

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

**Rules of NYSE Arca, Inc.**

\*\*\*\*\*

**RULE 6 OPTIONS TRADING**

**Rules Principally Applicable to Trading of Option Contracts**

\*\*\*\*\*

**Rule 6.47.**

**"Crossing" Orders — OX**

(a) *Non-Facilitation (Regular Way) Crosses.* A Floor Broker who holds orders to buy and sell the same option contract may cross such orders, provided that the Floor Broker proceeds in the following manner:

(1) - (2) No Change

(3) If such higher bid or lower offer is not taken by members of the trading crowd, the Floor Broker may cross the orders (or any part remaining unexecuted) at such higher bid or lower offer by announcing by open outcry that he is crossing the orders and giving the quantity and price; provided, however that (A) the execution price must be equal to or better than the NBBO, and (B) the Floor Broker may not trade through any Customer bids or offers on the Consolidated Book that are priced equal to or better than the proposed execution price or trade through any non-Customer bids or offers on the Consolidated Book that that are ranked ahead of such equal or better priced Customer bids or offers. If there are Customer bids or offers on the Consolidated Book [at] priced equal or better than the proposed execution price, the Floor Broker must trade against such bids or offers [in the Book]. In addition, the Floor Broker must trade against any better-priced non-Customer bids or offers on the Consolidated Book along with any equal-priced

---

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

non-Customer bids and offers that are ranked ahead of any equal-priced Customer bids and offers. Once applicable bids or offers [in] on the Consolidated Book and equal and better priced bids or offers in the trading crowd are satisfied, the Floor Broker may cross the balance of the orders, if any, to be crossed. The orders will be cancelled or posted [in] on the Consolidated Book if an execution would take place at a price that is inferior to the NBBO.

(b) *Facilitation Procedure.* The Facilitation Procedure is a process by which a Floor Broker who holds a customer order ("Agency Order") and an order for the proprietary account of an OTP Holder or OTP Firm or an organization under common control with a Market Maker that is representing that customer (the "Facilitation Order") may cross those orders. The Floor Broker may do so by following the Facilitation Procedure outlined in this subsection (b). The Floor Broker must be willing to facilitate the entire size of the Agency Order entered via the Facilitation Procedure.

(1) - (4) No Change

(5) If at the time of execution there is insufficient size to execute the entire Agency Order at an improved price (or prices), the Agency Order will be executed against the Facilitation Order at the proposed execution price so long as, at the time of execution: (A) the execution price is equal to or better than the NBBO, and (B) there are no other bids or offers on the Exchange that are priced equal to or better than the proposed execution price. If there are: (i) bids or offers in the trading crowd on the opposite side of the Agency Order that improve the proposed execution price, (ii) bids or offers representing non-member interest in the trading crowd on the opposite side of the Agency Order at or better than the proposed execution price, [or] (iii) Customer bids or offers on the Consolidated Book on the opposite side of the Agency Order at or better than the proposed execution price, (iv) non-Customer bids or offers on the Consolidated Book priced better than the proposed execution price, or (v) non-Customer bids or offers on the Consolidated Book priced equal to the proposed execution price that are ranked ahead of any equal-priced Customer bids or offers on the Consolidated Book, the Agency Order will be executed against such bids or offers. The Facilitation Order may then participate in up to 40% of the balance of the Agency Order. Thereafter, Market Makers in the trading crowd who are bid or offered at the proposed execution price may participate in the balance of the Agency Order based upon price-time priority. The balance of the unexecuted Agency Order, if any, will be executed against the remainder of the Facilitation Order. Both the Agency Order and Facilitation Order will be cancelled if an execution would take place at a price that is inferior to the NBBO.

(6) -(8) No Change

(c) *Crossing of Solicited Orders.* A Floor Broker who holds an order for a customer of an OTP Holder or OTP Firm (the "Original Order") may solicit an opposing side for such order (the "Solicited Order"). The Solicited Order shall be entitled to priority of execution on the Original Order provided the following criteria are met.

(1) - (2) No Change

(3) If at the time of execution there is insufficient size to execute the entire Original Order at an improved price (or prices), the Original Order will be executed against the Solicited Order at the proposed execution price so long as, at the time of execution: (A) the execution price is equal to or better than the NBBO, [and] (B) there are no better-priced bids or offers on the Consolidated Book or in the trading crowd, [that are priced equal to or better than the proposed execution price] and (C) there are no equal-priced Customer bids or offers on the Consolidated Book. If there are better-priced bids or offers on the Consolidated Book, equal-priced Customer bids and offers on the Consolidated Book and equal-priced non-Customer bids or offers on the Consolidated Book ranked ahead of any equal-priced Customer bids and offers, or equal or better-priced bids or offers in the trading crowd [on the opposite side of the Original Order at or better than the proposed execution price] and there is sufficient size to execute the entire size of the Original Order, the Original Order will be executed against such bids or offers, and the Solicited Order will be cancelled. The aggregate size of all such bids or offers will be used to determine whether the entire Original Order can be executed. Both the Solicited Order and Original Order will be cancelled if an execution would take place at a price that is inferior to the NBBO.

(4) If at the time of execution there is sufficient size on the Consolidated Book and in the trading crowd to execute the entire Original Order at an improved price (or prices), the Original Order will be executed at the improved price(s) and the Solicited Order will be cancelled. The aggregate size of all orders and quotes at each price will be used to determine whether the entire Original Order can be executed at an improved price (or prices).

(5) - (8) No Change

(d) No change

(e) *Customer-to-Customer Cross*. A Floor Broker who holds a Customer order to buy and a Customer order to sell the same option contract may cross such orders, provided that the Floor Broker proceeds in the following manner:

(1) – (2) No Change

(3) The Floor Broker may cross the orders at such higher bid and lower offer by announcing by open outcry that he is crossing orders on behalf of Customers, and giving the quantity and price, provided, however, that

(A) No Change

(B) the Floor Broker may not trade through any better priced bids or offers [in] on the Consolidated Book, any equal-priced Customer bids or offers on the Consolidated Book, or any equal-priced non-Customer bids or offers on the Consolidated Book ranked ahead of any equal-priced Customer bids or offers [that are priced better than the proposed execution price]. If there are equal or better-priced Customer bids or offers on the Consolidated Book [priced better or equal to the proposed execution price], the Floor Broker must trade against such Customer bids or offers[in the Consolidated Book]. In addition, if there are better-priced non-Customer bids or offers on the Consolidated Book or equal priced non-Customer bids or offers ranked ahead of any equal-priced Customer orders on the Consolidated Book, the Floor Broker must trade against such non-Customer bids or offers . Once such bids or offers [in] on the Consolidated Book are satisfied, the Floor Broker may cross the balance of the orders, if any, to be crossed. The orders will be cancelled or posted [in] on the Consolidated Book if an execution would take place at a price that is inferior to the NBBO.

(C) No Change

***Commentary:***

**.01** No Change

\*\*\*\*\*

**Rule 6.75. Priority and Order Allocation Procedures — Open Outcry**

Except as provided by Rule 6.76 below, the following rules of priority shall be observed with respect to orders executed by open outcry:

(a) *Priority of bids.* The highest bid shall have priority but where two or more bids for the same option contract represent the highest price and one such bid is for the account of a Customer displayed [in] on the Consolidated Book, such Customer bid and any non-Customer bids on the Consolidated Book ranked ahead of such Customer bid shall have priority over any other bid at the post. If two or more bids represent the highest price and a Customer bid displayed [in] on the Consolidated Book is not involved, priority shall be afforded to such bids in the sequence in which they are made.

(b) - (h) No Change

Commentary: No Change

### **Rule 6.76. Order Ranking and Display — OX**

OX shall display to Users all non-marketable limit orders in the Display Order Process. OX also 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 Market Centers, consistent with the Plan for Reporting of Consolidated Options Last Sale Reports and Quotation Information.

(a) - (c) No Change

(d) Orders Executed Manually.

Floor Brokers representing orders in the Trading Crowd must comply with the order execution and priority principles set forth in Rule 6.75 and, in addition, with the following provisions establishing priority for bids and offers by account type:

(1) Customer orders on the Consolidated Book, along with any bids and offers of non-Customers ranked ahead of such Customer orders on the Consolidated Book, have first priority. Multiple Customer and non-Customer orders at the same price are ranked based on time priority.

(2) Bids and offers of OTP Holders or OTP Firms 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). Priority shall be afforded to Crowd Participants in accordance with Rule 6.75(f).

(3) Bids and offers of non-Customers on the Consolidated Book ranked behind any Customer orders at the same price have third priority. Such bids and offers of non-Customers will be executed based on time priority pursuant to Rule 6.76A.

(4) Notwithstanding the priority provisions otherwise applicable under subparagraph (2) above, OTP Holders relying on Section 11(a)(1)(G) of the Exchange Act and Rule 11a1-1(T) thereunder ("G exemption rule") as an exemption must also yield priority to any equal-priced non-Customer bids or offers on the Consolidated Book.

\* \* \* \*