

Additions underscored
Deletions [bracketed]

RULES OF THE NYSE ARCA, INC.

RULE 6-O OPTIONS TRADING

Rules Principally Applicable to Trading of Option Contracts

Rule 6.17-O. Verification of Compared Trades and Reconciliation of Uncompared Trades

Commentary:

.01 Rule 6.17-O requires clearing members to verify and reconcile compared and uncompared trades promptly in accordance with procedures established by the Exchange from time to time. Trades must be routinely compared during the course of the trading session.

All executing OTP Holders and OTP Firms must be available for the settlement of uncompared trades throughout the trading day and until the final trade transmission is sent to The Options Clearing Corporation, either in person or through a designated representative empowered to negotiate settlement of any dispute in such OTP Holder's or OTP Firm's name and account.

For purposes of complying with this provision, the authorized representative must be physically present on the Trading Floor or be accessible via telephone or e-mail, [or accessible via telephone or e-mail] until the final trade transmission is sent to The Options Clearing Corporation.

It will be considered a violation of Rule 6.17-O if a responsible OTP Holder or OTP Firm is not available to reconcile an uncompared trade when contacted by NYSE Arca Trade Processing Department.

While there may be occasional instances when a trade must remain uncompared overnight, and be resolved in conformance with Rule 6.21-O, any OTP Holder or OTP Firm responsible for an undue number of such occurrences will be subject to disciplinary action pursuant to Rule 10.

Rule 6.33-O. Registration of Market Makers

(a) An applicant for registration as a Market Maker shall file an application in writing with the Exchange on such form or forms as the Exchange may prescribe. Applications shall be reviewed by the Exchange, which shall consider an applicant's ability, as demonstrated by his passing a Market Maker examination prescribed by the Exchange, financial resources and such other factors as the Exchange deems appropriate. Applicants reapplying to the Exchange who have previously successfully completed such examination and have been absent from registration as a Market Maker or an MMAT with the Exchange for six months or more will be required to complete an orientation program prescribed by the Exchange. After reviewing the application, the Exchange shall either approve or disapprove the applicant's registration as a Market Maker. The registration of any person as a Market Maker may be suspended or terminated by the Exchange upon a determination of any substantial or continued failure by such Market Maker to engage in dealings in accordance with Rules 6.37-O[,]or 6.37A-O[or 6.37B-O].

Rule 6.37-O. Obligations of Market Makers

(a) (No change).

(b) [*Appointment as a Primary Market Maker*. With respect to each class of option contracts to which his appointment under Rule 6.35-O imposes the continuous obligations set forth in this paragraph (b), a Market Maker is expected to engage, to a reasonable degree under the existing circumstances, in dealings for his own account when there exists, or it is reasonably anticipated that there will exist, a lack of price continuity, a temporary disparity between the supply of and demand for a particular option contract, or a temporary distortion of the price relationships between option contracts of the same class. Without limiting the foregoing, a Market Maker is expected to perform the following activities in the course of maintaining a fair and orderly market.

- (1) Bidding and/or offering so as to create differences of no more than:
 - (A) .25 between the bid and the offer for each option contract for which the bid is less than \$2,
 - (B) no more than .40 where the bid is \$2 or more but does not exceed \$5,
 - (C) no more than .50 where the bid is more than \$5 but does not exceed \$10,

- (D) no more than .80 where the bid is more than \$10 but does not exceed \$20, and
 - (E) no more than \$1 when the last bid is \$20.01 or more, provided that two Trading Officials may establish differences other than the above for one or more series or classes of options.
 - (F) A Trading Official may, with respect to options trading with a bid price less than \$2, establish bid-ask differentials that are no more than \$0.50 wide (“double-width”) when the primary market for the underlying security: (a) reports a trade outside of its disseminated quote (including any Liquidity Quote); or (b) disseminates an inverted quote. The imposition of double-width relief must automatically terminate when the condition that necessitated the double-width relief (i.e., condition (a) or (b)) is no longer present. Market Makers that have not automated this process may not avail themselves of the relief provided herein (i.e. they may not manually adjust prices.)
 - (G) Quotes given in open outcry may not be quoted with \$5 widths and instead must comply with the legal width requirements specified in paragraph (b)(1)(A)-(F) above.
- (2) Reserved.
 - (3) In the event the bid/ask differential in the underlying security is greater than the bid/ask differential set forth in subsection (b)(1), the permissible price differential for any in-the-money option series may be identical to those in the underlying security market. In the case of the at-the-money and out-of-the-money series, a Trading Official may waive the requirements of subsection (b)(1) on a case-by-case basis when the bid/ask differential for the underlying security is greater than .50. In such instances, the bid/ask differentials for the at-the-money series and the out-of-the-money series may be half as wide as the bid/ask differential in the underlying security in the primary market. Exemptions from subsections (b)(1) and (b)(2) are subject to Exchange review.
 - (4) If the interest of maintaining a fair and orderly market so requires, a Trading Official may declare a fast market in a particular issue and allow Market Makers in that issue to make bids and offers with spread differentials of up to two times, or in exceptional circumstances, up to three times, the legal limits permitted under Rule 6.37-O(b)(1). In making such determinations to allow wider markets, such Trading Official should consider the following factors: (A) whether there is an extreme influx of option orders due to pending news, a news announcement or other special events; (B) whether there is an imbalance of option orders in one series or

on one side of the market; (C) whether the underlying security or Exchange-Traded Fund Share is trading outside the bid or offer in such security then being disseminated; (D) whether OTP Holders or OTP Firms receive no response to orders placed to buy or sell the underlying security; and (E) whether a vendor quote feed is clearly stale or unreliable.

- (5) Whenever a Floor Broker enters a trading crowd and calls for a market in a particular option series, each Market Maker present at the trading post will be obligated to vocalize a two-sided, legal-width market (pursuant to Rule 6.37-O(b)(1)) for a minimum of 10 contracts. This obligation only applies to:
- (A) Market Makers who have executed a transaction in the issue, but not those who have been assigned contracts by the Trading Official pursuant to Commentary .05, on the day of the Floor Broker's call for a market or on the previous business day;
 - (B) Option issues that are ranked in the 120 most actively traded equity options based on the total number of contracts traded nationally as reported by the Options Clearing Corporation. For each current month, the Exchange's determination of whether an equity option ranks in the top 120 most active issues will be based on volume statistics for the three calendar months of trading activity beginning four months prior to the current month;
 - (C) Non-broker-dealer orders; and
 - (D) Series not designated as LEAPS (pursuant to Rule 6.4-O). For each current month, the Exchange's determination of whether an equity option ranks in the top 120 most active issues will be based on volume statistics for the three calendar months of trading activity beginning four months prior to the current month.

(c) *In Classes of Option Contracts Other Than Those to Which Appointed.* With respect to classes of option contracts other than those to which their appointments extend, pursuant to Rule 6.35-O Market Makers should not engage in transactions for an account in which they have an interest that are disproportionate in relation to, or in derogation of, the performance of their obligations as specified in paragraph (b) of this Rule with respect to those classes of option contracts to which their appointments do extend. Whenever Market Makers enter the trading crowd for a class of options in which they do not hold a appointment in other than a floor brokerage capacity, they must fulfill the obligations established by paragraph (b) of this Rule. In addition, when present anywhere on the Options Trading Floor, with regard to all securities traded on the Trading Floor, Market Makers are expected to undertake the obligations specified in paragraph (b) of this Rule in response to a demand therefore from the Trading Official

that the performance of such obligations by other Market Makers requires supplementation. Furthermore, Market Makers should not:

- (1) Congregate in a particular class of option contract; or
- (2) Individually or as a group, intentionally or unintentionally, dominate the market in option contracts of a particular class; or
- (3) Effect purchases or sales on the floor of the Exchange except in a reasonable and orderly manner.
- (4) Whenever a Floor Broker enters a trading crowd and calls for a market in a particular option series, each Market Maker present at the trading post will be obligated to vocalize a two-sided, legal-width market (pursuant to Rule 6.37-O(b)(1)) for a minimum of 10 contracts. This obligation only applies to:
 - (A) Market Makers who have executed a transaction in the issue, but not those who have been assigned contracts by the Trading Official pursuant to Commentary .05, on the day of the Floor Broker's call for a market or on the previous business day;
 - (B) Option issues that are ranked in the 120 most actively traded equity options based on the total number of contracts traded nationally as reported by the Options Clearing Corporation. For each current month, the Exchange's determination of whether an equity option ranks in the top 120 most active issues will be based on volume statistics for the one month of trading activity that occurred two months prior to the current month;
 - (C) Non-broker-dealer orders; and
 - (D) Series not designated as LEAPS (pursuant to Rule 6.4-O).

(d) *In-Person Requirements for Market Makers.* In order to meet the obligations of this rule, and in the interest of a fair and orderly market, an adequate number of Market Makers must be available throughout each trading session. In acknowledgement thereof, the following minimum in-person trading requirements shall be in effect: At least 60% of a Market Maker's transactions must be executed by the Market Maker in-person or through an approved facility of the Exchange. Orders executed for a Market Maker through a Floor Broker will not be credited toward the 60% requirement. A failure to comply with this 60% in-person trading requirement may result in a fine pursuant to Rule 10.12; however, if aggravating circumstances are present, formal disciplinary action may be taken pursuant to Rule 10.4.

In order to assure compliance with the spirit and intent of the 60% requirement, the Exchange may review each of the Market Maker's transactions used to meet the 60% requirement.

(e) *Prohibited Practices and Procedures.*

- (1) Any practice or procedure whereby Market Makers trading any particular option issue determine by agreement the spreads or option prices at which they will trade that issue is prohibited.
- (2) Any practice or procedure whereby Market Makers trading any particular option issue determine by agreement the allocation of orders that may be executed in that issue is prohibited.

(f) Notwithstanding the prohibitions set forth in Subsection (e), the LMM and members of the trading crowd are permitted to act collectively as set forth below:

- (1) Reserved.
- (2) The obligation of Market Makers to make competitive markets does not preclude the LMM and members of the trading crowd from making a collective response to a request for a market, provided the OTP Holder or OTP Firm representing the order requests such a response in order to fill a large order. For purposes of this rule, a large order is an order for a number of contracts that is greater than the eligible order size for automatic execution pursuant to Rule 6.87-O.
- (3) In conjunction with their obligations as a responsible broker or dealer pursuant to Rule 6.86-O and SEC Rule 11Ac1-1, the LMM and Market Makers in the trading crowd may collectively agree to the best bid, best offer and aggregate quotation size required to be communicated to the Exchange pursuant to Rule 6.86-O(c).

Commentary:

.01 The limitations of Rule 6.37-O(b)(2) should not be carried over from one day to the next, and therefore are not applicable to the Exchange's opening.

.02 The bid-ask differentials as stated in paragraph (b)(1) of Rule 6.37-O shall apply to all option series open for trading in each option class.

.03 (a) When a Market Maker displays a market on the screen that is the best market in that crowd, the Market Maker is obligated to ensure that its market is removed from the screen when the Market Maker leaves the crowd.

.04 The obligations of a Market Maker with respect to those classes of option contracts to which he holds an appointment, pursuant to Rule 6.35-O, shall take precedence over his other Market Maker obligations.

.05 Whenever a Floor Broker enters a trading crowd and calls for a market in any class and series at that post, each Market Maker present at the post where the option is traded is obligated, at a minimum, to make a market for one contract except as provided for in Rule 6.37-O(b)(5) and Rule 6.37-O(c)(4), at the established price. In addition, the Exchange may determine that Market Makers in trading crowds shall increase the depth of their markets as set forth in Options Floor Procedure Advice B-12. In the event a Floor Broker is unable to satisfy his order from bids and offers given in the crowd, the Trading Official may assign one contract to every Market Maker present within the primary zone to assist the Floor Broker in satisfying his order. If a Market Maker at the post either bids lower or offers higher than the established market, such Market Maker shall be obligated to trade one contract at the price quoted by the Market Maker.

.06 The maintenance of a fair and orderly market has been determined to be impaired in instances where a Market Maker refuses to honor a market quotation that has just been given, in response to a request for a market.

.07 Leaves of Absence: In order to assure compliance with all applicable rules, regulations and guidelines, the Exchange has provided the following procedures for granting leaves of absence to Market Makers:

- (a) Market Makers may request leaves of absence when they plan to be away from the floor or temporarily withdraw from submitting quotations into the NYSE Arca OX electronic trading system for periods in excess of two weeks during a calendar quarter.
- (b) Requests for leaves of absence must be submitted in writing to the Exchange prior to the commencement of the intended leave.
- (c) While on leave, Market Makers will not be permitted to make opening transactions in Exchange listed options, in their Market Maker accounts, through the use of a Floor Brokers, except as provided in Rule 6.32-O, Commentary .01.
- (d) If a Market Maker on an extended leave of absence is appointed, as his Primary Allocation, to a closed post and a liquidity problem arises at that post, the Exchange, in reviewing the situation, may rescind the Market Maker's appointment in order to enhance trading liquidity in the post. A Market Maker so affected might then be reappointed to an open post, and may reapply for appointment to the closed post upon his return.

.08 A Market Maker may be compelled to buy/sell a specified quantity of option contracts at the disseminated bid/offer pursuant to his obligations under Rule 6.86-O.

.09 The Exchange or its authorized agent may calculate bids and asks for various indices for the sole purpose of determining permissible bid/ask differentials on options on these indices. These values will be calculated by determining the weighted average of the bids and asks for the components of the corresponding index. These bids and asks will be disseminated by the Exchange at least every fifteen (15) seconds during the trading day solely for the purpose of determining the permissible bid/ask differential that Market Makers may quote on an in-the-money option on the indices. For in-the-money series in index options where the calculated bid/ask differential is wider than the applicable differential set out in subparagraph (b)(1) of this Rule, the bid/ask differential in the index option series may be as wide as the calculated bid/ask differential in the underlying index. The Exchange will not make a market in the basket of stock comprising the indices and is not guaranteeing the accuracy or the availability of the bid/ask values.]Obligations in Appointed Classes. With respect to each class of options in his appointment, a Market Maker is expected to engage, to a reasonable degree under the existing circumstances, in dealings for his own account when there exists, or it is reasonably anticipated that there will exist, a lack of price continuity, a temporary disparity between the supply of and demand for a particular option contract, or a temporary distortion of the price relationships between option contracts of the same class. Without limiting the foregoing, a Market Maker is expected to perform the following activities in the course of maintaining a fair and orderly market.

- (1) To compete with other Market Makers to improve the market in all series of options classes to which the Market Maker is appointed.
- (2) To make markets that will be honored for the number of contracts entered into the System in all series of options classes within the Market Maker's appointment.
- (3) To update market quotations in response to changed market conditions in all series of options classes within the Market Maker's appointment.
- (4) Bidding and/or offering so as to create differences of:
 - (A) no more than .25 between the bid and the offer for each option contract for which the bid is less than \$2,
 - (B) no more than .40 where the bid is \$2 or more but does not exceed \$5,
 - (C) no more than .50 where the bid is more than \$5 but does not exceed \$10,

- (D) no more than .80 where the bid is more than \$10 but does not exceed \$20, and
- (E) no more than \$1 when the last bid is \$20.01 or more, provided that a Trading Official may establish differences other than the above for one or more series or classes of options.

- (5) Electronically submit quotes to the System during Core Trading Hours with a difference not to exceed \$5 between the bid and offer regardless of the price of the bid.

Two Trading Officials may establish quote width differences other than as provided in this subparagraph (5) for one or more option series.

- (6) In response to a call for a market from a Floor Broker, bidding no more than \$1 lower and/or offering no more than \$1 higher than the last preceding transaction price for the particular option contract. However, this standard shall not ordinarily apply if the price per share (or other unit of trading) of the underlying security or Exchange-Traded Fund Share has changed since the last preceding transaction for the particular option contract, in which event a Market Maker may then bid no lower than or offer no more than \$1 plus the aggregate change in the price per share (or other unit of trading) of the underlying security or Exchange-Traded Fund Share since the time of the last preceding transaction for the particular option contract. This provision applies from one day's close to the next day's opening and from one transaction to the next in intra-day transactions. With respect to inter-day transactions, this provision applies if the closing transaction occurred within one hour of the close and the opening transaction occurred within one hour after the opening. With respect to intra-day transactions, this provision applies to transactions occurring within one hour of one another. A Trading Official may waive the provisions of this paragraph in an index option when the primary underlying securities market for that index is not trading. Nothing in this subparagraph (b)(6) shall alter the maximum bid/ask differentials established by subparagraph (b)(4)-(5) of Rule 6.37-O.

- (c) *Unusual Conditions - Opening Auction.* If the interest of maintaining a fair and orderly market so requires, a Trading Official may declare that unusual market conditions exist in a particular issue and allow Market Makers in that issue to make auction bids and offers with spread differentials of up to two times, or in exceptional circumstances, up to three times, the legal limits permitted under Rule 6.37-O. In making such determinations to allow wider markets, the Trading Official should consider the following factors: (A) whether there is pending news, a news announcement or other special events; (B) whether the underlying security or Exchange-Traded Fund Share is trading outside of the bid or offer in such security then being disseminated; (C) whether OTP Holders and OTP Firms receive no response to orders placed to buy or sell the underlying security; and (D) whether a vendor quote feed is clearly stale or unreliable.

- (1) In the event that a Trading Official determines that unusual market conditions exist in any option, it will be the responsibility of the Trading Official who declared the unusual market conditions to file a report with Exchange Operations setting forth the relief granted, the time and duration of such relief and the reasons therefore.

(d) *In Classes of Option Contracts Other Than Those to Which Appointed.* With respect to classes of option contracts outside of their appointment, Market Makers should not engage in transactions for an account in which they have an interest that are disproportionate in relation to, or in derogation of, the performance of their obligations as specified in this Rule with respect to the classes in their appointment. Whenever Market Makers enter the trading crowd for a class of options in which they do not hold an appointment, they must fulfill the obligations established by this rule. In addition, when present anywhere on the Trading Floor, with regard to all securities traded on the Trading Floor, Market Makers are expected to undertake the obligations specified in paragraph (b) of this Rule in response to a demand therefore from the Trading Official that the performance of such obligations by other Market Makers requires supplementation. Furthermore, Market Makers should not:

- (1) Individually or as a group, intentionally or unintentionally, dominate the market in option contracts of a particular class; and
- (2) Effect purchases or sales on the Exchange except in a reasonable and orderly manner.

(e) *Prohibited Practices and Procedures.*

- (1) Any practice or procedure whereby Market Makers trading any particular option issue determine by agreement the spreads or option prices at which they will trade that issue is prohibited.
- (2) Any practice or procedure whereby Market Makers trading any particular option issue determine by agreement the allocation of orders that may be executed in that issue is prohibited.

(f) The obligation of Market Makers to make competitive markets does not preclude Market Makers in a trading crowd from discussing a request for a market that is greater than the disseminated size for that option class, for the purpose of making a single bid (offer) based upon the aggregate of individual bids (offers) by members in the trading crowd, but only when the member representing the order asks for a single bid (offer). Whenever a single bid (offer) pursuant to this paragraph is made, such bid (offer) shall be a firm quote and each member of the trading crowd participating in the bid (offer) shall be obligated to fulfill his portion of the single bid (offer) at the single price.

Commentary:

.01 Leaves of Absence

(a) Market Makers may request leaves of absence when they plan to be away from the floor or temporarily withdraw from submitting quotations into the System for periods in excess of two weeks during a calendar quarter.

(b) Requests for leaves of absence must be submitted in writing to the Exchange prior to the commencement of the intended leave.

(c) While on leave, Market Makers will not be permitted to make opening transactions in Exchange listed options, in their Market Maker accounts, through the use of a Floor Brokers, except as provided in Rule 6.32-O, Commentary .01.

Rule 6.37A-O. [Obligations of Market Makers — OX

(a) *General.* Transactions of a Market Maker should constitute a course of dealings reasonably calculated to contribute to the maintenance of a fair and orderly market, and no Market Maker should enter into transactions or make bids or offers that are inconsistent with such a course of dealings.

(b) *Obligations in Appointed Classes.* With respect to each class of options in his appointment, a Market Maker is expected to engage, to a reasonable degree under the existing circumstances, in dealings for his own account when there exists, or it is reasonably anticipated that there will exist, a lack of price continuity, a temporary disparity between the supply of and demand for a particular option contract, or a temporary distortion of the price relationships between option contracts of the same class. Without limiting the foregoing, a Market Maker is expected to perform the following activities in the course of maintaining a fair and orderly market.

- (1) To compete with other Market Makers to improve the market in all series of options classes to which the Market Maker is appointed.
- (2) To make markets that will be honored for the number of contracts entered into OX in all series of options classes within the Market Maker's appointment.
- (3) To update market quotations in response to changed market conditions in all series of options classes within the Market Maker's appointment.
- (4) Options traded on OX during Core Trading Hours may be quoted with a difference not to exceed \$5 between the bid and offer regardless of the price of the bid.
- (5) Two Trading Officials may establish quote width differences other than as provided in subparagraph (4) for one or more options series.

Two Trading Officials may establish quote width differences other than as provided in this subparagraph (5) for one or more options series.

- (6) Reserved.
- (7) In the event the bid/ask differential in the underlying security is greater than the bid/ask differential set forth in subsection (b)(4)-(5), the permissible price differential for any in-the-money option series may be identical to those in the underlying security market. In the case of the at-the-money and out-of-the-money series, a Trading Official may waive the requirements of subsections (b)(4)-(5) on a case-by-case basis when the bid/ask differential for the underlying security is greater than .50. In such instances, the bid/ask differentials for the at-the-money series and the out-of-the-money series may be half as wide as the bid/ask differential in the underlying security in the primary market. Exemptions from subsections (b)(4)-(5) are subject to Exchange review. The Trading Official who provided such an exemption must file a report with Exchange Operations setting forth the time and duration of such relief and the reasons therefore.

(c) *Unusual Conditions - Opening Auction.* If the interest of maintaining a fair and orderly market so requires, a Trading Official may declare that unusual market conditions exist in a particular issue and allow Market Makers in that issue to make auction bids and offers with spread differentials of up to two times, or in exceptional circumstances, up to three times, the legal limits permitted under Rule 6.37A-O. In making such determinations to allow wider markets, the Trading Official should consider the following factors: (A) whether there is pending news, a news announcement or other special events; (B) whether the underlying security or Exchange-Traded Fund Share is trading outside of the bid or offer in such security then being disseminated; (C) whether OTP Holders or OTP Firms receive no response to orders placed to buy or sell the underlying security; and (D) whether a vendor quote feed is clearly stale or unreliable.

- (1) In the event that a Trading Official determines that unusual market conditions exist in any option, it will be the responsibility of the Trading Official who declared the unusual market conditions to file a report with Exchange Operations setting forth the relief granted, the time and duration of such relief and the reasons therefore.

(d) *In Classes of Option Contracts Other Than Those to Which Appointed.* With respect to classes of option contracts outside of their appointment, Market Makers should not engage in transactions for an account in which they have an interest that are disproportionate in relation to, or in derogation of, the performance of their obligations as specified in this Rule with respect to the classes in their appointment. Whenever Market Makers enter the trading crowd for a class of options in which they do not hold an appointment in other than a floor brokerage capacity, they must fulfill the obligations established by this rule. In addition, when present anywhere on the Trading Floor, with regard to all securities traded on the Trading Floor, Market Makers are expected to

undertake the obligations specified in paragraph (b) of this Rule in response to a demand therefore from the Trading Official that the performance of such obligations by other Market Makers requires supplementation. Furthermore, Market Makers should not:

- (1) Individually or as a group, intentionally or unintentionally, dominate the market in option contracts of a particular class; and
 - (2) Effect purchases or sales on the Exchange except in a reasonable and orderly manner.
- (e) *Prohibited Practices and Procedures.*
- (1) Any practice or procedure whereby Market Makers trading any particular option issue determine by agreement the spreads or option prices at which they will trade that issue is prohibited.
 - (2) Any practice or procedure whereby Market Makers trading any particular option issue determine by agreement the allocation of orders that may be executed in that issue is prohibited.
- (f) The obligation of Market Makers to make competitive markets does not preclude Market Makers in a trading crowd from discussing a request for a market that is greater than the disseminated size for that option class, for the purpose of making a single bid (offer) based upon the aggregate of individual bids (offers) by members in the trading crowd, but only when the member representing the order asks for a single bid (offer). Whenever a single bid (offer) pursuant to this paragraph is made, such bid (offer) shall be a firm quote and each member of the trading crowd participating in the bid (offer) shall be obligated to fulfill his portion of the single bid (offer) at the single price.

Rule 6.37B-O.] Market Maker Quotations[— OX]

(a) - (e) (No change).

Commentary:

.01 (No change).

Rule 6.37[C]B-O. Market Maker Orders[— OX]

(No change).

Rule 6.41-O. Reserved.[Market Maker Marketing Reports]

The Exchange will provide its Market Makers with statistical reports designed to measure trading volume and participation in trading activity in each option issue traded on the Exchange. The reports will provide monthly trading information that will identify, by order flow provider, the issue and number of contracts traded, the LMM post where the issue is traded, the contra and executing broker symbols, and whether the trade was executed through the Exchange's OX electronic trading system or manually in the trading crowd.]

Rule 6.43-O. Options Floor Broker Defined

(b) Conducting a Limited Public Business

- (1) Qualified Floor Brokers and Floor Clerks of qualified Floor Brokers may conduct a public business limited to accepting orders directly from Qualified Customers[Professional Customers], as defined below, for execution on the Floor of the Exchange. Any Floor Broker or Floor Clerk of a Floor Broker seeking to conduct such a limited public business must first:

- (2) For purposes of this rule, a "Qualified Customer"["Professional Customer"] includes a bank; trust company; insurance company; investment trust; a state or political subdivision thereof; charitable or nonprofit educational institution regulated under the laws of the United States, or any state, or pension or profit sharing plan subject to ERISA or of any agency of the United States as of a state or political subdivision thereof; or any person (other than a natural person) who has, or who has under management, net tangible assets of at least sixteen million dollars.

Rule 6.47-O. "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 changes).
- (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 comply with Rule 6.94-O[be equal to or better than the NBBO], (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 are ranked ahead of such equal or better priced Customer bids or offers, and (C) the Floor Broker may not trade through any non-Customer bids or offers on the Consolidated Book that are priced better than the proposed execution price. If there are Customer bids or offers on the Consolidated Book priced equal or better than the proposed execution price, the Floor Broker must trade against such bids or offers. 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 non-Customer bids or offers that are ranked ahead of any equal-priced Customer bids or offers. Once applicable bids or offers 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 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 must comply with Rule 6.94-O[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, (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 must comply with Rule 6.94-O[is equal to or better than the NBBO], (B) there are no better-priced bids or offers on the Consolidated Book or in the trading crowd, 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 or 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 or offers, or equal or better-priced bids or offers in the trading crowd 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) - (8) (No changes).

- (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 changes).
- (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) the execution price must comply with Rule 6.94-O[be equal to or better than the NBBO].
 - (B) the Floor Broker may not trade through any better priced bids or offers 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. If there are equal or better-priced Customer bids or offers on the Consolidated Book, the Floor Broker must trade against such Customer bids or offers. 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 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 on the Consolidated Book if an execution would take place at a price that is inferior to the NBBO.]

Rule 6.64-O. OX Opening Process

- (a) (No change).

OX Automated Opening Auction

(b) *Establishing a Market for the Opening Auction.* The system will accept market and limit orders and quotes for inclusion in the opening auction process (“Auction Process”) until such time as the Auction Process is initiated in that option series. Contingency orders (except for “opening only” orders) will not participate in the Auction Process. Any eligible open orders residing in the OX Book from the previous trading session will be included in the Auction Process. At or after 9:30 a.m. Eastern Time, once the primary market for the underlying security disseminates a quote and a trade that is at

or within the quote, the related option series will be opened automatically based on the following principles and procedures:

(A) - (C) (No change).

(D) The OX System will not conduct an Auction Process if the bid-ask differential for that series is not within an acceptable range. For the purposes of this rule, an acceptable range shall mean within the bid-ask differential guidelines established pursuant to Rule 6.37-O(b)([1)(A)-(E]4).

(E) If the OX System does not open a series with an Auction Process, the OX System shall open the series for trading after receiving notification of an initial uncrossed NBBO disseminated by OPRA for the series, provided that the bid-ask differential does not exceed the bid-ask differential specified under Rule 6.37[A]-O(b)([4]5).

Rule 6.67-O. Order Format and System Entry Requirements

(d)(1) Exceptions to EOC. The EOC entry requirement provision of subsection (c) will not apply to any EOC system disruption or malfunction as confirmed by a Trading Official.

(2) *EOC Contingency Reporting Procedures.* If the exception set forth in subsection (d)(1) applies, then the following procedures must be followed:

(A) OTP Holders and OTP Firms shall use a backup supply of tickets to record the details of all orders (the data elements of which are prescribed in subsection (c)(1) above), received through non-electronic means. The order ticket must be processed in accordance with Rule 6.2-O(h)(5)(C). All order events (i.e., receipt, changes, execution, partial execution, cancellation, or nothing done) must be [immediately]timestamped [(a timestamp synchronized with the National Institute of Standards and Technology Atomic Clock in Boulder Colorado "NIST Clock" will be available at all OTP Holder and OTP Firm booths and trading posts)]in compliance with Rule 11.6820.

Rule 6.69-O. Reporting Duties

(b) *Reporting of transactions on the Options Floor.* All transactions occurring on the Options Floor must be immediately reported to the Exchange in a form and manner prescribed by the Exchange.

(iii) *Complex Order.* For Complex Order transactions, where the transaction is made up of both buy and sell orders and priced on a net debit/credit basis, the seller shall be determined to be the OTP Holder participating on the “debit” side of the trade.[between two Floor Brokers or two Market Makers, the party responsible for reporting the transaction shall be the OTP Holder that first initiated the transaction.]

Rule 6.75-O. Priority and Order Allocation Procedures — Open Outcry

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

Order Allocation Procedures

(f) Determination of Time Priority Sequence.

(1) - (5) (No change).

(6) Size Pro Rata Allocations

(A) If the OTP Holders or OTP Firms of the trading crowd provide a collective response to an OTP Holder's or OTP Firm's request for a market in order to fill a large order, pursuant to Rule 6.37-O(f)(2)], then:

(g) *Complex Order, Stock/Option, and Stock/Complex Order Priority:* A Complex Order as defined in Rule 6.62-O(e) and Stock/Complex Orders as defined in 6.62-O(h)(2) may be executed at a total or net debit or credit price with another OTP Holder without giving priority to equivalent bids (offers) in the individual series legs that are represented in the Trading Crowd or Customer limit orders in the Consolidated Book, provided at least one options leg of the order betters the corresponding Customer bid (offer) in the Consolidated Book by at least one minimum trading increment as defined in Rule 6.72-O (i.e., \$0.10 or \$0.05 or \$0.01, as applicable) or a \$0.01 increment, which increment shall be determined by the Exchange on a class-by-class basis. Stock/Option Orders, as defined in Rule 6.62-O(h)(1), have priority over equivalent bids (offers) of the trading crowd but not over equivalent Customer bids (offers) in the Consolidated Book.

Bids and offers on Complex Orders, Stock/Option Orders, and Stock/Complex Orders may be expressed in \$.01 increment regardless of the minimum increments otherwise applicable to the individual legs of the order.

Rule 6.82-O. Lead Market Makers

(a) - (b) (No change).

(c) Obligations of Lead Market Makers:

Each LMM must meet the following obligations:

(1) - (3) (No change).

(4) Fulfill general Market Maker obligations under Rules 6.37-O[and 6.37A-O];

RULE 10 DISCIPLINARY PROCEEDINGS, OTHER HEARINGS AND APPEALS

Rule 10.12. Minor Rule Plan

(a) - (g) (No change).

(h) Minor Rule Plan: Options Floor Decorum and Minor Trading Rule Violations

(1) - (38) (No change).

(39) Failure by a Lead Market Maker or Market Maker to comply with the Quotation Requirements of Rule 6.37[B]A-O.

(40) (No change).

(41) Market Maker failed to quote markets within the maximum quote spread differentials or failed to disseminate quotes accurately. (Rules 6.37-O(b)(1)[, 6.37A-O(b)] and 6.82-O(c)(1))

(k) Options Minor Rule Plan: Recommended Fine Schedule

The following fine schedule sets forth the amount of the fine(s) to be imposed. Except as noted below, the amount of the fine(s) shall be imposed at the First Level pursuant to the chart below. If another Minor Rule Plan Fine has been issued to the same OTP Holder, OTP Firm, or associated person for the same or similar conduct violating the same rule (regardless of when paid) within 24 months from the date of occurrence of the violation(s) set forth in the current Notice of Minor Rule Plan Fine, then the fine(s) shall be imposed at the Second Level. If two or more separate Notices of Minor Rule Plan Fine have previously been issued to the same OTP Holder, OTP Firm, or associated person for the same or similar conduct violating the same rule within 24 months from the date of occurrence of the violation(s) set forth in the current Notice of Minor Rule Plan Fine, then the fine(s) shall be imposed at the Third Level.

These fines are intended to apply to minor violations. For more serious violations, other disciplinary action may be sought.

	Fine Levels		
	1st Level	2nd Level	3rd Level
(i) Options Floor Decorum and Minor Trading Rule Violations			

26. [Failure to meet 60% In-Person Trading Requirement. (Rule 6.37-O(d)) <u>Reserved.</u>	[\$1,000.00]	[\$2,500.00]	[\$3,500.00]

41. Market Maker failed to quote markets within the maximum quote spread differentials or failed to disseminate quotes accurately. (Rules 6.37-O(b)([1]4), 6.37A-O(b)] and 6.82-O(c)(1))	(No change).	(No change).	(No change).

Rule 10.16. NYSE Arca Sanctioning Guidelines—Options

(a) - (d) (No change).

(e) Specific Sanctioning Guidelines for Options Order Handling Rules.

(1) (No change).

(2) Priority Rules and Obligations of Market Makers — NYSE Arca Rules 6.37-O, [6.37A-O,]6.75-O and 6.76-O.

RULE 11 BUSINESS CONDUCT

Rule 11.16. Books and Records

(a) (No change).

Commentary:

.01 The following Exchange Rules contain specific requirements with regard to the maintenance, retention and furnishing of books, records and other information: Rules 2.16, 4.1-O, 4.3-O, 4.5-O, 4.6-O, 4.7-O, 4.9-O, 4.10-O, 4.11-O, 4.15-O, 4.18-O, 11.9, 11.12, 11.16, 11.17, 11.18, 6.1-4-O, 6.15-O, 6.16-O, 6.17-O, 6.18-O, 6.19-O, 6.39-O, [6.41-O,] 6.46-O, 6.68-O, 6.69-O, 9.2-O, 9.17-O and 9.18-O. The foregoing list is not intended to be exhaustive and OTP Holders and OTP Firms must comply with applicable record keeping and reporting requirements regardless of whether they are listed here.
