

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

**Rules of NYSE Arca, Inc.**

**Rule 6**

**Rule 6.24. Exercise of Option Contracts**

(a) – (b) No change

(c) Exercise cut-off time. Option holders have until [2:30 p.m. (PST)] 5:30 p.m. (ET) on the business day immediately prior to the expiration date or, in the case of Quarterly Options Series, on the expiration date, to make a final decision to exercise or not exercise an expiring option. For customer accounts, OTP Holders and OTP Firms may not accept exercise instructions after [2:30 p.m. (PST)] 5:30 p.m.(ET) but have until [3:30 p.m. (PST)] 7:30 p.m.(ET) to submit a Contrary Exercise Advice. For non-customer accounts, OTP Holders and OTP Firms may not accept exercise instructions after [2:30 p.m. (PST)] 5:30 p.m. (ET) but have until [3:30 p.m. (PST)] 7:30 p.m.(ET) to submit a Contrary Exercise Advice if such OTP Holders and OTP Firms employs an electronic submission procedure with time stamp for the submission of exercise instructions by option holders. Consistent with Commentary .04, OTP Holders and OTP Firms are required to submit a Contrary Exercise Advice by [2:30 p.m. (PST)] 5:30 p.m. (ET) for non-customer accounts if such OTP Holders and OTP Firms do not employ an electronic submission procedure with time stamp for the submission of exercise instructions by option holders.

(d) – (f) No change

(g) In the event the Exchange provides advance notice on or before [2:30 p.m. (PST)] 5:30 p.m. (ET) on the business day immediately prior to the last business day before the expiration date indicating that a modified time for the close of trading in equity options on such last business day before expiration will occur, then the deadline to make a final decision to exercise or not exercise an expiring option shall be 1 hour 30 minutes following the time announced for the close of trading on that day instead of the [2:30 p.m. (PST)] 5:30 p.m. (ET) deadline found in Rule 6.24(c). However, OTP Holders and OTP Firms [may] have until 7:30 p.m. (ET) to deliver a Contrary Exercise Advice or Advice Cancel to the Exchange [within 2 hours 30 minutes following the time announced for the close of trading in equity options on that day instead of the 3:30 p.m. (PST) deadline found in Rule 6.24(c)] for customer accounts and non-customer accounts where such OTP Firm employs an electronic submission procedure with time stamp for the submission of exercise instructions. For non-customer accounts, OTP Holders and OTP Firms that do not employ an electronic procedure with time stamp for the submission of exercise instructions are required to deliver a Contrary Exercise Advice or Advice Cancel within 1 hour and 30 minutes following the time announced for the close of trading on that day instead of the [2:30 p.m. (PST)] 5:30 p.m. (ET) deadline found in Rule 6.24(c).

<sup>1</sup>

New text is underscored; deleted text is in brackets.

(h)(1) The Exchange may establish extended cut-off times for decision to exercise or not exercise an expiring option and for the submission of Contrary Exercise Advices on a case-by-case basis due to unusual circumstances.

(2) The Exchange with at least one (1) business day prior advance notice, by [9:00 a.m. (PST)] 12:00 noon (ET) on such day, may establish a reduced cut-off time for the decision to exercise or not exercise an expiring option and for the submission of Contrary Exercise Advices on a case-by-case basis due to unusual circumstances; provided, however, that under no circumstances should the exercise cut-off time and the time for submission of a Contrary Exercise Advice be before the close of trading.

Commentary :

.01 - .03 No Change

.04 Although the deadline for all option holders to make a final decision to exercise or not exercise is [2:30 p.m. (PST)] 5:30 p.m.(ET), the deadline for the submission of the Contrary Exercise Advice in the case of non-customer accounts will depend on the manner of the decision to exercise or not exercise.

(i) For electronic timestamp submissions of the exercise decision by non-customer option holders, a Contrary Exercise Advice submitted by OTP Holders and OTP Firms must be received by the Exchange by [3:30 p.m. (PST)] 7:30 p.m.(ET).

(ii) For manual submissions of the exercise decision by non-customer option holders, OTP Holders and OTP Firms must submit a Contrary Exercise Advice to a designated representative of the Options Surveillance Department of the Exchange by [2:30 p.m. (PST)] 5:30 p.m. (ET).

.05 No Change

.06 In the event an OTP Holder or OTP Firm receives and submits a final exercise decision after the exercise cut-off time pursuant to an exception set forth in clauses (i), (ii) or (iii) of paragraph (f) of Rule 6.24, the OTP Holder or OTP Firm shall maintain a memorandum setting forth the circumstances regarding such exception and shall file a copy of the memorandum with the Exchange's Options Surveillance Department no later than [9:00 a.m. (PST)] 12:00 noon (ET) on the first business day following the respective expiration.

.07 - .09 No change