading, in a manner and frequency as prescribed by the Exchange.

**••• *Supplementary Material:***

.10 The Exchange may, either unconditionally or on specific terms and conditions, grant exemptions from the requirements of this Rule.

.20 Members and member organizations shall maintain adequate documentation of tests required by this Rule, including the results of such testing, for examination by the Exchange.

.30 This Rule will expire automatically upon the full implementation of decimal pricing.

Reserved.

**Rule 440 - Equities. Books and Records**

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

Every member not associated with a member organization and every member organization shall make and preserve books and records as the Exchange may prescribe and as prescribed by Rule 17a-3. The recordkeeping format, medium and retention period shall comply with Rule 17a-4 under the Securities Exchange Act of 1934.

**••• *Supplementary Material:***

.10 **Reserved.**

.20 **Reserved.**

**Rule 440B - Equities. Short Sales**

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

(a) **Definitions.** For purposes of this Rule, the terms "covered security", "listing market", and "national best bid" shall have the same meaning as such terms have in Rule 201 of Regulation SHO.



- (b) **Short Sale Price Test.** Except as provided in paragraph (f), (g) and (h) below, Exchange systems will not execute or display a short sale order with respect to a covered security at a price that is less than or equal to the current national best bid if the price of that security decreases by 10% or more, as determined by the listing market for the security, from the security's Official Closing Price, as defined in Rule 123C - Equities, as of the end of regular trading hours on the prior day ("Trigger Price").
- (c) **Determination of Trigger Price.** For covered securities for which the Exchange is the listing market, Exchange systems shall determine whether the short sale price test restrictions of Rule 201 of Regulation SHO have been triggered (i.e., whether a transaction in a covered security has occurred at a Trigger Price) and shall immediately notify the single plan processor responsible for consolidation of information for the covered security pursuant to Rule 603(b) of Regulation NMS.
- (1) The Exchange will not calculate the Trigger Price of a covered security until it opens trading for that security.
- (d) **Duration of Short Sale Price Test.** If the Short Sale Price Test is triggered by the listing market with respect to a covered security, the Short Sale Price Test shall remain in effect until the close of trading on the next trading day, as provided for in Regulation SHO Rule 201(b)(1)(ii) (the "Short Sale Period").
- (1) If the Exchange determines pursuant to Rule 128 - Equities that the Short Sale Price Test for a covered security was triggered because of a clearly erroneous execution, the Exchange may lift the Short Sale Price Test before the Short Sale Period ends for a security for which the Exchange is the listing market or, for a security listed on another market, notify the other market of the Exchange's determination that the triggering transaction was a clearly erroneous execution. The Exchange may also lift the Short Sale Price Test before the Short Sale Period ends, for a covered security for which the Exchange is the listing market, if the Exchange has been informed by another exchange or a self-regulatory organization ("SRO") that a transaction in the covered security that occurred at the Trigger Price was a clearly erroneous execution, as determined by the rules of that exchange or SRO.
- (2) If the Exchange determines that the prior day's closing price for a listed security is incorrect in Exchange systems and resulted in an incorrect determination of the Trigger Price, the Exchange may correct the prior day's closing price and lift the Short Sale Price Test before the Short Sale Period ends.
- (e) **Re-pricing of Orders during Short Sale Period.** During the Short Sale Period, short sale orders that are limited to the national best bid or lower and short sale market orders will be re-priced by Exchange systems one minimum price increment above the current national best bid ("Permitted Price"). The Permitted Price for securities for which the national best bid is \$1 or more is \$.01 above the national

best bid; the Permitted Price for securities for which the national best bid is below \$1 is \$.0001 above the national best bid. To reflect declines in the national best bid, the Exchange will continue to re-price a short sale order at the lowest Permitted Price down to the order's original limit price or, if a Market Order, until the order is filled. Any unexecuted or any unexecuted portion of a short sale Market Order re-priced to a Permitted Price will rest on the Exchange's Book and be non displayed. Non-displayed orders, including Market Orders, will also be re-priced upward to a Permitted Price to correspond with a rise in the national best bid.

- (1) During the Short Sale Period, immediate or cancel ("IOC") orders requiring that all or part of the order be executed immediately will be executed to the extent possible at a Permitted Price and higher and then cancelled, and will not be re-priced. Inter-market sweep orders not marked "short exempt" will be handled in the same manner as IOC orders.
  - (2) During the Short Sale Period, Exchange systems will not route to an away market short sale orders that have been displayed pursuant to Rule 440B(f) or that have not yet been re-priced consistent with this section and instead will re-price such orders to a Permitted Price.
  - (3) During the Short Sale Period, Exchange systems will mark certain DMM interest as long or short on behalf of the DMM unit based on position information provided by the DMM unit. For such DMM interest, after a security has opened for trading, Exchange systems (i) will not execute, display, or route such DMM short sale interest that is priced at or below the current national best bid and will cancel such DMM interest, and (ii) will cancel any such DMM interest if the execution of the full amount of all DMM sell interest at a price at or below the national best bid would result in a change in the DMM position from long to short.
- (f) **Execution of Permissible Orders during Short Sale Period.** During the Short Sale Period, Exchange systems will execute and display a short sale order without regard to price if, at the time of initial display of the short sale order, the order was at a price above the then current national best bid. Short sale orders that are entered into the Exchange prior to the Short Sale Period but are not displayed will be re-priced as described in (e) above.
- (g) **Short Exempt Orders.** During the Short Sale Period, Exchange systems will execute, display, and route orders marked "short exempt" without regard to whether the order is at a Permitted Price. Exchange systems will accept orders marked "short exempt" at any time when such systems are open for order entry, regardless of whether the Short Sale Price Test has been triggered.
- (h) **Single-Priced Opening, Re-opening and Closing Transactions,** Notwithstanding section (e) above, with respect to the execution of short sale orders in a covered security in any single-priced opening, re-opening or closing transaction during the

Short Sale Period, Exchange systems will re-price short sale orders in a covered security as follows:

- (1) Opening - one minimum price increment above the national best bid at 9:30 am;
- (2) Re-opening following a halt or pause in trading - one minimum price increment above the last published Exchange bid prior to such halt or pause in trading; and
- (3) Closing - one minimum price increment above the last published Exchange bid prior to the close.

During a Short Sale Period, Exchange systems will not execute a short sale order for a covered security in a single-priced opening transaction at or below the national best bid at 9:30 a.m., and will not execute a short sale order for a covered security in a single-priced re-opening or closing transaction at or below the last published Exchange bid prior to a halt or pause in trading (in the case of a single-priced re-opening transaction) or at or below the last published Exchange bid prior to the close (in the case of a single-priced closing transaction). For purposes of this section (h), the term "minimum price increment" shall mean \$.01 for securities for which the national best bid or the last published Exchange bid, as the case may be, is \$1 or more, and \$.0001 for securities for which the national best bid or the last published Exchange bid, as the case may be, is below \$1.

••• ***Supplementary Material:***

**.10 General Rule.**—The discussion of short-selling regulations in the Supplementary material of this rule relates to all trades in listed securities, whenever they occur, including in the after-hours market and after a consolidated transaction reporting system (e.g., the "consolidated tape" of the Consolidated Tape Association) ceases to operate. Members and member organizations also should familiarize themselves with the provisions of Regulation SHO, under the Exchange Act.

A "short sale" means any sale of a security, which the seller does not own or any sale that is consummated by the delivery of a security borrowed by, or for the account of, the seller. (See .13 below, which refers to Regulation SHO, Rule 200(b)-(f) to determine ownership of securities).

**.11 Securities subject to the rules.**—Regulation SHO applies, generally, to all equity securities, other than U.S. Government or municipal securities.

**.12 Marking of orders: customer's written agreement regarding designation of sell orders.**—Every sell order (including odd lots) in a security subject to the rule that is executed on any exchange or by means of any instrumentality of interstate commerce, whether originated or handled by a member, must be marked to indicate whether it is "long", "short", or "short exempt". The abbreviation "LS" or "SS" or "SSE" may be used. A member (including any Floor broker) or any employee of a member organization may

mark an order "long" only if (1) the seller is deemed to own the security being sold pursuant to Regulation SHO, Rule 200(a)-(f), under the Exchange Act and either: (i) the security to be delivered is in the physical possession or control of the broker or dealer; or (ii) it is reasonably expected that the security will be in the physical possession or control of the broker or dealer no later than the settlement of the transaction. A member or any employee of a member organization may mark an order "short exempt" if the member or employee has a reasonable basis to believe that the order meets one of the exceptions in Rule 201(d) of Regulation SHO. In addition, a member or employee may mark an order "short exempt" during a Short Sale Period (as defined in Rule 440B - Equities) if the order meets the conditions in Rule 201(c) of Regulation SHO.

.13 **Ownership of securities.**—Ownership of securities shall be determined in accordance with Rule 200(a)-(f) of Regulation SHO, under the Exchange Act. .15 Price at which short sales may

*Initial sale may be short sale* .—An interpretation has been made by the Staff of the Securities and Exchange Commission that the initial sale of a security newly listed on the Exchange may be a short sale.

.14 **"When issued" and "when distributed" securities.**—The rules apply to the sale of "when issued" and "when distributed" securities in the same manner as issued securities. In the case of a sale of a "when issued" or "when distributed" security, the last "regular way" sale price means the last price at which the "when issued" or "when distributed" security has sold and the "next preceding different price" means the last previous different price at which a sale of such "when issued" or "when distributed" security took place. A person is deemed to be the owner of a "when issued" or "when distributed" security if he has entered into a contract to purchase the same binding on both parties and subject only to the condition of issuance or distribution or, by virtue of his ownership of an issued security, will be entitled to receive, without the payment of consideration, the "when issued" or "when distributed" security, to the extent that he has not already disposed of such "when issued" or "when distributed" security.

.15 **Covering transactions.**—Any covering transactions made shall be consistent with Rule 203(a) of Regulation SHO.

.16 **Loans of securities between members.**—Any broker or dealer may, without inquiry as to the purpose of the loan, lend a security to another broker or dealer. The lending broker or dealer may nonetheless be criminally liable for a violation of the short selling rules if he knows that the borrower intends to violate such rules.

.17 **Reserved.]**

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**[Rule 440D - Equities - 440E - Equities**

Reserved.

**Rule 440F - Equities. Reserved.**

Reserved.

**Rule 440G - Equities. Reserved**

Reserved.

**Rule 440H - Equities. Activity Assessment Fees**

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

**••• Supplementary Material:**

**.10 Statutory background.**—Section 31 of the Securities Exchange Act of 1934 ("Exchange Act"), as amended, requires national securities exchanges and associations to pay to the Securities and Exchange Commission ("SEC") certain fees and assessments on specified securities transactions.

**.20 Calculation and payment of Activity Assessment Fees.**—Each member and each member organization that effects securities transactions upon the Exchange that are defined in Section 31 of the Exchange Act as "covered sales" of securities shall pay to the Exchange Activity Assessment Fees based upon all of their covered sales. The Exchange shall calculate Activity Assessment Fees by multiplying the aggregate dollar amount of covered sales effected upon the Exchange by the member or member organization during the appropriate computational period by the Section 31(b) fee rate in effect during that computational period. Activity Assessment Fees shall be due and payable at such times and intervals as prescribed by the Exchange.

Members and member organizations that cease to effect securities transactions upon the Exchange shall promptly pay to the Exchange any sum due pursuant to this rule.

**.30** Notwithstanding the requirements of this Rule 440H - Equities, Non- Equities Rule 393, Commentary .01, governing fees owed to the SEC in accordance with Section 31 of the Exchange Act ("Section 31 fees"), will also apply to members and member organizations until January 13, 2009. Rule 393, Commentary .01 permits firms to, on a one-time-only basis, voluntarily remit historically accumulated Section 31 fees to the Exchange. These funds will be used to pay the Exchange's current Section 31 fees in conformity with prior representations made by member firms. In addition, a member or member organization may designate all or part of the Exchange accumulated excess held by the Exchange and allocated to such member to be used by the Exchange in accordance

with Commentary .01. Finally, to the extent the payment of these historically accumulated funds or Exchange accumulated funds is in excess of the Section 31 fees due the Commission from the Exchange, such surplus shall be used by the Exchange to offset regulatory costs.

**Rule 440I - Equities. Records of Compensation Arrangements—Floor Brokerage**

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

(a) Every member not associated with a member organization and each member organization primarily engaged as an agent in executing transactions on the Floor of the Exchange must maintain a written record including a description of each type of compensation arrangement entered into with other members, member organizations, non-member organizations and customers in connection with transactions executed on the Floor of the Exchange.

(b) Records maintained in accordance with paragraph (a) of this Rule must identify, by name, the members, member organizations, non-member organizations and customers who are parties to each type of compensation arrangement in effect.

**••• Supplementary Material:**

.10 For purposes of paragraphs (a) and (b) of this Rule 440I, the requirement to maintain a written record of each type of compensation arrangement shall not apply to:

(a) any compensation arrangement wherein a member or member organization receives gross compensation of less than \$5,000 per year from any member, member organization, non-member organization or customer; or

(b) any compensation arrangement involving transmission of orders solely through the Exchange's electronic order routing system.

.20 A member or member organization is deemed to be primarily engaged as an agent in executing transactions on the Floor of the Exchange if at least 75% of its revenue is derived from floor brokerage.

**Rules 441 - Equities—Rule 444 - Equities**

Reserved.

**Rule 445 - Equities. Reserved**

Reserved.

**Rule 446 - Equities. Reserved**

Reserved

**Rule 447 - Equities— 449 - Equities**

Reserved.]

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**[Rule 460 - Equities. DMMs Participating in Contests**

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

(a) No DMM member or his or her DMM unit or any other member, principal executive, or officer or employee of such DMM unit shall participate in a proxy contest of a company if such DMM member is registered in the stock of that company.

DMMs as Directors

(b) No DMM member or his or her DMM unit or any other member, principal executive, officer or employee of such DMM unit shall be a director of a company if such DMM member is registered in the stock of that company.

**••• Supplementary Material:**

**.10 Control relationships—Business transactions—Finder's Fees.—**

(a)(1) A DMM unit shall report the beneficial ownership of more than 5% of the outstanding shares of any equity security that is allocated to that unit. A DMM unit shall update any report if its beneficial ownership is reduced below 5% or exceeds 10% of the outstanding shares of any equity security that is allocated to that unit.

(2) The reporting obligation in (a)(1) shall not apply if the security is:

- (i) a convertible or derivative security, American Depositary Receipt, Global Depositary Receipt, or similar instrument, unless the conversion or redemption of such security would directly or indirectly cause the DMM unit to have a position in any security allocated to the DMM unit that is in excess of the limits set forth in section (a)(1) of this Rule;
- (ii) reserved; or
- (iii) a security, such as a currency warrant, that trades in relationship to the value of that underlying currency, or a security, such as an index warrant, that trades in relationship to the value of that underlying index.

(3) A DMM unit may not in any event acquire directly or indirectly the beneficial ownership of more than 25% of any security allocated to that unit or any security specified in (a)(2)(i), (ii), or (iii) of this Rule. This provision applies regardless of whether the beneficial ownership is acquired for investment, trading, or any other purpose.

(b)(1) No DMM unit or any other member, principal executive, officer or employee thereof shall engage in any business transaction (including loans, etc.) with any company in whose stock the DMM is registered, or accept a finder's fee from such company, except as provided below.

(2) Notwithstanding the provision in (b)(1) above, a DMM registered in a security issued by an investment company may purchase and redeem the listed security, or securities that can be subdivided or converted into the listed security, from the issuer as appropriate to facilitate the maintenance of a fair and orderly market in the subject security.

(3) The provisions of (b)(1) shall not apply to the receipt of routine business services, goods, materials, or insurance, on terms that would be generally available.

.11 Reserved.

.12 Reserved.

.20 The restrictions in paragraph .10 above relating to business transactions between a DMM or his or her DMM unit or any other member, principal executive, officer or employee thereof shall not apply to derivative instruments based on one or more securities, currencies or commodities (collectively referred to as Exchange-Traded Funds (or "ETFs")), if the following conditions are met:

(i) the DMM or his or her DMM unit or any other member, principal executive, officer or employee thereof only enters into the business transaction with the sponsor of the ETF and the sponsor is not involved in the day-to-day administration of the ETF; and

(ii) any fee or other compensation in connection with the business transaction paid to the DMM or his or her DMM unit or any other member, principal executive, officer or employee thereof must not be dependent on the trading price or daily trading volume of the ETF; and

(iii) the DMM or his or her DMM unit or any other member, principal executive, officer or employee thereof must notify and provide a full description to the Exchange of any business transaction or relationship, except those of a routine and generally available nature as described in paragraph .10 above, it may have with any sponsor of an ETF that he or it is registered as DMM in.

.30 (a) An approved person or member organization associated with a DMM unit ("Affiliated DMM") shall notify the Exchange of its participation in any distribution or



tender or exchange offer of any security covered by paragraph (b) of this rule, in such form and within such time frame as may be prescribed by the Exchange and shall provide the information required below:

1. name of security
2. symbol
3. type of security
4. symbol of reference security or securities (if different from security being distributed)
5. description of distribution or tender or exchange offer
6. distribution price or terms of tender or exchange offer
7. date of pricing
8. time of pricing
9. pricing basis (e.g., Exchange or Consolidated close)
10. beginning and ending dates of restricted period under Regulation M (if applicable) or, for a tender or exchange offer, the date the offer is publicly announced and its expiration date
11. firm submitting notification
12. name and title of individual submitting notification
13. telephone number
14. such other information as the Exchange may from time to time require

(b) The notification requirements of this rule are applicable to any security in which the Affiliated DMM is registered where such security is either:

(i) the subject of a tender or exchange offer (or any other security which is immediately convertible into or exchangeable for such security) for purposes of Rule 10b-13 under the Securities Exchange Act of 1934; or

(ii) a covered security as defined in Rule 100 of Regulation M.

.40 For purposes of this rule, "equity security" shall have the meaning set forth in Rule 13d-1(i) of the Exchange Act, 17 CFR 240.13d-1(i), "outstanding shares" shall have the

meaning set forth in Rule 13d-1(j) of the Exchange Act, 17 CFR 240.13d-1(j), and "beneficial owner" shall have the meaning set forth in Rule 13d-3 of the Exchange Act, 17 CFR 240.13d-3, and all related interpretations thereof.

**Rule 461 - Equities - 464 - Equities**

Reserved.]

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**[Rule 498 - Equities - Rule 499 - Equities**

Reserved.

**Rule 500 - Equities. Applicability**

(a) The Rules of this series (Rules 500 through 525 - Equities) shall apply to all transactions involving a UTP Security, as that term is defined in Rule 501(d) - Equities, that is granted unlisted trading privileges on the Exchange including the handling of orders, the conduct of accounts, and other matters relating to the trading of UTP Securities on the Exchange; provided, however, that the Rules of this series (Rules 500 - 525 - Equities) will not be applicable to trading on the Pillar trading platform. Except to the extent that the provisions of Rules 500-525 - Equities specifically conflict, all other Equities rules shall apply to transactions involving UTP Securities conducted on the Exchange. If any provisions of Rules 500-525 - Equities conflict with any other Equities rule, the Rule 500 series shall govern. Section 9A or 9B, as applicable, of the Office Rules shall also apply to all transactions involving UTP Securities conducted on the Exchange.

**Rule 501 - Equities. Definitions**

For the purposes of Rules 500 - 525 - Equities, the following terms shall have the meanings specified below. All other terms shall have the meanings assigned to them in the Equities Rules.

(a) The term "Closing Price" shall mean the price of the last transaction in a UTP Security on the Exchange reported to the Consolidated Tape that occurs at or prior to close of the regular trading session. In the event that the market for a particular UTP Security is manual or "slow" at or just prior to the close of trading (e.g. when a trading pause exists pursuant to the LULD Pilot Program, the term "Closing Price" shall mean the price of a single trade at or immediately after the close of the regular trading session.

(b) The term "UTP Security" shall mean any security, other than a security listed on the Exchange, that

- (1) is designated as an "eligible security" pursuant to the UTP Plan, defined in this Rule;
- (2) the Exchange has admitted to dealings on the Exchange pursuant to a grant of unlisted trading privileges in accordance with Section 12(f) of the Securities Exchange Act of 1934, as amended; and
- (3) if it is an "Exchange Traded Product" ("ETP") does not have any component security that is listed or traded on the Exchange or the NYSE; provided, however, that the Invesco PowerShares QQQ™ (the "QQQ™") may be admitted to dealings on the Exchange pursuant to a grant of unlisted trading privileges although one or more component securities of the QQQ™ may be listed or traded on the Exchange or the NYSE, subject to the conditions of Rule 504(b)(5) - Equities.

UTP Securities are included within the definition of "security" as that term is defined in Rule 3 - Equities and as used in the Equities Rules.

UTP Securities shall be admitted to dealings on the Exchange on an "issued", "when issued", or "when distributed" basis.

(c) The term "UTP Securities Liaison Committee" shall mean a committee that consists of NYX Holdings employees of the Operations and U.S. Markets Divisions. The Head of the U.S. Markets Division or a designee shall designate the members of the UTP Securities Liaison Committee. A representative of NYSE Regulation Inc. shall act as an ad hoc member of the Committee as needed.

(d) (1) The term "Order" shall mean the order types defined in Rule 13 - Equities, except that the following order types are modified as follows:

(2) The following order types shall not be accepted for the trading of UTP Securities and the definition of "Order" in Rules 500 - 525 - Equities shall not include these order types:

- (A) MOC or LOC Order;
- (B) MOO or LOO Order;
- (C) Closing Offset ("CO") Order;
- (D) Market Order.

(e) The term "UTP Listing Market" shall have the same meaning as the term "Listing Market", as defined under the UTP Plan.

(f) With respect to Nasdaq-listed UTP Securities, the term "UTP Plan" shall mean the Joint Self-Regulatory Organization Plan Governing the Collection, Consolidation and Dissemination of Quotation and Transaction Information for Nasdaq-listed Securities Traded on Exchanges on an Unlisted Trading Privilege Basis, as amended from time to

time, filed with and approved by the Commission. With respect to all other UTP Securities, the term "UTP Plan" shall mean the Consolidated Tape Association Plan for the Dissemination of Last Sale Prices of Transactions in Eligible Securities, as amended from time to time, filed with and approved by the Commission.

**Rule 502 - Equities. Hours of Business**

(a) The hours for the transaction of business involving UTP Securities shall be in accordance with Rule 51 - Equities.

(b) Members and member organizations shall not make any bid, offer or transaction for UTP Securities on Exchange systems, or route an order for a UTP Security to another market center from Exchange systems, before 9:30 a.m. or after the close of the Off-Hours Trading session.

**Rule 503 - Equities. Reserved**

Reserved.

**Rule 504 - Equities. UTP Security Assignment**

(a) Timing

A UTP Security is assigned to a registered and qualified DMM Unit and, if applicable, one or more registered and qualified SLP(s) in accordance with this Rule when: (1) the security is initially admitted to dealings on the Exchange; or (2) the security previously assigned to a DMM Unit and/or SLP(s) is subject to re-assignment pursuant to the Equities Rules or the Company Guide.

(b) DMM Unit Eligibility and Assignment

(1) A DMM Unit is eligible to participate in the assignment process of a UTP Security in accordance with the requirements of Rules 98- and 103B(II)- Equities.

(A) A DMM Unit must maintain a quote at the National Best Bid or Offer according to the levels set forth in Rule 509 - Equities.

(2) The UTP Securities Liaison Committee shall, in its discretion, assign to a DMM Unit a group of UTP Securities for trading purposes. The UTP Securities Liaison Committee shall determine the number of UTP Securities within the group of UTP Securities assigned to each DMM Unit. The UTP Securities Liaison Committee may also, in its discretion, reassign one or more UTP Securities to a different DMM Unit.

(3) No more than one DMM Unit shall be assigned to any UTP Security.

(4) A member organization shall not act as a DMM Unit for a UTP Security on the Floor of the Exchange and also act as an SLP in the same UTP Security.

(5) (A) A DMM Unit may be registered in both the QQQ™ as well as a component security or securities of the QQQ™ provided that, at the time of assignment,

(i) no single component in which the DMM Unit is registered exceeds 10% of the index or portfolio underlying the QQQ™, and

(ii) all components in which the DMM Unit is registered do not in the aggregate exceed 20% of the index or portfolio underlying the QQQ™.

(B) If, during any given month subsequent to the QQQ™ being assigned to a DMM Unit,

(i) a component security in which the DMM Unit is registered exceeds 10% of the QQQ™'s underlying index or portfolio on an average basis, or

(ii) all components in which the DMM Unit is registered exceed 20% of the QQQ™'s underlying index or portfolio on an average aggregate basis,

The Nasdaq Liaison Committee will reassign either the QQQ™ or the component security or securities of the QQQ™ to another DMM Unit as needed to achieve compliance with the concentration measures.

(C) A DMM Unit registered in the QQQ™ must report to the Exchange on a monthly basis

(i) the component security or securities of the QQQ™ in which it is registered,

(ii) the average percentage of the underlying index or portfolio for each individual component, and

(iii) the total average aggregate percentage of the underlying index or portfolio for all components.

If any of the concentration measures in Rule 504(b)(5)(B) - Equities are exceeded, the DMM Unit must report this to the Exchange as soon as possible.

(c) SLP Eligibility and Assignment

(1) An SLP is eligible to participate in the assignment process of a UTP Security in accordance with the requirements of Rule 107B - Equities.

(2) The UTP Securities Liaison Committee shall, in its discretion, assign to an SLP a group of UTP Securities for trading purposes. The UTP Securities Liaison Committee

shall determine the number of UTP Securities within the group of UTP Securities assigned to each SLP.

(3) The UTP Securities Liaison Committee shall, in its discretion, assign one or more SLPs to each UTP Security, depending on the trading activity of the UTP Security. The UTP Securities Liaison Committee may also, in its discretion, reassign one or more UTP Securities to a different SLP or SLPs.

(4) A member organization shall not act as an SLP and also act as a DMM Unit on the Floor of the Exchange in the same UTP Security.

(5) In the event an SLP withdraws from its status as an SLP pursuant to Rule 107B - Equities each UTP Security assigned to the SLP shall be reassigned in accordance with that Rule.

(d) Allocation of UTP Securities to DMM Panels

In accordance with Rule 103B(IX) - Equities, UTP Securities may be allocated for trading, and DMM Units may trade such securities, at panels that also trade securities listed on the Exchange and/or securities listed on the New York Stock Exchange, LLC.

#### **Rule 505 - Equities. Reserved**

Reserved.

#### **Rule 506 - Equities. Units of Trading; Bids and Offers; Dissemination of Quotations; Priority**

(a) Units of trading - In accordance with Rules 55- and 56- Equities, the unit of trading in UTP Securities shall be one share, right or warrant. UTP Securities traded on the Exchange shall be quoted in round lots (generally 100 units of trading), except that, if the UTP Listing Market for a particular UTP Security designates a round lot for that security of less than one hundred units, the Exchange shall apply the same such lesser number of units for that security. UTP Securities designated with round lots of less than 100 units shall be dealt in pursuant to the provisions of Rule 64 - Equities.

(b) Bids and Offers

(1) The Exchange shall receive, process and execute all bids or offers for UTP Securities made and accepted in accordance with Equities Rules, and all such bids and offers shall be binding.

(2) As enforced by Exchange systems, bids and offers in UTP Securities shall comply with Rule 19 - Equities concerning locking or crossing protected quotations in Regulation NMS stocks.

(3) Bids and offers in UTP Securities admitted to dealings

(A) on an "issued" basis shall be made as "regular way" in accordance with Rules 64- and 66- Equities.

(B) on a "when-issued" or "when-distributed" basis shall be made only "when-issued" or "when-distributed" in accordance with Rule 63 - Equities.

(4) The minimum price variations prescribed in Rule 62 - Equities shall apply to all bids and offers in UTP Securities.

(c) Dissemination of Quotations - Quotations in UTP Securities will be disseminated in accordance with Rule 60 - Equities.

(d) Priority, parity - Bids and offers for UTP Securities shall execute in price and time priority and parity in accordance with all applicable Equities Rules, including, but not limited to, Rule 72 - Equities.

**Rule 507 - Equities. Reserved**

Reserved.

**Rule 508 - Equities. Openings, Reopenings and Closings**

(a) Openings and Reopenings

(1) Trading in UTP Securities on the Exchange shall open at 9:30 a.m. or as soon thereafter as possible, or at such other time as may be specified by the Exchange, and orders for UTP Securities shall not be accepted by the Exchange before trading opens on any business day.

(2) (A) Trading in a UTP Security shall not open on a trade but shall only open on a quote published by the DMM Unit assigned to that security.

(B) The DMM Unit for a UTP Security shall be responsible for opening trading at 9:30 a.m., or as soon thereafter as possible.

(3) (A) Trading in a UTP Security that has been halted, suspended or paused shall only reopen on a quote published by the DMM Unit assigned to that security.

(B) The DMM Unit for a UTP Security shall be responsible for reopening trading as soon as possible after a halt, suspension or pause has been lifted.

(4) DMM Units shall not be permitted or required to provide pre-opening, opening or reopening indications for UTP Securities pursuant to Rules 15- and 123D- Equities.

(b) Closings

(1) Trading in UTP Securities on the Exchange shall close at the end of the regular trading session at 4:00 p.m., or at such other time as may be specified by the Exchange, and, except for aggregate-price or closing-price orders entered in the Off-Hours Trading Facility in accordance with Rule 511 - Equities, orders for UTP Securities shall not be accepted by the Exchange after the regular trading session on any business day.

(2) (A) Orders for UTP Securities that are unexecuted at the close of the regular trading session shall be cancelled, except that when the market for a particular UTP Security is manual or "slow" just prior to the close of trading (e.g. when a trading pause exists pursuant to the LULD Pilot Program, there will be a single trade at or immediately after the close of trading that will set the Closing Price. In such instances, all residual marketable interest for that security received prior to the close of trading shall first be executed at the Closing Price and then all unexecuted interest for the security shall be cancelled.

(B) When the market for a UTP Security is slow at the close of trading, the DMM must execute the final trade in the security in a manner consistent with a fair and orderly market, with reference to the trading characteristics of the stock at issue, including its price, average daily trading volume ("ADTV"), average volatility, the prior sale of the security on the Exchange and the closing price on the UTP Listing Market.

(C) Floor Governor approval is required to close a UTP Security that is slow.

(3) In the event of an extreme order imbalance at or near the close of the regular trading session that could result in Closing Price dislocation, the procedures of Rule 123C(9) - Equities shall apply. No other procedures of Rule 123C - Equities shall apply to trading in UTP Securities.

**Rule 509 - Equities. Dealings of DMM Units and SLPs**

(a) DMM Units registered in one or more UTP Securities must comply with all "DMM rules", as defined in Rule 98 - Equities, subject to the following modifications:

(1) In lieu of Rule 104(a)(1)(A) - Equities, with respect to maintaining a continuous two-sided quote with reasonable size, a DMM Unit must maintain a bid or an offer at the National Best Bid or Offer ("inside") at least 15% of the trading day for UTP Securities in which the DMM Unit is registered with a consolidated average daily volume of less than one million shares, and at least 10% for UTP Securities in which the DMM Unit is registered with a consolidated average daily volume equal to or greater than one million shares. Time at the inside is calculated as the average of the percentage of time the DMM Unit has a bid or offer at the inside. In calculating whether a DMM Unit is meeting the 15% or 10% measure, credit will be given for executions for the liquidity provided by the DMM Unit. Reserve or other hidden orders entered by the DMM Unit will not be included in the inside quote calculations.



(2) The provisions of Rules 104(f)(ii) and (iii) and 104(h)(ii) and (iii)(A) - Equities will be operative with respect to UTP Securities upon implementation of the applicable Depth Guidelines and Price Participation Points for such securities. The Exchange shall determine when such implementation will occur, but in any event it shall not occur earlier than six months after the effective date of SR-NYSEMKT-2014-32 .

(3) The requirements of Rule 79A.20 - Equities shall not apply to DMM Unit transactions in UTP Securities.

(b) Notwithstanding Rule 36.30 - Equities, an individual DMM registered in an ETP may use a telephone connection or order entry terminal at the DMM Unit's post to enter a proprietary order in the ETP in another market center, in a component security of such ETP, or in an options or futures contract related to such ETP, and may use the post telephone to obtain market information with respect to such ETP, options, futures, or component securities. If the order in the component security of the Exchange Traded Fund is to be executed on the Exchange, the order must be entered and executed in compliance with Rule 112 - Equities and SEA Rule 11a2-2(T), and must be entered only for the purpose of creating a bona fide hedge for a position in the ETP.

(c) SLPs registered in one or more UTP Securities must fulfill their responsibilities and duties for those securities in accordance with all applicable Equities Rules and requirements, including, but not limited to, the requirements of Rule 107B - Equities.

### **Rule 510 - Equities. Derivative Securities Products**

Any ETP that is a "new derivative securities product" as defined in Rule 19b-4(e) under the Securities and Exchange Act of 1934, as amended, and traded pursuant to Rule 19b-4(e) under the Act shall be subject to the additional following rules:

(a) Form 19b-4(e). The Exchange shall file with the Securities and Exchange Commission a Form 19b-4(e) for each such product.

(b) Information Circular. The Exchange shall distribute an information circular prior to the commencement of trading in each such product that generally includes the same information as contained in the information circular provided by the UTP Listing Market for the product, including: (a) the special risks of trading the new product; (b) the Exchange Rules that will apply to the new product, including Rule 405- Equities; (c) information about the dissemination of the value of the underlying assets or indexes; and (d) the risks of trading outside of the regular trading session for the product due to the lack of calculation or dissemination of the value of the underlying assets or index, the intra-day indicative value or a similar value.

(c) Product Description.

(1) Prospectus Delivery Requirements. Members and member organizations are subject to the prospectus delivery requirements of the Securities Act of 1933, unless the product

is the subject of an order by the Securities and Exchange Commission exempting the product from certain prospectus delivery requirements under Section 24(d) of the Investment Company Act of 1940 or the product is not otherwise subject to prospectus delivery requirements under the Securities Act of 1933.

(2) Written Description of Terms and Conditions. The Exchange shall inform its members and member organizations of the application of the provisions of this subparagraph to a particular product by means of an information circular. The Exchange requires that members and member organizations provide all purchasers of such a product with a written description of the terms and characteristics of the product in a form approved by the Exchange or prepared by the issuer of such product not later than the time a confirmation of the first transaction in the product is delivered to such purchaser. In addition, members and member organizations shall include a written description with any sales material relating to the product that is provided to customers or the public. Any other written materials provided by a member or member organization to customers or the public making specific reference to the product as an investment vehicle must include a statement in substantially the following form:

"A circular describing the terms and characteristics of {the product} has been prepared or approved by {the issuer} and is available from your broker. It is recommended that you obtain and review the circular before purchasing {the product}."

A member or member organization carrying an omnibus account for a non-member is required to inform such non-member that execution of an order to purchase a product for the omnibus account will be deemed to constitute agreement by the non-member to make such written description available to its customers on the same terms as are directly applicable to members and member organizations under this Rule.

(3) Customer Requests for a Prospectus. Upon request of a customer, a member or member organization shall also provide a prospectus for the particular product.

(d) Trading Halts.

(1) If a temporary interruption occurs in the calculation or wide dissemination of the intraday indicative value, the value of the underlying index, portfolio or instrument, or similar value of a product and the UTP Listing Market halts trading in the product, the Exchange, upon notification by the UTP Listing Market of such halt due to such temporary interruption, also shall immediately halt trading in that product on the Exchange.

If the interruption in the calculation or wide dissemination of the intraday indicative value, the value of the underlying index, portfolio or instrument, or similar value continues as of the commencement of trading on the Exchange on the next business day, the Exchange shall not commence trading of the product on that day. If the interruption in the calculation or wide dissemination of the intraday indicative value, the value of the underlying index, portfolio or instrument, or similar value continues, the Exchange may

resume trading in the product only if calculation and wide dissemination of the intraday indicative value, the value of the underlying index, portfolio or instrument, or similar value resumes or trading in the product resumes on the UTP Listing Market.

Nothing in this rule shall limit the power of the Exchange under its Rules to suspend trading in any product if such suspension is necessary for the protection of investors or in the public interest.

(2) For a product where a net asset value or disclosed portfolio is disseminated, the Exchange will immediately halt trading in such product upon notification by the UTP Listing Market that the net asset value or disclosed portfolio is not being disseminated to all market participants at the same time. The Exchange may resume trading in the product only when dissemination of the net asset value or disclosed portfolio to all market participants at the same time resumes or trading in the product resumes on the UTP Listing Market.

(e) Surveillance. The Exchange shall enter into a comprehensive surveillance sharing agreement with markets trading components of the index or portfolio on which the product is based to the same extent as the UTP Listing Market's rules require the UTP Listing Market to enter into a comprehensive surveillance sharing agreement with such markets.

#### **Rule 511 - Equities. Off-Hours Trading**

UTP Securities shall be accepted by the Exchange's "Off-Hours Trading Facility" as part of an "aggregate-price order", or as a "closing-price order" entered to offset a transaction made in error, as those terms are defined in Rule 900 - Equities.

#### **Rule 512 - Equities. Trading Collars**

The Exchange will apply Trading Collars, pursuant to Rule 1000(c) - Equities, to UTP Securities.

#### **Rule 513 - Equities. Reserved**

Reserved.

#### **Rule 514 - Equities. Reserved**

Reserved.

#### **Rule 515 - Equities. Trading Halts, Suspensions or Pauses**

(a) Trading of a UTP Security or UTP Securities on the Exchange shall be halted, suspended or paused when:

(1) the Exchange halts, suspends or pauses trading in accordance with applicable Equities Rules, including Rules 51-, 80B-, 80C-, 123D- and 510- Equities; the DMM does not need to obtain Floor Official approval to halt a UTP Security pursuant to Rule 123D - Equities if the security is halted, suspended or paused pursuant to sections (a)(2) - (4) of this Rule;

(2) trading in the UTP Security on the UTP Listing Market is halted, suspended or paused by the UTP Listing Market for regulatory purposes in accordance with its rules and/or the UTP Plan;

(3) the authority under which the UTP Security trades on the Exchange is revoked because the security is no longer

(A) designated as an "eligible security" pursuant to the UTP Plan, or

(B) admitted to dealings on the Exchange pursuant to a grant of unlisted trading privileges in accordance with Section 12(f) of the Securities Exchange Act of 1934, as amended.

(4) The authority under which the UTP Security trades on the UTP Listing Market is revoked because the security is no longer listed with the UTP Listing Market.

(b) (1) In the event that trading of a UTP Security or UTP Securities is halted, suspended or paused pursuant to this Rule, trading of the affected security or securities on the Exchange will resume in accordance with the procedures of applicable Equities Rules, including Rule 508(a) of this Series, the rules of the UTP Listing Market and/or the UTP Plan.

(2) Any orders for a UTP Security or UTP Securities that are unexecuted at the time trading is halted, suspended or paused on the Exchange shall be cancelled and the Exchange shall not accept any new orders for the affected security or securities for the duration of the halt, suspension or pause.

(c) The provisions of Rule 123D(4) - Equities shall not apply to the trading of UTP Securities.

### **Rule 516 - Equities. Reporting and Recordkeeping**

(a) (1) Members and member organizations that conduct transactions involving UTP Securities on the Exchange shall comply with all applicable Equities Rules related to the reporting and recordkeeping of such transactions, including Rules 123- and 132B- Equities.

(2) Members and member organizations that are also FINRA members subject to the requirements of FINRA's Rule 7400 Series are exempt from Rules 123- and 132B- Equities.

(b) Notwithstanding paragraph (a)(2) of this Rule, a Floor broker that receives an order in a UTP Security from another member via Exchange systems shall comply with Rules 123 - Equities whether or not the Floor broker is also a FINRA member subject to FINRA's Rule 7400 Series.

**Rule 517 - Equities. Reserved**

Reserved.

**Rule 518 - Equities. Clearance and Settlement**

Members and member organizations that conduct transactions involving UTP Securities on the Exchange shall comply with all applicable Equities Rules related to clearance and settlement of such transactions.

**Rules 519 - 521 Equities. Reserved**

Reserved.

**Rule 522 - Equities. Limitation of Liability**

Neither the Exchange nor any of its affiliates:

(a) shall be liable for any loss, damage, claim or expense arising from or caused by any inaccuracy, error or delay in, or omission of or from, (1) any information concerning a UTP Security, including, but not limited to, the intraday indicative value, the value of the underlying index, portfolio or instrument, net asset value, disclosed portfolio, or similar value, or any other information related to the creation, purchase, redemption or trading of UTP Securities (collectively "UTP Security Information"), or (2) the collection, calculation, compilation, maintenance, reporting or dissemination of any UTP Security Information, resulting either from any negligent act or omission by the Exchange or any of its affiliates or from any act, condition or cause beyond the reasonable control of the Exchange or any of its affiliates, including but not limited to, flood, extraordinary weather conditions, earthquake or other act of God, fire, war, insurrection, riot, labor dispute, accident, action of government, communications or power failure, or equipment or software malfunction, except as provided in Rules 17- and 18- Equities, or;

(b) makes any express or implied warranties with respect to (1) any UTP Security, (2) any UTP Security Information, or (3) the underlying index, portfolio or instrument that is the basis for determining the component securities of an ETP.

**Rules 523- to 525- Equities. Reserved**

Reserved.

**Rules 526- to 599- Equities. Reserved**

Reserved.

**Rule 600 - Equities. Arbitration**

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

(a) Duty to Arbitrate. (i) Any dispute, claim or controversy between or among member organizations and/or associated persons shall be arbitrated pursuant to the FINRA Codes of Arbitration Procedure; and, (ii) any dispute, claim or controversy between a customer or non-member and a member organization and/or associated person arising in connection with the business of such member organization and/or in connection with the activities of an associated person, shall be arbitrated pursuant to FINRA Codes of Arbitration Procedure as provided by any duly executed and enforceable written agreement, or upon the demand of the customer or non-member. Such obligation to arbitrate shall extend only to those matters that are permitted to be arbitrated under FINRA Codes of Arbitration Procedure.

(b) Referrals. The Exchange may receive, investigate and take disciplinary action with respect to any referral it receives from a FINRA arbitrator of any matter which comes to the attention of such arbitrator during and in connection with the arbitrator's participation in a proceeding, either from the record of the proceeding or from material or communications related to the proceeding, that the arbitrator has reason to believe may constitute a violation of the Exchange's Rules or the federal securities laws.

(c) Failure to Arbitrate or to Pay an Arbitration Award. Any member organization or associated person who fails to submit to arbitration a matter required to be arbitrated pursuant to this Rule, or that fails to honor an arbitration award made pursuant to the FINRA Codes of Arbitration Procedure, or made under the auspices of any other self-regulatory organization, shall be subject to disciplinary proceedings in accordance with Rule 476, or the Rule 8000 and 9000 Series, as applicable.

(d) Other Actions. The submission of any matter to arbitration as provided for under this Rule shall in no way limit or preclude any right, action or determination by the Exchange that it would otherwise be authorized to adopt, administer or enforce.

**Rules 601 - Equities - 899 - Equities**

Reserved.

**Off-Hours Trading Facility Rules (Rules 900 - Equities—907 - Equities)**

*Rules 900 - Equities - Rule 907 - Equities will not be applicable to trading on the Pillar trading platform*

## **Rule 900 - Equities. Off-Hours Trading: Applicability and Definitions**

### **Applicability of 900 - Equities Series**

(a) The Rules in this 900 - Equities series (Rules 900 - Equities through 906) shall apply to (i) all Exchange contracts made on the Exchange through its "Off-Hours Trading Facility" (as this Rule defines that term) and (ii) the handling of orders, and the conduct of accounts and other matters, relating to trading through that facility.

### **Applicability of Other Exchange Rules**

(b) As modified by this Rule 900 - Equities, all other Exchange Rules shall also so apply, except that the following shall *not* so apply:

(i) all provisions pertaining to Regulation NMS in the incorporated Rules; and

(ii) Rule 45 - Equities (Application of Rules) through Rule 128B - Equities (Publications of Changes, Corrections, Cancellations or Omissions and Verification of Transactions), except that the following *shall* apply:

### **Dealings upon the Exchange**

51 - Equities	(Hours for Business)
52 - Equities	(Dealings on the Exchange—Hours)
55 - Equities	(Unit of Trading—Stocks and Bonds)
56 - Equities	(Unit of Trading—Rights)

### **Auction Market—Bids and Offers**

63 - Equities	("When Issued"—"When Distributed")
78 - Equities	(Sell and Buy Orders Coupled at Same Price)

### **Members Dealing for Their Own Accounts**

93 - Equities	(Trading for Joint Account) (paragraphs (a) and (c) only)
94 - Equities	(Designated Market Makers' or Odd-Lot Dealers' Interest in Joint Accounts)
98 - Equities	(Operation of a DMM Unit)
98A - Equities	(Restrictions on Persons or Parties Affiliated with a DMM Unit) (except for the second sentence of that Rule's first paragraph)

### **DMMs, Odd-Lot Brokers, and Registered Traders**

104 - Equities	(Dealings and Responsibilities of DMMs)
104T - Equities	(Dealings by DMMs) (paragraph (a) of Supplementary Material .13 only)
104A - Equities	(DMMs—General) (Supplementary Material .50 only)
105 - Equities	(DMMs' Interest in Pools) as provided in paragraph (d)(v) of this Rule
118 - Equities	(Orders To Be Reduced and Increased on Ex-Date) as provided in paragraph (d)(v) of this Rule
121 - Equities	(Records of DMM Units)
128B - Equities	(Publications of Changes, Corrections, Cancellations or Omissions and Verification of Transactions)

### **Modification of Incorporated Rules**

(c) For the purpose of incorporating Exchange Rules into this 900 - Equities-series pursuant to paragraph (b) of this Rule.

(i) references in the incorporated Rules to "on the Exchange" shall include the "Off-Hours Trading Facility"; and

(ii) references to "on the Floor" shall exclude "the Off-Hours Trading Facility" except that, in Supplementary Material .50 of Rule 104A - Equities, the reference to "on the Floor" shall refer to "through the Off-Hours Trading Facility."

### **Interaction among Off-Hours Trading Rules and Floor Rules**

(d)(i) For the purpose of applying Supplementary Material .40 of Rule 36 - Equities (Communications between Exchange and Members' Offices) to Off-Hours Trading, the limit of time within which a member or member organization executing a transaction through the Off-Hours Trading Facility must report to the member or organization carrying the customer's account shall be 15 minutes after the close of the facility on the date of the transaction.

(ii) Reserved.

(iii) The limitations on the security (or, in the case of a DMM, specialty security) transactions of a DMM contained in Rule 104 - Equities shall not apply to transactions effected through the Off-Hours Trading Facility. However, the member shall include in any calculation of his aggregate position in a security any position in the security that the member acquires through the Off-Hours Trading Facility.



(iv) For the purpose of applying Rule 118 - Equities to Off-Hours Trading, securities will not become quoted ex-dividend, ex-distribution, ex-rights or ex-interest on any day until after the close of Off-Hours Trading.

### **Definitions**

(e) As used in this 900 - Equities series of Rules and other Rules in their application to Off-Hours Trading, the following terms shall have the meanings specified below:

(i) The term "aggregate-price order" means an order to buy or sell a group of securities, which group includes no fewer than 15 Exchange-listed or traded securities having a total market value of \$1 million or more.

(ii) The term "closing price" means the price established by the last "regular way" sale in a security prior to the official closing of the 9:30 a.m. to 4:00 p.m. trading session, as determined by the Exchange.

(iii) The term "closing-price order" means an order to buy or sell a security at its closing price.

(iv) The term "guaranteed price coupled order" means an order to buy for a minimum of 10,000 shares coupled with an order to sell the same quantity of the same security. One side of the guaranteed price coupled order must be for the account of a member organization and the other side must be for the account of one of its customers. Such orders must be entered and priced in accordance with Rule 907 - Equities.

(v) The term "Off-Hours Trading Facility" means the Exchange facility that permits members and member organizations to effect securities transactions on the Exchange pursuant to this 900 - Equities series of Rules. The term "Off-Hours Trading" refers to trading through that facility.

### **Rule 901 - Equities. Securities to Be Traded**

Only such equity securities as the Exchange may specify shall be dealt in through the Off-Hours Trading Facility. Any such security must be listed, or otherwise admitted to dealing, on the Exchange.

### **Rule 902 - Equities. Off-Hours Trading Orders**

#### **Entry of Orders**

(a)(i) Reserved.

#### **Closing-Price Coupled Orders**

(ii)(A) Reserved.

(B) A member or member organization may enter a closing-price order to buy (sell) a security for the account of the DMM registered in such security coupled with a closing price order to sell (buy) for the account of any member or member organization which has agreed to offset all or part of any market-on-close imbalance that existed in the stock prior to the official closing of the 9:30 a.m. to 4:00 p.m. trading session.

(C) A member or member organization may enter a closing price order to buy (sell) a security for the account of the specialist registered in such security coupled with a closing price order to sell (buy) for the account of any member or member organization where such member or member organization is acting to offset a transaction made in error. Both parties to the closing price transaction must maintain a specific written record that the purpose of the coupled order was to close out an error.

### **Aggregate-Price Coupled Orders**

(iii) A member or member organization may only enter into the Off-Hours Trading Facility an aggregate-price order to buy (sell) that is coupled with an aggregate-price order to sell (buy) the same quantities of the same securities.

(b) Reserved.

### **Delivery Terms**

(c) Transactions effected through the Off-Hours Trading Facility pursuant to aggregate-price coupled orders may be for delivery at such time as the parties entering the orders may agree. All other transactions effected through the Off-Hours Trading Facility shall be for delivery "regular way" (as Rule 64 - Equities (Bonds, Rights and 100-Share-Unit Securities) refers to that term).

(d) Reserved.

(e) Reserved.

### **Marking of Sell Orders**

(f) Members and member organizations shall mark all sell orders as "long" as appropriate.

### **Odd-Lots and Partial Round Lots**

(g) A member or member organization may only enter an odd lot or partial round lot order into the Off-Hours Trading Facility if the order is an aggregate-price order entered on a coupled basis pursuant to clause (a)(iii) of this Rule.

••• *Supplementary Material:*

.10 Only the orders described in this Rule are eligible for Off-Hours Trading

### **Rule 903 - Equities. Off-Hours Transactions**

(a) Reserved.

#### **Priority of Coupled Orders**

(b) Each side of an aggregate-price order entered on a coupled basis pursuant to paragraph (a)(iii) of Rule 902 - Equities shall be executed against the other side without regard to the priority of other orders entered into the Off-Hours Trading Facility.

#### **Binding Nature**

(c) A transaction described in paragraph (b) of this Rule is an Exchange contract that is binding in all respects and without limit on any member or member organization that enters any of the transaction's component orders. The member or member organization shall be fully responsible for the Exchange contract.

#### **Executions of Orders**

(d)(i) Coupled aggregate-price orders shall be executed upon entry.

(ii) A closing price order to buy (sell) a security for the account of the DMM registered in such security and approved by a Floor Official, coupled with a closing price order to sell (buy) for the account of any member, member organization or non-member which has agreed to offset all or part of any market-on-close imbalance that existed in the stock prior to the official closing of the 9:30 a.m. to 4:00 p.m. trading session, shall be executed upon entry.

### **Rule 904 - Equities. Reserved**

Reserved.

### **Rule 905 - Equities. Off-Hours Trading Reports and Recordkeeping**

#### **Off-Hours Trading Reports**

(a) Each member and member organization shall report to the Exchange such information, in such manner, and at such times, as the Exchange may from time to time prescribe in respect of Off-Hours Trading, including, but not limited to, reports relating to Off-Hours Trading orders, proprietary or agency activity and activity in related instruments.

#### **Off-Hours Trading Records**

(b) Each member and member organization shall maintain and preserve such records, in such manner, and for such period of time, as the Exchange may from time to time prescribe in respect of Off-Hours Trading, including, but not limited to, records relating to orders, cancellations, executions and trading volume, proprietary trading activity, activity in related instruments and securities and other records necessary to allow the member or member organization to comply with the reporting provisions of paragraph (a) of this Rule.

### **Rule 906 - Equities. Impact of Trading Halts on Off-Hours Trading**

(a) Reserved.

### **Corporate Developments during Off-Hours Trading Session**

(b) A closing price order to buy (sell) a security for the account of the DMM registered in such security and approved by a Floor Official, coupled with a closing price order to sell (buy) for the account of any member, member organization or non-member which has agreed to offset all or part of any market-on-close imbalance that existed in the stock prior to the official closing of the 9:30 a.m. to 4:00 p.m. trading session, shall not be canceled or precluded from entry as a result of corporate developments during the Off-Hours Trading Session.

#### **••• *Supplementary Material:***

.10 Notwithstanding a trading halt in any security (other than a trading halt pursuant to Rule 80B - Equities (Trading Halts Due to Extraordinary Market Volatility)) or a corporate development, members and member organizations may enter aggregate-price orders into the Off-Hours Trading Facility pursuant to paragraph (a)(iii) of Rule 902 - Equities.

### **Rule 907 - Equities. Guaranteed Price Coupled Orders**

(a) A member organization may enter into the Off-Hours Trading Facility a guaranteed price coupled order or an order to be executed at the volume weighted average price ("VWAP"), subject to the following:

(i) the member organization has accepted from its customer prior to the close of trading of the Exchange's 9:30 a.m. to 4:00 p.m. trading session an order of any size, and has guaranteed its customer a specific price with respect to the entire order or the VWAP;

(ii) the member organization has recorded, along with all required details of the order, the guaranteed price or that the customer has elected the order be executed at the VWAP and has documented the basis upon which the VWAP is to be calculated;

(iii) the guaranteed price coupled order or an order to be executed at the VWAP is for that portion of the customer's order that could not be executed prior to 4:00 p.m.; in the

case of either type or order, the entire order would also be eligible for execution at the close of trading if there is no execution prior to 4:00 p.m.;

(iv) the guaranteed price coupled order or VWAP order is priced at a price that ensures that the entire order is executed at a price that is no worse than the guaranteed price or VWAP;

(v) the member organization designates the guaranteed price coupled order as Crossing Session III and the VWAP order as Crossing Session IV.

(b) A guaranteed price coupled order or VWAP order may be entered at any time following the close of the 9:30 a.m. to 4:00 p.m. trading session on the Exchange until the close of the Consolidated Tape.

(c) A guaranteed price coupled order may be priced at a price that is outside the range of prices for the subject security during the 9:30 a.m. to 4:00 p.m. trading session.

(d) A guaranteed price coupled order or VWAP order shall be immediately executed upon entry into the Off-Hours Trading Facility.

(e) Upon the close of the Consolidated Tape, the Exchange shall print each trade reported through the Off-Hours Trading Facility as guaranteed price coupled orders or VWAP orders. Guaranteed price coupled orders shall be designated as Crossing Session III. VWAP orders shall be designated as Crossing Session IV.

(f) Member organizations shall not enter a guaranteed price coupled order or VWAP order pursuant to paragraph (a) of this Rule if the order is for a security that was subject to a trading halt at the time the Exchange's 9:30 a.m. to 4:00 p.m. trading session ended.

### **Rules 908 - Equities - 999 - Equities**

Reserved.

### **Automatic Executions (Rules 1000 - Equities—1004 - Equities)**

#### **Rule 1000 - Equities. Automatic Executions**

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

#### **Maximum Order Size for Automatic Executions**

Market and limit orders of such size as the Exchange may specify from time to time are eligible to initiate or participate in automatic executions. Orders up to 1,000,000 shares are eligible for automatic execution. Incoming orders of more than 1,000,000 shares that are marketable on arrival will be rejected. Upon advance notice to market participants,

the Exchange may increase the order size eligible for automatic executions up to 5,000,000 shares on a security-by-security basis.

#### Maximum Systems Order Size Accepted by Exchange Systems

Exchange systems shall accept a maximum order size of up to 25,000,000 shares, except Floor broker systems shall accept a maximum order size of up to 99,000,000 shares.

(a) An automatically executing order shall receive an immediate, automatic execution against orders reflected in the Exchange published quotation, orders on the Exchange book, including Floor broker agency file interest ("e-Quotes"), Floor broker proprietary file interest ("G-quotes"), DMM interest, and interest placed in the Exchange's systems by DMMs pursuant to a Capital Commitment Schedule in accordance with, and to the extent provided by Exchange rules, including Rules 13 - Equities, 60 - Equities, 70 - Equities, 72 - Equities, and 104 - Equities, and shall be immediately reported as Exchange transactions, unless:

(i) trading in the subject security has been halted; or

(ii) a block-size transaction as defined in Rule 127.10 - Equities that involves orders in the Exchange book is being reported manually; Automatic executions will resume when manual reporting is concluded.

(b) Automatic executions will resume in the same way autoquoting will resume, as provided in Rules 60(d)(ii) - Equities.

(c) Trading Collar. An incoming Market Order to buy (sell) will not execute or route to another market center at a price above (below) the Trading Collar. An unexecuted Market Order will be subject to a Trading Collar upon each evaluation to trade or route such order.

(i) Calculation of the Trading Collar. The Trading Collar shall be a specified percentage above the National Best Offer ("NBO") for buy orders and below the National Best Bid ("NBB") for sell orders. If the NBB or the NBO is greater than \$0.00 up to and including \$25.00, the specified percentage shall be 10%. If the NBB or NBO is greater than \$25.00 up to and including \$50.00, the specified percentage shall be 5%. If the NBB or NBO is greater than \$50.00, the specified percentage shall be 3%. If the NBB or NBO is crossed, the Exchange shall use the Exchange Best Offer ("BO") instead of the NBO for buy orders and the Exchange Best Bid ("BB") instead of the NBB for sell orders. If there is no NBB or BB, the lower boundary of the Trading Collar is zero. If there is no NBO or BO, the upper boundary of the Trading Collar is set to the maximum price that the System could handle. Trading Collars for both buy and sell orders that are not in the minimum price variation ("MPV") for the security, as defined in Supplemental Material .10 to Rule 62 - Equities, will be rounded down to the nearest price at the applicable MPV.

(ii) Trading Collars are applicable only when automatic executions are in effect. An incoming market order to buy (sell) shall execute and/or route up (down) to (and including) the Trading Collar and any remaining interest shall be cancelled, including if the Trading Collar equals a Price Band, as defined in Rule 80C - Equities. Unless it is a non-routable order to buy (sell), the buy (sell) order would route to all markets at or below (above) the Trading Collar. If there is no execution opportunity at the Exchange at a price above (below) the NBO (NBB) and at or below (above) the Trading Collar, a buy (sell) order, or remainder of partially executed order, that is priced at or above (below) the Trading Collar would not route and shall be cancelled.

(iii) During a Short Sale Price Test, if the NBBO is crossed, short sale orders that would be re-priced to a Trading Collar shall be cancelled.

(d) Capital Commitment Schedule

(i) For each security in which it is registered, a DMM unit may place within Exchange systems a pool of liquidity to be available to fill or partially fill incoming orders in automatic executions and to be known as a "Capital Commitment Schedule" ("CCS") pursuant to the provisions of subparagraph (e) and (g) below. The CCS is the DMM unit's commitment to trade a specified number of shares at specified price points in reaction to incoming contra side interest that is equal to or greater than one round lot, received through Exchange systems. CCS interest shall be used to trade at the Exchange BBO, at prices better than the Exchange BBO and at prices outside the Exchange BBO. CCS interest shall supplement displayed and non-displayed interest of the DMM on the Exchange book.

(ii) CCS interest must be for a minimum of one round lot of a security and be entered at price points that are at, inside or away from the Exchange BBO.

(e) Executions at and Outside the Exchange Best Bid or Offer

(i) Automatically executing orders to buy shall trade with the Exchange published best offer. Automatically executing orders to sell shall trade with the Exchange published best bid. All displayed interest at the Exchange BBO shall be allocated in accordance with Rule 72 - Equities.

(ii) Where the volume associated with the Exchange published best bid (offer) is insufficient to fill an automatically executing order in its entirety, other than Regulation NMS-compliant Immediate or Cancel Order or Do Not Ship Order, the unfilled balance of such order (the "residual") shall trade with available contra-side interest in the following order:

(A) reserve interest at the Exchange published best bid (offer);

(B) DMM unit CCS interest at the Exchange published best bid (offer) if such CCS

interest will fill the balance of such order at the best bid (offer). Any CCS interest eligible to participate in the execution at the Exchange BBO shall yield to all other interest at that price; or

(C) if a residual remains, it shall then "sweep" the Exchange book as set forth in (iii) below, until it is executed in full, its limit price, if any, is reached, a Trading Collar or Price Band is reached, or in the case of a Reg. NMS-compliant IOC order or Do Not Ship order, as described in Rule 13 - Equities, trading at a particular price on the Exchange would require cancellation because the order cannot be routed to another market center, whichever occurs first.

(iii) Automatic Execution of Orders in Executions Outside the Exchange BBO ("Sweeps")

(A) During a sweep (i.e., a trade that takes place at prices outside the Exchange BBO), the residual shall trade with the orders in the Exchange book and any broker agency interest files ("e-Quotes"), broker proprietary interest files ("G-Quotes") and/or DMM interest files capable of execution in accordance with Exchange rules, at each successive price lower than the displayed bid (in the case of a sweeping sell order) or higher than the displayed offer (in the case of a sweeping buy order) unless the interest reaches a Trading Collar or Price Band, whichever is reached first.

- (1) If the contra side order is not executed in full at the Exchange BBO, Exchange systems will then calculate the unfilled volume of the contra side order and review the additional displayed and non-displayed interest available in the Exchange book including the CCS interest submitted by the DMM unit and any protected bids or offers on markets other than the Exchange ("away interest") to determine the price at which the remaining volume of the contra side order can be executed in full. This is the "completion price".
- (2) Exchange systems will then identify the next price that is one minimum price variation ("MPV") (as that term is defined in Rule 62 - Equities) or more inside the completion price (i.e., for an incoming contra side order to buy, one MPV lower, and for an incoming contra side order to sell, one MPV higher) at which the maximum volume of CCS interest exists to trade with the residual volume of the contra side order. This is the "better price" for CCS interest. The residual amount of the contra side order will be executed at the better price against the displayed, non-displayed and CCS interest, with CCS interest yielding to any other interest in Exchange systems at the better price.
- (3) Any remaining volume of the contra side order that is unfilled following the trade with the CCS interest will trade against displayable and non-displayable interest pursuant to Rule 72 - Equities governing parity, but not CCS interest, at the price point at which the contra side order will be completed.
- (4) During a sweep transaction, if Exchange systems review the displayed and non-



displayed interest available in the Exchange book(including the CCS interest submitted by the DMM unit) and any protected bids or offers on markets other than the Exchange ("away interest") and determine that the order cannot be executed in full because: there is insufficient volume up to the order's limit price, if any, then Exchange systems may partially fill the order utilizing CCS interest when the DMM has designated such CCS interest for partial execution.

CCS interest shall be accessed by Exchange systems to partially fill Incoming Regulation NMS-compliant Immediate or Cancel Orders, Exchange Immediate or Cancel Orders and any order whose partial execution will result in a remaining unfilled quantity of less than one round lot even if such CCS interest is not designated for partial execution.

CCS interest utilized in the partial execution of an order will execute against the remaining shares of the incoming order at the order's limit price, if any.

(5) CCS interest may only participate once in the execution of a contra side order during a sweep.

(B) Where a bid or offer protected from a trade-through by Securities and Exchange Commission rule is better than an execution price during a sweep, the portion of the sweeping residual that satisfies the size of such better priced protected bid or offer ("away interest") will be automatically routed as an order to the market center publishing such better protected bid or offer except with respect to Regulation NMS compliant IOC orders or Do Not Ship orders, as described in Rule 13 - Equities. Such commitments to trade to satisfy away interest will be transmitted only after CCS interest has participated in an execution on the Exchange pursuant to the procedures contained in section (d)(iii) of this Rule.

(C) During a sweep, sell short orders, must comply with the conditions outlined in the Exchange Rule 440B.

(iv) Any residual of an auto ex limit order remaining after the sweep described in (d)(ii) above shall be displayed as a limit order in the Exchange book and will be bid (offered) at the order's limit price, if any.

(A) Exceptions:

Residuals will be cancelled in the manner described in Rule 13 for the following order types:

- (i) Regulation NMS-compliant Immediate or Cancel orders;
- (ii) NYSE Immediate or Cancel orders; and
- (iii) Intermarket sweep orders.

Auto ex orders that cannot be immediately executed shall be displayed as limit orders in the auction market.

(f) Price Improvement Offered by CCS Interest

(1) CCS interest may trade inside the Exchange BBO with interest arriving in the Exchange market that:

- (A) Will be eligible to trade at or through the Exchange BBO; or
- (B) Will be eligible to trade at the price of interest in Exchange systems representing non displayable reserve interest of Reserve Orders and Floor broker agency interest files reserve interest ("hidden interest") or MPL Orders; or
- (C) Will be eligible to route to away market interest for execution

if the total volume of CCS interest, plus d-Quote interest in Floor broker agency interest files, plus any interest represented by hidden interest would be sufficient to fully complete the arriving interest at a price inside the Exchange BBO.

(2) In such an instance, the Exchange system will determine the price point inside the Exchange BBO at which the maximum volume of CCS interest will trade, taking into account the volume, if any, available from d-Quotes and hidden interest. The arriving interest will then be executed at that price, with all interest (CCS, d-Quote, hidden interest) trading on parity.

(g) CCS Trades With Non-Marketable Interest

(1) For purposes of this section, the term "non-marketable" means trading interest (i.e. displayable and non-displayable) that is at a price higher than the current Exchange bid (but below the current Exchange offer) or lower than the current Exchange offer (but above the current Exchange bid) including better bids and offers on other market centers.

(2) CCS interest may trade with non-marketable interest where such non-marketable interest will better the Exchange BBO (or will cancel in the case of an arriving IOC order) if the incoming interest may be executed in full by all interest available in the Exchange book including CCS interest and d-quotes. Such trade will take place at the limit price of the arriving non-marketable interest. All interest trading with the incoming interest will trade on parity.

••• *Supplementary Material:*

.10 DMM interest that would be required to route on arrival will be cancelled when there is same side resting displayable buy (sell) interest (that is not a g-Quote or DMM interest to buy (sell)) that is locking or crossing the PBO (PBB). Certain DMM interest that would increase the displayed quantity of similarly-entered resting DMM interest to buy

(sell) will be rejected when the resting DMM interest is locked or crossed by a protected away quote.

**Rule 1001 - Equities. Execution of Automatically Executing Orders**

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

(a) Subject to Rule 1000 - Equities, automatically executing orders shall be executed and immediately reported. The contra side of the execution shall be as follows:

(i) When a bid or offer is established as the first made at a particular price and such bid or offer is the only interest when such price is or becomes the Exchange BBO (the "setting interest"), such setting interest shall be entitled to priority for allocation of executions at that price as described in Rule 72 - Equities;

(ii) all bids or offers shall receive a split of executions in accordance with Rule 72 - Equities;

(iii) the assignment of the number of shares to each contra side bidder and offeror as appropriate, in accordance with Rule 72 - Equities, with respect to each automatic execution shall be done automatically by the Display Book® system;

(b) No published bid or offer shall be entitled to claim precedence based on size with respect to executions against automatically executing orders.

**Rule 1002 - Equities. Availability of Automatic Execution Feature**

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

Automatic executions in a particular security, shall be available after the Exchange has disseminated a published bid or offer in the relevant security, until the close of regular trading on the Exchange in such security Orders that are entered prior to the dissemination of a bid or offer in the relevant security shall be handled as non-auto-ex market or limit orders except that a Regulation NMS-compliant Immediate or Cancel Order will be cancelled.

**Rule 1004 - Equities. Election of Buy Minus and Sell Plus**

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

Automatic executions of transactions reported to the Consolidated Tape shall elect Buy Minus Zero Plus orders electable at the price of such executions. Any Buy Minus Zero Plus orders so elected shall be automatically executed as Market Orders pursuant to Exchange rules.]

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