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NYSE AMERICAN RULES

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Trading of Option Contracts

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

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Rule 971.1NY. Single-Leg Electronic Cross Transactions

(a) An ATP Holder (“Initiating Participant”) may electronically submit for execution into the Customer Best Execution Auction (“CUBE Auction” or “Auction”) a limit order it represents as agent on behalf of a public customer, broker dealer, or any other entity (“CUBE Order”) provided that the Initiating Participant guarantees the execution of the CUBE Order by submitting a contra-side order (“Contra Order”) representing principal interest or non-Customer interest it has solicited to trade solely with the CUBE Order at a specified price (“stop price”) or by utilizing auto-match or auto-match limit features as described in paragraphs (c)(1)(B) and (c)(1)(C) of this Rule. The stop price and any use of auto-match or auto-match limit are not displayed. An Auction begins with an “initiating price,” which for a CUBE Order to buy (sell) shall be the lower (higher) of the CUBE Order's limit price or the National Best Offer (“NBO”) (National Best Bid (“NBB”)), except as provided for in paragraph (b)(1)(B) of this Rule. At the conclusion of the Auction, the CUBE Order may execute at multiple prices within a permissible range, as specified in paragraph (b)(1) of this Rule.

(b) CUBE Auction Eligibility Requirements. All options traded on the Exchange are eligible for the CUBE Auction. For purposes of determining whether a CUBE Order is eligible to initiate an Auction, references to the National Best Bid or Offer (“NBBO”) or Exchange Best Bid or Offer (“BBO”) refer to the quoted market at the time the Auction is initiated. The time at which the Auction is initiated shall also be considered the time of execution for the CUBE Order and the execution of orders in the Auction shall qualify as exceptions to Trade-Through Liability, pursuant to Rule 991NY(b)(5) and (9). An Initiating Participant may initiate a CUBE Auction provided all of the following are met:

- (1) Range of Permissible Executions. A CUBE Order to buy (sell) may execute at prices equal to or between the initiating price as the upper (lower) bound and the NBB (NBO) as the lower (upper) bound, provided that:

- (A) If the CUBE Order to buy (sell) is for 50 contracts or more and there is Customer interest in the Consolidated Book at the Exchange Best Bid (“BB”) (Exchange Best Offer (“BO”)), the lower (upper) bound of executions shall be the higher (lower) of the BB plus one cent (BO minus one cent) or the NBB (NBO).
 - (B) If the CUBE Order to buy (sell) is for fewer than 50 contracts, the initiating price shall be the lower (higher) of the CUBE Order’s limit price, the NBO (NBB), or the BO minus one cent (BB plus one cent) and the lower (upper) bound of executions shall be the higher (lower) of the NBB (NBO) or the BB plus one cent (BO minus one cent).
 - (C) If the BBO on the same side as the CUBE Order updates during the Auction, the range of permissible executions will adjust in accordance with the updated BBO, unless the incoming same-side interest that would update the BBO would cause the Auction to conclude early pursuant to paragraph (c)(4)(D) of this Rule.
 - (D) If at the time the Auction is initiated, there is a Marketable Order to sell (buy) that has been displayed pursuant to Rule 967NY(a)(4)(A), the displayed price of the collared order minus (plus) one Trading Collar shall be considered the BO (BB) when determining the range of permissible executions.
- (2) CUBE Orders to buy (sell) with a limit price below (above) the lower (upper) bound of executions specified in paragraph (b)(1) of this Rule are not eligible to initiate an Auction and shall be rejected along with the Contra Order.
 - (3) CUBE Orders, once accepted, will never execute outside the range of permissible executions and will never trade through their own limit price. Unrelated quotes and orders that participate in the Auction will never trade through their own limit price.
 - (4) CUBE Orders submitted before the opening of trading are not eligible to initiate an Auction and shall be rejected, along with the Contra Order.
 - (5) CUBE Orders submitted during the final second of the trading session in the affected series are not eligible to initiate an Auction and shall be

rejected, along with the Contra Order.

- (6) CUBE Orders for fewer than 50 contracts will be rejected when:
 - (A) the BBO is \$0.01 wide; or
 - (B) the NBBO is \$0.01 wide, unless the Initiating Participant guarantees the execution of the CUBE Order to buy (sell) at a price that is equal to the NBO minus one cent (NBB plus one cent), utilizing a single stop price, auto-match or auto-match limit as specified in paragraphs (c)(1)(A)-(C) of this Rule.
- (7) CUBE Orders may be entered in \$.01 increments regardless of the MPV of the series involved. Contra Orders may be priced in one cent increments when specifying the stop price or the auto-match limit price (as described in paragraphs (c)(1)(A) and (c)(1)(C) of this Rule).
- (8) The minimum size requirement for a CUBE Order is one contract.
- (9) If the NBBO is locked or crossed when a CUBE Order is submitted, it will be rejected.
- (10) CUBE Orders submitted during a trading halt are not eligible to initiate an Auction and will be rejected, along with the Contra Order.

(c) Auction Process. Only one Auction may be conducted at a time in any given series. Once commenced, the CUBE Order (as well as the Contra Order) may not be cancelled or modified, and shall proceed as follows:

(1) *Initiation of Auction.* To initiate the CUBE Auction, the Initiating Participant must mark the CUBE Order for Auction processing, and specify one of the following means of guaranteeing the execution of the CUBE Order:

(A) A single stop price. For a CUBE Order to buy (sell), an Initiating Participant may specify a single stop price that is equal to or below (above) the initiating price of the Auction. A stop price specified for a CUBE Order to buy (sell) that is below (above) the lower (upper) bound of the range of permissible executions will be repriced to the lower (upper) bound. A stop price specified for a CUBE Order to buy (sell) that is above (below) the initiating price is not eligible to initiate an Auction and both the CUBE Order and the Contra Order shall be rejected; or

(B) Auto-match. For a CUBE Order to buy (sell), the Initiating Participant will automatically match the price and size of all RFR Responses that are lower

(higher) than the initiating price and within the range of permissible executions;
or

(C) Auto-match limit. For a CUBE Order to buy (sell), the Initiating Participant may specify an “auto-match limit price” that is equal to or below (above) the initiating price of the Auction, and the Contra Order may trade with the CUBE Order at prices that are lower (higher) than the initiating price down (up) to the auto-match limit price. An auto-match limit price specified for a CUBE Order to buy (sell) that is below (above) the lower (upper) bound of the range of permissible executions will be repriced to the lower (upper) bound.

(2) CUBE Auction Request for Responses (“RFR”) and Response Time Interval

- (A) Upon receipt of a CUBE Order, the Exchange shall send an RFR to all ATP Holders who subscribe to receive RFR messages. The RFR shall identify the series, the side and size of the CUBE Order, and the initiating price.
- (B) The “Response Time Interval” means the period of time during which responses to the RFR may be entered. The Response Time Interval will last for a random period of time within parameters determined by the Exchange and announced by Trader Update. The minimum/maximum parameters for the Response Time Interval will be no less than 100 milliseconds and no more than one (1) second.
- (C) Any ATP Holder may respond to the RFR, provided such response is properly marked specifying price, size and side of the market (“RFR Response”). The Auction shall accept RFR Responses as follows:
 - (i) GTX Order - A GTX Order is a non-routable order with a time-in-force contingency for the Response Time Interval and must specify price, size and side of the market.
 - (a) GTX Orders shall not be displayed on the Consolidated Book or disseminated to any participants. A GTX Order that is not fully executed as provided for in paragraphs (c)(4) and (5) of this Rule shall be cancelled at the conclusion of the Auction.
 - (b) The minimum price increment for GTX Orders shall be one cent, regardless of the MPV for the series involved in the Auction.
 - (c) GTX Orders with a size greater than the size of the CUBE Order will be capped at the size of the CUBE Order.
 - (d) GTX Orders may be cancelled or modified.

(e) GTX Orders on the same side of the market as the CUBE Order shall be rejected.

(f) For a CUBE Order to buy (sell), GTX Orders priced below (above) the lower (upper) bound of executions shall be repriced to the lower (upper) bound of executions, as specified in paragraph (b)(1) of this Rule.

(ii) Unrelated quotes and orders – Quotes and orders on the opposite side of the market in the same series as the CUBE Order that are not marked GTX, that are received during the Response Time Interval or resting in the Consolidated Book when the Auction commences, and that are eligible to participate within the range of permissible executions specified for the Auction pursuant to paragraph (b)(1) of this Rule shall also be considered RFR Responses.

(a) Quotes and orders received during the Response Time Interval that are not marketable against the NBBO and are not marked GTX shall be posted to the Consolidated Book.

(b) Quotes and orders received during the Response Time Interval that are on the same side as the CUBE Order to buy (sell) and are priced higher (lower) than the initiating price shall be posted to the Consolidated Book and result in an early conclusion of the Auction pursuant to paragraph (c)(4) of this Rule.

(c) Quotes and orders that are not marked GTX can only be priced in the MPV for the series in the Auction. A quote or non-GTX Order submitted with a one cent MPV when the series has either \$0.05 or \$0.10 MPV will be rejected as invalid.

(3) *Conclusion of Auction.* The CUBE Auction shall conclude at the end of the Response Time Interval. The CUBE Auction shall conclude earlier than the end of the Response Time Interval if there is a trading halt in the affected series or if there is an early conclusion event pursuant to paragraph (c)(4) of this Rule. If there is a trading halt in the affected series, the CUBE Order shall execute pursuant to paragraph (c)(5) of this Rule.

(4) *Early Conclusion of Auction.* A CUBE Auction shall conclude before the end of the Response Time Interval as described in paragraphs (c)(4)(A)-(F) of this Rule. If there is an early conclusion of the Auction, the CUBE Order will execute as follows:

(A) *New CUBE Order.* A CUBE Auction will conclude early if a new CUBE Order in the same series arrives during the Response Time Interval. When the Auction concludes, the CUBE Order will execute pursuant to paragraph (c)(5) of this Rule and the new CUBE Auction will then proceed as described in this paragraph (c).

- (B) *Same Side Marketable Against RFR Responses or NBBO (or BBO) at the Time of Arrival.* A CUBE Auction will conclude early if the Exchange receives during the Response Time Interval an unrelated quote or order that is on the same side of the market as the CUBE Order, that is marketable against any RFR Responses or the NBBO (or the BBO, for a non-routable order that is not a PNP Order) at the time of arrival. When the Auction concludes, the CUBE Order will execute pursuant to paragraph (c)(5) of this Rule. Any RFR Responses that do not execute in the CUBE Auction will execute against the unrelated quote or order that caused the CUBE Auction to conclude early to the extent possible and GTX Orders will then cancel. Contracts remaining, if any, from any unrelated quote or order when the Auction has concluded will be processed in accordance with Rule 964NY Order Display and Priority.
- (C) *Opposite Side Marketable Against Interest in the Consolidated Book, the NBBO (or BBO) at the Time of Arrival.* A CUBE Auction will conclude early if the Exchange receives during the Response Time Interval any RFR Response that is marketable against any interest resting in the Consolidated Book, the NBBO (or the BBO, for a non-routable order that is not a PNP Order) at the time of arrival. When the Auction concludes, the CUBE Order will execute consistent with paragraph (b)(3) of this Rule and as follows:
- (i) If the CUBE Auction concludes early because the Exchange receives during the Response Time Interval an unrelated marketable limit order or quote on the opposite side of the CUBE Order, the CUBE Order will execute pursuant to paragraph (c)(5) of this Rule. Contracts remaining, if any, from unrelated quotes or orders at the time the Auction concludes will be processed in accordance with Rule 964NY Order Display and Priority. Any unfilled GTX Orders will cancel.
 - (ii) If the CUBE Order is to buy (sell), the Initiating Participant has selected auto-match, the order that caused the Auction to conclude early is a market order to sell (buy), and no other RFR Responses have been received, the CUBE Order will execute against the unrelated market order at the midpoint of the initiating price and the lower (upper) bound of the range of permissible executions. If no midpoint is possible, the execution shall be rounded up (down) to the nearest whole penny toward the initiating price. Any unfilled size of the CUBE Order will then execute pursuant to paragraph (c)(5) of this Rule.
 - (iii) If the CUBE Order is to buy (sell), the Initiating Participant has selected auto-match, the order that caused the Auction to conclude early is a market order to sell (buy), and other RFR Responses were received before the arrival of that market order, the CUBE Order will execute against the unrelated market order at the lowest (highest) response price within the range of permissible executions. Any unfilled size of the CUBE Order will then execute pursuant to paragraph (c)(5) of this Rule. Any unfilled GTX Orders will cancel.

(iv) If the CUBE Order is to buy (sell), the Initiating Participant has selected a single stop price or the auto-match limit, and the order that caused the Auction to conclude early is a market order to sell (buy), the CUBE Order will execute against the unrelated market order at the lowest (highest) price at which an execution could occur within the range of permissible executions, which may be an RFR Response price, the single stop or auto-match limit price. Any unfilled size of the CUBE Order will then execute pursuant to paragraph (c)(5) of this Rule. Any unfilled GTX Orders will cancel.

(D) *Same Side Incoming Interest Would Create an Adjusted Range of Permissible Executions that Improves initiating price.* A CUBE Auction will conclude early if the Exchange receives during the Response Time Interval an unrelated, non-marketable quote or limit order that is on the same side of the market as the CUBE Order to buy (sell) and that would adjust the lower (upper) bound of the range of permissible executions to be higher (lower) than the initiating price. When the Auction concludes, the CUBE Order will execute pursuant to paragraph (c)(5) of this Rule. Unfilled RFR Responses are eligible to execute against the unrelated interest that caused the CUBE Auction to conclude early and GTX Orders will then cancel. Contracts remaining, if any, from such unrelated quote or order at the time the Auction ends will be processed in accordance with Rule 964NY Order Display and Priority.

(i) Same-side IOC Orders that otherwise would meet the requirements of paragraph (c)(4)(D) will cause an Auction to end early (and be processed thereunder) even if the IOC Order cancels without trading.

(D) AON orders, either those that are resting in the Consolidated Book prior to an Auction, or those that arrive during an Auction, may only trade if sufficient size remains to fill the entire AON order after the CUBE Order has been fully executed. If sufficient interest to fill an entire AON order is received during the Response Time Interval, the Auction will conclude early and the CUBE Order will be executed pursuant to paragraph (c)(5) of this Rule. Any unfilled GTX Orders will cancel. After the Auction concludes, the Exchange shall reevaluate whether the AON can be executed.

(E) A CUBE Auction will conclude early if the Broadcast Order Liquidity Delivery Mechanism (pursuant to Rule 994NY) receives an unrelated order in the same series during the Response Time Interval. When the Auction concludes, the CUBE Order will execute pursuant to paragraph (c)(5) of this Rule.

(5) *Order Allocation.* When the Auction concludes, any RFR Response that exceeds the size of the CUBE Order will be capped at the CUBE Order size for purposes of size pro rata allocation of the CUBE Order per Rule 964NY(b)(3), and the CUBE Order will be allocated at the best price(s) as follows:

- (A) At each price level, any displayed Customer orders resting on the Consolidated Book at the start of the CUBE Auction shall have first priority, followed by displayed Customer orders that arrived during the CUBE Auction as RFR Responses, pursuant to Rule 964NY(c)(2)(A).
- (B) After displayed Customer interest at a particular price level has been satisfied, remaining contracts shall be allocated among the Contra Order and RFR Responses as follows:
- (i) *Single stop price*: For a CUBE Order to buy (sell), CUBE executions will occur as follows:
- (a) first to RFR Responses priced below (above) the stop price, beginning with the lowest (highest) price within the range of permissible executions. At each price point, the CUBE Order shall be allocated first to GTX Orders and displayed RFR Responses pursuant to the size pro rata algorithm set forth in Rule 964NY(b)(3), and next to any undisplayed RFR Responses at that price in time priority, pursuant to Rule 964NY(c).
- (b) Any remaining contracts of the CUBE Order shall execute at the stop price. At the stop price, if there is sufficient size of the CUBE Order still available after executing at prices below (above) the stop price or against Customer interest, the Contra Order shall receive an allocation of the greater of 40% of the original CUBE Order size or one contract (or the greater of 50% of the original CUBE Order size or one contract if there is only one RFR Response). Any remaining CUBE Order contracts at the stop price shall be allocated first among remaining GTX Orders and displayed RFR Responses pursuant to the size pro rata algorithm set forth in Rule 964NY(b)(3), and next to undisplayed RFR Responses pursuant to Rule 964NY(c). If all RFR Responses are filled, any remaining CUBE Order contracts shall be allocated to the Contra Order.
- (c) If there are no RFR Responses, the CUBE Order shall execute against the Contra Order at the higher (lower) of the stop price or the lower (upper) bound of the range of permissible executions.
- (ii) *Auto-match*: For a CUBE Order to buy (sell), CUBE executions will occur as follows:
- (a) After the CUBE Order has been executed, any remaining RFR Responses not marked the Contra Order shall be allocated an equal number of contracts as the aggregate size of all other RFR Responses at each price level starting with the lowest (highest) price at which an execution against an RFR Response occurs within the range of permissible executions until a price point is reached where the balance of the CUBE Order can be fully executed

(the “clean-up price”). GTX will be processed in accordance with Rule 964NY Order Display and Priority.

- (b) At the clean-up price, if there is sufficient size of the CUBE Order still available after executing at better prices or against Customer interest, the Contra Order shall receive additional contracts required to achieve an allocation equal to the greater of 40% of the original CUBE Order size or one contract (or the greater of 50% of the original CUBE Order size or one contract if there is only one RFR Response). If the Contra Order meets its allocation guarantee at a price below (above) the clean-up price, it will cease matching RFR Responses that may be priced above (below) the price at which the Contra Order received its allocation guarantee. If there are other RFR Responses at the clean-up price, the remaining CUBE Order contracts will be allocated first to GTX Orders and displayed RFR Responses pursuant to the size pro rata algorithm set forth in Rule 964NY(b)(3), and next to any undisplayed RFR Responses at that price in time priority, pursuant to Rule 964NY(c). If all RFR Responses are filled, any remaining CUBE Order contracts shall be allocated to the Contra Order at the initiating price.
- (c) If there are no RFR Responses, the CUBE Order shall execute against the Contra Order at the initiating price.

(iii) *Auto-match limit*: For a CUBE Order to buy (sell), CUBE executions will occur as follows:

- (a) first to RFR Responses at each price level priced below (above) the auto-match limit price (if any) within the range of permissible executions, beginning with the lowest (highest) price. At each price point, the CUBE Order shall be allocated first to GTX Orders and displayed RFR Responses pursuant to the size pro rata algorithm set forth in Rule 964NY(b)(3), and next to any undisplayed RFR Responses at that price in time priority, pursuant to Rule 964NY(c);
- (b) next, to RFR Responses at a price equal to the price of the Contra Order’s auto-match limit price, and if volume remains, to prices higher (lower) than the auto-match limit price. At each price point equal to or higher (lower) than the auto-match limit price, the Contra Order shall be allocated contracts equal to the aggregate size of all other RFR Responses. At the clean-up price, if there is sufficient size of the CUBE Order still available after executing at better prices or against Customer interest, the Contra Order shall receive additional contracts required to achieve an allocation of the greater of 40% of the original CUBE Order size or one contract (or the greater of 50% of the original CUBE Order size or one contract if there is only one RFR Response). If the Contra Order meets its allocation guarantee at a price below (above) the clean-up price, it will cease matching RFR Responses that

may be priced above (below) the price at which the Contra Order received its allocation.

(c) If there are no RFR Responses, the CUBE Order shall execute against the Contra Order at the initiating price.

(C) After the CUBE Order has been executed, any remaining RFR Responses not marked GTX will be processed in accordance with Rule 964NY Order Display and Priority.

(D) A single RFR Response shall not be allocated a number of contracts that is greater than its size.

Commentary:

.01 Concurrent Single-Leg and Complex CUBE Auctions involving the same option series. A single-leg CUBE Auction for a series and a Complex CUBE Auction pursuant to Rule 971.2NY (Complex Electronic Cross Transactions) for a Complex Order that includes the same option series may occur concurrently. To the extent there are concurrent CUBE Auctions for a specific option series, each CUBE Auction will be processed sequentially based on the time each CUBE Auction commenced. At the time each CUBE Auction concludes, including when it concludes early, it will be processed pursuant to Rule 971.1NY(c)(5) or Rule 971.2NY(c)(4) as applicable.

.02 The following conduct shall be considered conduct inconsistent with just and equitable principles of trade:

(a) An ATP Holder entering RFR Responses to a CUBE Auction for which the ATP Holder is the Initiating Participant.

(b) Engaging in a pattern and practice of trading or quoting activity for the purpose of causing a CUBE Auction to conclude before the end of the Response Interval Time.

(c) An Initiating Participant that breaks up an agency order into separate CUBE Orders for the purpose of gaining a higher allocation percentage than the Initiating Participant would have otherwise received in accordance with the allocation procedures contained in paragraph (c)(5) of this Rule.

(d) Engaging in a pattern and practice of sending multiple RFR Responses at the same price that in the aggregate exceed the size of the CUBE Order.

.03 CUBE executions shall always be reported to OPRA as “stopped” trades.

.04 A CUBE Order will be rejected if it is in the same series as an order exposed pursuant to Rule 994NY (Broadcast Order Liquidity Delivery Mechanism).

.05 A CUBE Order of at least 500 contracts can be designated as AON (an “AON CUBE Order”). An AON CUBE Order to buy (sell) is not eligible for auto-match or auto-match limit and will execute in full with the Contra Order at the single stop price, provided that the Contra Order will not receive an allocation if:

(a) RFR Responses to sell (buy) at prices lower (higher) than the stop price or Customer interest to sell (buy) at a price equal to the stop price, or both, that in the aggregate can satisfy the full quantity of the AON CUBE Order, in which case, the RFR Responses will be allocated as provided for in paragraphs (c)(5)(A) and (c)(5)(B)(i) of this Rule, as applicable.

RFR Responses and Customer interest to sell (buy) that do not meet the requirements of paragraph (a) of this Commentary will not receive an allocation in the Auction for the AON CUBE Order.

Rule 971.2NY. Complex Electronic Cross Transactions

(a) *Complex CUBE Order.* A Complex CUBE Order is a Complex Order, as defined in Rule 900.3NY(e), submitted electronically by an ATP Holder (“Initiating Participant”) into the Complex Customer Best Execution Auction (“Complex CUBE Auction” or “Auction”) that the Initiating Participant represents as agent on behalf of a public customer, broker dealer, or any other entity.

- (1) The Initiating Participant guarantees the execution of such Complex CUBE Order by submitting a contra-side order (“Complex Contra Order”) representing principal interest or non-Customer interest it has solicited to trade solely with the Complex CUBE Order at either:
 - (A) a specified price (“single stop price”) as described in paragraph (b)(1)(A) of this Rule; or
 - (B) an auto-match limit price as described in paragraph (b)(1)(B) of this Rule.
- (2) The “CUBE BBO” is determined upon entry of a CUBE Order into the System and is the more aggressive of (i) the Complex BBO improved by \$0.01, or (ii) the Derived BBO improved by: \$0.01 multiplied by the smallest leg of the complex order strategy. The “same-side CUBE BBO” and “contra-side CUBE BBO” refer to the CUBE BBO on the same or opposite side of the market as the Complex CUBE Order, respectively. The CUBE BBO may be updated during the Auction pursuant to paragraph (a)(4) of this Rule.

(3) The “initiating price” for a Complex CUBE Order is the less aggressive of the net debit/credit price of such order or the price that locks the contra-side CUBE BBO.

(4) The “range of permissible executions” of a Complex CUBE Order is all prices equal to or between the initiating price and the same-side CUBE BBO.

(A) If the CUBE BBO updates during the Auction (the “updated CUBE BBO”), the range of permissible executions will adjust in accordance with the updated CUBE BBO, unless the interest that updated the CUBE BBO would cause the Auction to conclude early pursuant to paragraph (c)(3) of this Rule.

(b) *Complex CUBE Auction Eligibility Requirements.* All options traded on the Exchange are eligible to be part of a Complex CUBE Order. An Auction will be initiated provided all of the following conditions are met:

(1) The Initiating Participant marks the Complex CUBE Order for Auction processing, and specifies one of the following means of guaranteeing the execution of the Complex CUBE Order:

(A) A single stop price. The single “stop price” is the price at which the Initiating Participant guarantees the Complex CUBE Order. If an Initiating Participant specifies a single stop price, the stop price must be executable against the initiating price of the Auction. The Complex Contra Order may trade with the Complex CUBE Order at the stop price, pursuant to paragraph (c)(4) of this Rule. If the stop price crosses the same-side CUBE BBO, the Complex CUBE Order is not eligible to initiate an Auction and will be rejected along with the Complex Contra Order; or

(B) Auto-match limit price. The “auto-match limit price” is the most aggressive price at which the Initiating Participant is willing to trade with the Complex CUBE Order. If an Initiating Participant specifies an “auto-match limit price,” this price must be executable against the initiating price of the Auction. The Complex Contra Order may trade with the Complex CUBE Order at prices that are better than or equal to the initiating price until trading at the auto-match limit price, if applicable, pursuant to paragraph (c)(4) of this Rule. If the auto-match limit price crosses the same-side CUBE BBO, the Complex Contra Order will be priced back to lock the same-side CUBE BBO.

(2) A Complex CUBE Order that does not have a net debit/credit price that is equal to or better than the same-side CUBE BBO is not eligible to initiate an Auction and will be rejected, along with the Complex Contra Order.

(3) Complex CUBE Orders submitted before the opening of trading are not eligible to initiate an Auction and will be rejected, along with the Complex Contra Order.

(4) Complex CUBE Orders submitted during the final second of the trading session in the component series are not eligible to initiate an Auction and will be rejected, along with the Complex Contra Order.

(5) Complex CUBE Orders submitted during a trading halt are not eligible to initiate an Auction and will be rejected, along with the Complex Contra Order.

(c) Auction Process. The time at which the Auction is initiated will also be considered the time of execution for the Complex CUBE Order. Only one Complex CUBE Auction may be conducted at a time in any given complex order strategy and, once commenced, the Complex CUBE Order (as well as the Complex Contra Order) may not be cancelled or modified.

(1) *Complex CUBE Auction Request for Responses (“RFR”) and Response Time Interval*

(A) Upon receipt of a Complex CUBE Order, the Exchange will send an RFR to all ATP Holders who subscribe to receive RFR messages. The RFR will identify the complex order strategy, the side and size of the Complex CUBE Order, and the initiating price.

(B) The “Response Time Interval” means the period of time during which responses to the RFR may be entered. The Response Time Interval will last for a random period of time within parameters determined by the Exchange and announced by Trader Update. The minimum/maximum parameters for the Response Time Interval will be no less than 100 milliseconds and no more than one (1) second.

(C) Any ATP Holder may respond to the RFR, provided such response is properly marked specifying price, size and side of the market (“RFR Response”). Any RFR Response that crosses the same-side CUBE BBO will be eligible to trade in the Auction at a price that locks the same-side CUBE BBO. The Auction will accept RFR Responses as follows:

(i) Complex GTX Order - A Complex GTX Order is an Electronic Complex Order, as defined in Rule 980NY, with a time-in-force contingency for the Response Time Interval, which must specify price, size and side of the market.

(a) Complex GTX Orders will not be displayed on the Consolidated Book or disseminated to any participants. A Complex GTX Order that is not fully executed as provided for in paragraphs (c)(3) and (4) of this Rule will be cancelled at the conclusion of the Auction.

(b) GTX Orders with a size greater than the size of the Complex CUBE Order will be capped at the size of the Complex CUBE Order.

(c) Complex GTX Orders may be cancelled or modified.

(d) Complex GTX Orders on the same side of the market as the Complex CUBE Order will be rejected.

(ii) Unrelated Electronic Complex Orders - Electronic Complex Orders, as defined in Rule 980NY (including if designated as COA-eligible orders), on the opposite side of the market as the Complex CUBE Order that are received during the Response Time Interval will be considered RFR Responses (even though not marked as Complex GTX Orders), provided such orders can participate within the range of permissible executions specified for the Auction pursuant to paragraph (a)(4) of this Rule.

(2) *Conclusion of Auction.* The Auction will conclude at the end of the Response Time Interval. The Auction will conclude earlier than the end of the Response Time Interval if there is a trading halt in any of the component series or if there is an early conclusion event pursuant to paragraph (c)(3) of this Rule. If there is a trading halt in any of the component series, the Complex CUBE Order will execute pursuant to paragraph (c)(4) of this Rule. After the Complex CUBE Order has been filled, any RFR Responses (including Complex GTX Orders) may trade with Complex Orders on the same side of the market as the Complex CUBE Order in accordance with Rule 980NY, Complex Order Trading. Subsequently, any remaining balance of Complex GTX Orders will cancel.

(3) *Early Conclusion of Auction.* An Auction will conclude before the end of the Response Time Interval as described in paragraphs (c)(3)(A)-(F) of this Rule. When the Auction concludes, the Complex CUBE Order will execute pursuant to paragraph (c)(4) of this Rule. An Auction will conclude early if, during the Response Time Interval, the Exchange receives:

(A) A new Complex CUBE Order in the same complex order strategy that meets the conditions of paragraph (b) of this Rule;

(B) Any interest that adjusts the same-side CUBE BBO to be better than the initiating price;

(C) Any interest that adjusts the same-side CUBE BBO to cross any RFR Response(s);

(D) Any interest that adjusts the same-side CUBE BBO to cross the single stop price specified by the Initiating Participant.

(E) Any interest that crosses the same-side CUBE BBO.

(F) Interest in the leg market that causes the contra-side CUBE BBO to be better than the stop price or auto-match limit price.

(4) *Order Allocation*. When the Auction concludes, any RFR Response that exceeds the size of the Complex CUBE Order will be capped at the Complex CUBE Order size for purposes of size pro rata allocation of the Complex CUBE Order per Rule 964NY(b)(3), and the Complex CUBE Order will be allocated at the best price(s) as follows:

(A) At each price level, any Customer orders that arrived during the Auction as RFR Responses will have first priority to execute and be allocated on a size pro rata allocation pursuant to Rule 964NY(b)(3).

(B) After Customer interest at a particular price level has been satisfied, any remaining size will be allocated among the Complex Contra Order and RFR Responses as follows:

(i) *Single stop price*: A Complex CUBE Order for which an Initiating Participant specifies a single stop price will trade with interest received during the Auction as follows:

(a) First to RFR Responses priced better than the stop price, beginning with the most aggressive price within the range of permissible executions, pursuant to the size pro rata algorithm set forth in Rule 964NY(b)(3) at each price point.

(b) Any remaining size of the Complex CUBE Order will execute at the stop price. At the stop price, if there is sufficient size of the Complex CUBE Order still available after executing at prices better than the stop price or against Customer interest, the Complex Contra Order will receive an allocation of the greater of 40% of the original Complex CUBE Order size or one contract (or the greater of 50% of the original Complex CUBE Order size or one contract if there is only one RFR Response). Any remaining size of the Complex CUBE Order at the stop price will be allocated among remaining RFR Responses pursuant to the size pro rata algorithm set forth in Rule 964NY(b)(3). If all RFR Responses are filled, any remaining size of the Complex CUBE Order will be allocated to the Complex Contra Order.

(c) If there are no RFR Responses, the Complex CUBE Order will execute against the Complex Contra Order at the stop price.

(ii) *Auto-match limit price*: A Complex CUBE Order for which an Initiating Participant specifies an “auto-match limit price” will trade with interest received during the Auction as follows:

(a) First, to RFR Responses at each price level priced better than the auto-match limit price (if any) within the range of permissible executions, beginning with the most aggressive price, pursuant to the size pro rata algorithm set forth in Rule 964NY(b)(3) at each price point.

(b) Next, to RFR Responses at a price equal to the price of the Complex Contra Order's auto-match limit price, and if volume remains, to prices worse than the auto-match limit price. At each price point equal to or worse than the auto-match limit price, the Complex Contra Order will receive an allocation equal to the aggregate size of all other RFR Responses starting with the best price at which an execution against an RFR Response occurs within the range of permissible executions until a price point is reached where the balance of the CUBE Order can be fully executed (the "clean-up price"). At the clean-up price, if there is sufficient size of the Complex CUBE Order still available after executing at better prices or against Customer interest, the Complex Contra Order will be allocated additional volume required to achieve an allocation of the greater of 40% of the original Complex CUBE Order size or one contract (or the greater of 50% of the original Complex CUBE Order size or one contract if there is only one RFR Response). If the Complex Contra Order meets its allocation guarantee at a price better than the clean-up price, it will cease matching RFR Responses that may be priced worse than the price at which the Complex Contra Order received its allocation guarantee. If there are other RFR Responses at the clean-up price, the remaining size of the Complex CUBE Order will be allocated to such interest pursuant to the size pro rata algorithm set forth in Rule 964NY(b)(3). Any remaining portion of the Complex CUBE Order will be allocated to the Complex Contra Order at the initiating price.

(c) If there are no RFR Responses, the Complex CUBE Order will execute against the Complex Contra Order at the initiating price.

(C) A single RFR Response will not be allocated a volume that is greater than its size.

Commentary:

.01 The following conduct will be considered conduct inconsistent with just and equitable principles of trade:

(a) An ATP Holder entering RFR Responses to an Auction for which the ATP Holder is the Initiating Participant.

(b) Engaging in a pattern and practice of trading or quoting activity for the purpose of causing an Auction to conclude before the end of the Response Interval Time.

(c) An Initiating Participant that breaks up an agency order into separate Complex CUBE Orders for the purpose of gaining a higher allocation percentage than the Initiating Participant would have otherwise received in accordance with the allocation procedures contained in paragraph (c)(5) of this Rule.

(d) Engaging in a pattern and practice of sending multiple RFR Responses at the same price that in the aggregate exceed the size of the Complex CUBE Order.

.02 **Definitions.** For purposes of this Rule, the following terms mean:

- (a) *Better-priced or more aggressive* interest means lower-priced net debit/credit interest on each side of the Consolidated Book for the same complex order strategy. Inversely, higher-priced interest is *worse-priced* or *less aggressive* than lower-priced interest. For example, a complex order entered with a price of -\$4.00 (net debit), indicating the sender is willing to pay out up to \$4.00 when the order trades, is more aggressively priced than a complex order entered with a price of -\$3.00, indicating the sender is only willing to pay out up to \$3.00 when the order trades.
- (b) Interest *improves the BBO* if it is priced lower than either the same-side Complex or Derived BBO.
- (c) Interest *locks* when it is priced at the exact inverse price of any contra-side interest.
- (d) Interest *crosses* when it is priced lower than the exact inverse price of any contra-side interest. For example a complex order entered with a price of -\$1.00 (net debit), crosses the same complex order strategy that is entered with a price of \$0.99 (net credit) or lower, and is therefore executable against such interest.
- (e) A Complex Order is *executable* against contra-side interest priced at the exact inverse value or lower. For example, a Complex Order with a price of -\$1.00 (net debit) would be executable against a Complex Order with a price of \$1.00 (net credit) or lower, and vice versa.

.03 Concurrent Single-Leg and Complex CUBE Auctions involving the same option series. A Complex CUBE Auction for a Complex Order that includes a certain option series may occur concurrently with a single-leg CUBE auction for the same series pursuant to Rule 971.1NY (Single-Leg Electronic Cross Transactions). To the extent there are concurrent CUBE Auctions for a specific option series, each CUBE Auction will be processed sequentially based on the time each CUBE Auction commenced. At the time each CUBE Auction concludes, including when it concludes early, it will be processed pursuant to Rule 971.1NY(c)(5) or Rule 971.2NY(c)(4) as applicable.

.04 A Complex CUBE Order of at least 500 contracts can be designated as AON (an "AON Complex CUBE Order"). An AON Complex CUBE Order to buy (sell) is not eligible for auto-match limit and will execute in full with the Complex Contra Order at the single stop price, provided that the Complex Contra Order will not receive an allocation if:

- (a) RFR Responses to sell (buy) at prices more aggressive than the stop price or Customer interest to sell (buy) at a price equal to the stop price, or both, that in the aggregate can satisfy the full quantity of the AON Complex CUBE Order, in

which case, the RFR Responses will be allocated as provided for in paragraphs (c)(4)(A) and (c)(4)(B)(i) of this Rule, as applicable.

RFR Responses and Customer interest to sell (buy) that do not meet the requirements of paragraph (a) of this Commentary will not receive an allocation in the Auction for the AON Complex CUBE Order.

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