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NYSE American Rules

Trading of Option Contracts

Section 900NY. Rules Principally Applicable to Trading of Option Contracts

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

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Rule 900.2NY. Definitions

Whenever and wherever used herein, unless the context requires otherwise, the following terms shall be deemed to have the meanings indicated:

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Authorized Trader.

The term “Authorized Trader” or “AT” shall mean a person who may submit orders to the Exchange on behalf of his or her ATP Holder or Sponsored Participant.

Away Market.

The term “Away Market” means any Trading Center (1) with which the Exchange maintains an electronic linkage, and (2) that provides instantaneous responses to orders routed from the Exchange.

Away Market BBO or ABBO.

The term “Away Market BBO” or “ABBO” refers to the best bid(s) or offer(s) disseminated by Away Markets and calculated by the Exchange based on market information the Exchange receives from OPRA. Unless otherwise specified, the Exchange may adjust its calculation of the ABBO based on information about orders it sends to Away Markets, execution reports received from those Away Markets, and certain orders received by the Exchange. The term “ABB” means the best Away Market bid and the term “ABO” means the best Away Market offer.

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Consolidated Book or Book.

The term “Consolidated Book” or “Book” means the Exchange’s electronic book of orders and quotes. All orders and quotes that are entered into the Book will be ranked and maintained in accordance with the rules of priority as provided in Rule 964NY, or Rule 964NYP, as applicable.

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Customer and Professional Customer.

The term "Customer" means an individual or organization that is not a Broker/Dealer; when not capitalized, "customer" refers to any individual or organization whose order is being represented, including a Broker/Dealer.

The term “Professional Customer” means an individual or organization that (i) is not a Broker/Dealer in securities, and (ii) places more than 390 orders in listed options per day on average during a calendar month for its own beneficial account(s). A Professional Customer will be treated in the same manner as a Broker/Dealer (or non-Customer) in securities for the purposes of Rules 900.3NY(j)(Facilitation Order), 904G(f) (FLEX Trading Procedures and Principles - Crossing Limitations), 934NY(Crossing), 934.1NY (Facilitation Cross Transactions), 934.2NY(At-Risk Cross Transactions), 934.3NY(Solicitation), 963NY(Priority and Order Allocation Procedures - Open Outcry), 964NY (Display, Priority and Order Allocation - Trading Systems), 964NYP (Order Ranking, Display, and Allocation), 964NYP(h)(2)(A) and (B) (Specialist Pool Guaranteed Participation), 964.2NY(b)(1)(iii)(Participation Entitlement of Specialists and e-Specialists), 964.2NY(b)(3)(B)(Allocation Of Participation Entitlement Amongst Specialist Pool), 971.1NY (Single-Leg Electronic Cross Transactions), 971.2NY (Complex Electronic Cross Transactions), 975NY(b)(1) (Obvious Errors and Catastrophic Errors), [and] Rule 980NY(b) (Electronic Complex Order Trading), and 980NYP (Electronic Complex Order Trading).

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Directed Order Market Maker or DOMM.

The term “Directed Order Market Maker” or “DOMM” means a Market Maker that receives a Directed Order.

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Market Maker.

The term “Market Maker” shall refer to an ATP Holder that acts as a Market Maker pursuant to Rule 920NY.

Market Participant Identifier or MPID.

The term “Market Participant Identifier” or “MPID” refers to the identifier assigned to the orders and quotes of a single ATP Holder for the execution and clearing of trades on the Exchange by that permit holder. An ATP Holder may obtain multiple MPIDs and each such MPID may be associated with one or more sub-identifiers of that MPID.

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NBBO.

The term “NBBO” means the national best bid or offer. The terms “NBB” mean the national best bid and “NBO” means the national best offer.

Unless otherwise specified, the Exchange may adjust its calculation of the NBBO based on information about orders it sends to Away Markets, execution reports received from those Away Markets, and certain orders received by the Exchange.

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Rule 964NY. Display, Priority and Order Allocation - Trading Systems

This Rule is not applicable to trading on Pillar.

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Rule 964NYP. Order Ranking, Display, and Allocation

(a) Definitions for purposes of this Chapter (Trading of Option Contracts):

- (1) “Display price” means the price at which an order or quote ranked Priority 2 - Display Orders or Market Order is displayed, which may be different from the limit price or working price of the order.
- (2) “Limit price” means the highest (lowest) specified price at which a Limit Order or quote to buy (sell) is eligible to trade.
- (3) “Working price” means the price at which an order or quote is eligible to trade at any given time, which may be different from the limit price or display price of the order.
- (4) “Working time” means the effective time sequence assigned to an order or quote for purposes of determining its priority ranking.
- (5) “Aggressing Order” or “Aggressing Quote” means a buy (sell) order or quote that is or

becomes marketable against sell (buy) interest on the Consolidated Book. A resting order or quote may become an Aggressing Order or Aggressing Quote if its working price changes, the NBBO is updated, there are changes to other orders or quotes on the Consolidated Book, or when processing inbound messages.

(b) Display. The Exchange displays all non-marketable Limit Orders and quotes ranked Priority 2 - Display Orders, unless the order or modifier instruction specifies that all or a portion of the order is not to be displayed.

(1) The Exchange will disseminate current consolidated quotations/last sale information, and such other market information as may be made available from time to time pursuant to agreement between the Exchange and other Trading Centers, consistent with the Plan for Reporting of Consolidated Options Last Sale Reports and Quotation Information.

(2) If an Away Market locks or crosses the Exchange BBO, the Exchange will not change the display price of any Limit Orders or quotes ranked Priority 2 - Display Orders and any such orders will be eligible to be displayed as the Exchange's BBO.

(c) Ranking. All non-marketable orders and quotes are ranked and maintained in the Consolidated Book according to price-time priority in the following manner: (1) price; (2) priority category; (3) time; and (4) ranking restrictions applicable to an order/quote or modifier condition.

(d) Price. All orders and quotes are ranked based on the working price of an order or quote. Orders and quotes to buy are ranked from highest working price to lowest working price. Orders and quotes to sell are ranked from lowest working price to highest working price. If the working price of an order or quote changes, the price priority of the order or quote changes.

(e) Priority Categories. At each price, all orders and quotes are assigned a priority category, and, within each priority category, Customer orders are ranked ahead of non-Customer. If, at a price, there are no remaining orders or quotes in a priority category, then same-priced interest in the next priority category has priority.

(1) Priority 1 - Market Orders. Unexecuted Market Orders have priority over all other same-side orders with the same working price.

(2) Priority 2 - Display Orders. Non-marketable Limit Orders or quotes with a displayed working price have second priority.

(3) Priority 3 - Non-Display Orders. Non-marketable Limit Orders or quotes for which the working price is not displayed, including reserve interest of Reserve Orders, have third priority.

(f) Time. At each price level within each priority category, orders and quotes are ranked based on time priority.

(1) An order or quote is assigned a working time when it is first added to the Consolidated Book based on the time such order or quote is received by the Exchange.

(A) An order that is fully routed to an Away Market on arrival per paragraph (k)(1) of this Rule, is not assigned a working time unless and until any unexecuted portion of the order returns to the Consolidated Book.

(B) For an order that, on arrival, is partially routed to an Away Market, the portion that is not routed is assigned a working time. If any unexecuted portion of the order returns to the Consolidated Book and joins any remaining resting portion of the original order, the returned portion of the order is assigned the same working time as the resting portion of the order. If the resting portion of the original order has already executed and any unexecuted portion of the order returns to the Consolidated Book, the returned portion of the order is assigned a new working time.

(2) An order or quote is assigned a new working time if:

(A) the display price of an order or quote changes, even if the working price does not change; or

(B) the working price of an order or quote changes, unless the working price is adjusted to be the same as the display price of an order or quote.

(3) An order or quote is assigned a new working time if the size of an order or quote increases. An order or quote retains its working time if the size of the order or quote is decreased.

(g) Ranking Restrictions. The Exchange will apply ranking restrictions applicable to specific order, quote, or modifier instructions as provided for in Rule 900.3NYP.

(h) Allocation of Resting Interest: Participation Entitlements and Pro Rata Pool.

(1) Directed Order Market Maker (or DOMM) Guaranteed Participation. When the execution price is the NBBO, a DOMM may be entitled to guaranteed participation for its quote(s) to be matched against the balance of a Directed Order (“DOMM Guarantee”). Unless otherwise determined by the Exchange and announced by Trader Update, the DOMM Guarantee will be 40% of the balance of the Directed Order. If a DOMM does not qualify to receive the DOMM Guarantee, the bids and offers of that DOMM will be included in the “Size Pro Rata Pool” as described in Rule 964NYP(h)(3). In the absence of a DOMM Guarantee, the Specialist Pool (which takes priority behind the DOMM) may be entitled to a guaranteed allocation per paragraph (h)(2) below.

(A) A DOMM will be allocated a number of contracts equal to the greater of the DOMM Guarantee or their “size pro rata” allocation as provided in this Rule 964NYP(i), but in either case, no greater than the DOMM’s disseminated size.

(i) If the result of applying the DOMM Guarantee is a fractional allocation of contracts, the DOMM Guarantee is rounded down to the nearest contract. If the result of applying the DOMM Guarantee results in less than one contract, the DOMM Guarantee will be equal to one contract.

(ii) If a DOMM has more than one eligible quote, each quote will receive a pro rata share of the DOMM Guarantee.

(B) For all Directed Orders of five (5) contracts or fewer, if the DOMM is the Primary Specialist (as determined per Rule 964.2NYP(b)) such DOMM will be allocated the balance of the Directed Order after any allocation to Customers, not to exceed the DOMM's disseminated size or, if the DOMM has more than one eligible quote, each quote will receive a pro rata share.

(2) Specialist Pool Guaranteed Participation. When the execution price is the NBBO, participants in the Specialist Pool may be entitled to guaranteed participation of their quote(s) to be matched against the balance of an Aggressing Order or Aggressing Quote (the "Specialist Pool Guarantee"). Unless otherwise determined by the Exchange and announced by Trader Update, the Specialist Pool Guarantee will be 40% of the balance of the Aggressing Order or Aggressing Quote. The Specialist Pool will not receive a guaranteed allocation if a DOMM has received a guaranteed allocation. If a DOMM has received a guaranteed allocation, the bids and offers of the Specialist Pool will be included in the "Size Pro Rata Pool" as described in Rule 964NYP(h)(3).

(A) The Specialist Pool will be allocated a number of contracts equal to the greater of the Specialist Pool Guarantee or their "size pro rata" allocation as provided in this Rule 964NYP(i), but in either case, no greater than the Specialist Pool's disseminated size.

(i) If the result of applying the Specialist Pool Guarantee is a fractional allocation of contracts, the Specialist Pool Guarantee is rounded down to the nearest contract. If the result of applying the Specialist Pool Guarantee results in less than one contract, the Specialist Pool Guarantee will be equal to one contract.

(ii) The "size pro rata" participation for the Primary Specialist (as determined per 964.2NYP(b)) in the Specialist Pool will receive additional weighting, as determined by the Exchange, and announced by Trader Update (the "Additional Weighting").

(iii) Each Specialist or e-Specialist in the Specialist Pool will be allocated a number of contracts equal to the greater of their share in the Specialist Pool Guarantee or their "size pro rata" allocation as provided in Rule 964NYP(i), but in either case, no greater than the individual Specialist's disseminated size.

(a) If there is only one Specialist or e-Specialist in Specialist Pool, that Specialist or e-Specialist will be allocated a number of contracts equal to the greater of their share in the Specialist Pool Guarantee (i.e., the entire 40%) or their "size pro rata" allocation as provided in Rule 964NYP(i), no greater than their disseminated size.

(iv) If a Specialist has more than one eligible quote in the Specialist Pool, each such quote will receive a pro rata share of the Specialist Pool Guarantee, no greater than their disseminated size.

(a) If the Primary Specialist has more than one eligible quote, each quote will receive Additional Weighting on its pro rata share of the Specialist Pool Guarantee.

(B) For all Aggressing Orders or Aggressing Quotes of five (5) contracts or fewer, the Primary Specialist (as determined per Rule 964.2NYP(b)) will be allocated the balance of the Aggressing Order or Aggressing Quote after any allocation to Customers, not to exceed the Primary Specialist’s disseminated size, or, if the Primary Specialist has more than one eligible quote, each quote will receive a pro rata share.

(3) Size Pro Rata Pool. If there are multiple orders and quotes of non-Customers (including Professional Customers) that are displayed in the Consolidated Book at the same price, then such orders and quotes will be afforded priority on a “size pro rata” basis and will comprise the “Size Pro Rata Pool”.

(i) Size Pro Rata Allocation. Orders or quotes subject to allocation on a “size pro rata” basis will be allocated based on the following formula:

(1) Size Pro Rata Formula and Example of Application.

$$\frac{\text{(Remaining Size of Order/Quote to be Allocated)}}{\text{(Participants’ Aggregated Order/Quote Size)}} \times \frac{\text{(Participant’s Order /Quote Size)}}{\text{(Participant’s Order /Quote Size)}} = \text{Size Pro Rata Allocation}$$

For example: Assume there are 200 contracts to be allocated among three Market Makers quoting with the following sizes:

<u>MM1</u>	<u>100</u>
<u>MM2</u>	<u>200</u>
<u>MM3</u>	<u>500</u>
<u>Aggregated Quote Size</u>	<u>800</u>

Allocation Result:

MM1 receives $(200/800) \times (100) = 25$ contracts

MM2 receives $(200/800) \times (200) = 50$ contracts

MM3 receives $(200/800) \times (500) = 125$ contracts

(2) The pro rata share allocated to each participant in the Size Pro Rata Pool will be rounded down to the nearest contract, if applicable. If there are residual contracts to be filled after

the size pro rata calculation has been completed, such contracts will be allocated one contract per participant in the following sequence:

(A) The participant in the Size Pro Rata Pool who has the largest remaining size (based on the pro rata calculation) will receive the first contract, and each successive contract (if any) will be allocated to each subsequent participant based on size (largest to smallest).

(i) If there are two or more participants with the same remaining size, then the participant with the first time priority in the Size Pro Rata Pool will be allocated the next contract. Each successive contract (if any) will be allocated in the same manner.

(j) Order Execution. At each price, an Aggressing Order or Aggressing Quote in an option series that is open for trading will be allocated against contra-side orders or quotes in the Consolidated Book as follows.

(1) First, to Customer orders ranked Priority 1 - Market Orders based on time.

(2) Second, to non-Customer orders ranked Priority 1 - Market Orders on a size pro rata basis pursuant to paragraph (i) of this Rule.

(3) Third, to Customer orders ranked Priority 2 - Display Limit Orders based on time.

(4) Fourth, to interest ranked Priority 2 - Display Limit Orders that is eligible for the DOMM Guarantee or the Specialist Pool Guarantee, as applicable, pursuant to paragraph (h) of this Rule, provided that the execution price is the NBBO.

(5) Fifth, to non-Customer orders and quotes in the Pro Rata Pool ranked Priority 2 - Display Limit Orders on a size pro rata basis pursuant to paragraph (i) of this Rule.

(6) Sixth, to Customer orders ranked Priority 3 - Non-Display Orders based on time.

(7) Finally, to non-Customer orders and quotes ranked Priority 3 - Non-Display Orders based on time.

(k) Routing. Unless an order has an instruction not to route, after being matched for execution with any contra-side orders or quotes in the Consolidated Book pursuant to paragraph (j) of this Rule, marketable orders will be routed to Away Market(s). While determining the venue(s) to which the order(s) will be routed, such order(s) may be held non-displayed at the contra-side ABBO and ranked in its respective priority category, per Rule 964NYP(e), behind displayed interest at that price in that priority category.

(1) An order that cannot meet the pricing parameters of paragraph (j) of this Rule may be routed to Away Market(s) before being matched for execution against contra-side orders or quotes in the Consolidated Book.

(2) An order with an instruction not to route will be processed as provided for in Rule

900.3NYP.

(3) Any order or portion thereof that has been routed is not eligible to trade on the Consolidated Book, unless all or a portion of the order returns unexecuted.

(4) Requests to cancel an order that has been routed in whole or in part will not be processed unless and until all or a portion of the order returns unexecuted.

(l) Residual Interest. After trading with eligible contra-side interest on the Consolidated Book and/or returning unexecuted after routing to an Away Market(s), any unexecuted non-marketable portion of an order will be ranked consistent with this Rule.

(m) Orders Executed Manually.

(1) Floor Brokers representing orders in the Trading Crowd must comply with the order execution and priority principles set forth in Rule 963NY, and with the following provisions establishing priority for bids and offers by account type:

(A) Customer orders on the Consolidated Book have first priority. Multiple Customer orders at the same price are ranked based on time priority.

(B) Bids and offers of ATP Holders in the Trading Crowd have second priority. These bids and offers include those made by Market Makers and Floor Brokers (on behalf of orders they are representing).

(C) Bids and offers of broker-dealers or Professional Customers (including Market Maker orders and quotes) on the Consolidated Book have third priority. Multiple bids and offers of broker-dealers will be executed on a size pro rata basis pursuant to Rule 964NYP(i).

Commentary:

.01 The Exchange will evaluate on a quarterly basis what percentage of the volume executed on the Exchange was comprised of orders of five (5) contracts or fewer that was allocated to the Primary Specialist and will reduce the size of the orders included in this provision if such percentage is over 40%.

Rule 964.1NY. Directed Orders

This Rule is not applicable to trading on Pillar.

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Rule 964.1NYP. Directed Orders and DOMM Quoting Obligations

(a) Specialists and Market Makers may receive Directed Orders in their appointed classes in accordance with the provisions of Rule 964NYP(h), (j) and this Rule 964.1NYP.

(b) A DOMM must provide continuous two-sided quotations throughout the trading day in issues for which it receives Directed Orders for 90% of the time the Exchange is open for trading in each issue. Such quotations must meet the legal quote width requirements of Rule 925NY. These obligations will apply collectively to all series in all of the issues for which the DOMM receives Directed Orders, rather than on an issue-by-issue basis. Compliance with this obligation will be determined on a monthly basis.

(1) If a technical failure or limitation of a system of the Exchange prevents a DOMM from maintaining, or prevents a DOMM from communicating to the Exchange, timely and accurate electronic quotes in an issue, the duration of such failure shall not be considered in determining whether the DOMM has satisfied the 90% quoting standard with respect to that option issue. The Exchange may consider other exceptions to this continuous electronic quote obligation based on demonstrated legal or regulatory requirements or other mitigating circumstances.

Rule 964.2NY. Participation Entitlement of Specialists and e-Specialists

This Rule is not applicable to trading on Pillar.

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Rule 964.2NYP. Participation Entitlement of Specialist Pool and Designation of Primary Specialist

(a) The Exchange may establish from time to time a participation entitlement formula that is applicable to all Specialists and e-Specialists, collectively, the Specialist Pool as defined in Rule 900.2NY, pursuant to Rule 964NYP(h)(2).

(b) *Primary Specialist.* The Exchange will, on a quarterly basis, designate, from among all Specialists and e-Specialists in a class, the Primary Specialist in each class. The Primary Specialist will be determined by objective evaluation of the relative quote performance of each Specialist and e-Specialist and would include one or more of the following factors: time and size at the NBBO, average quote width, average quote size, electronic volumes from resting quotes and orders in the Consolidated Book, and the relative share of electronic volume for a given class of options. The Exchange will publish the evaluation criteria, including the relative weighting of each factor, by Trader Update at least 5 business days prior to an evaluation period.

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