

Additions underlined  
Deletions [bracketed]

**NYSE MKT Rules**

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**Section 900NY. Rules Principally Applicable to Trading of Options Contracts**

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**Rule 975NY. Obvious Errors and Catastrophic Errors**

Unless otherwise stated, the provisions contained within this Rule are applicable to electronic transactions only.

(a) (1)-(2) No change.

(3) Adjust or Bust. The Exchange will determine whether there was an Obvious Error as defined above. If it is determined that an Obvious Error has occurred, the Exchange shall take one of the following actions listed below. Upon taking final action, the Exchange shall promptly notify both parties to the trade.

(A) [*Where each party to the transaction is a Market Maker*] *Where no party to the transaction is a Customer, as defined in Rule 900.2NY(18).* The execution price of the transaction will be adjusted by the Exchange to the prices provided in paragraphs (i) and (ii) below unless both parties agree to adjust the transaction to a different price or agree to bust the trade within ten (10) minutes of being notified by the Exchange of the Obvious Error.

(i) – (ii) No change.

(B) *Where at least one party to the Obvious Error is [not] a Customer[Market Maker].* The trade will be busted by the Exchange unless both parties agree to an adjustment price for the transaction within thirty (30) minutes of being notified by the Exchange of the Obvious Error.

(C) – (D) No change.

(4) – (7) No change.

(b) – (c) No change.

(d) Catastrophic Error Price Adjustment Procedures

The Exchange shall adjust the execution price of a transaction that results from a Catastrophic Error as provided in this rule.

- (1) *Catastrophic Error*. For purposes of Rule 975NY(d), a Catastrophic Error will be deemed to have occurred when the execution price of a transaction is higher or lower than the Theoretical Price for the series by an amount equal to at least the minimum amount shown below:

| <b>Theoretical Price</b>  | <b>Minimum Amount</b> |
|---------------------------|-----------------------|
| Below \$2                 | \$1                   |
| \$2 to \$5                | \$2                   |
| Above \$5 to \$10         | \$3[5]                |
| Above \$10 to \$2[5]0     | \$5[10]               |
| <u>Above \$20 to \$50</u> | <u>\$7</u>            |
| Above \$50 to \$100       | \$1[2]0               |
| Above \$100               | \$15[30]              |

- (2) (A) – (B) No change.

- (3) *Catastrophic Error Procedure*. The Exchange shall administer the application of Rule 975NY(d) as follows:

(A) No change.

(B) *Catastrophic Error Determination*. [A Catastrophic Error Review Panel (“Panel”)] A Trading Official will determine whether the transaction(s) qualify as a Catastrophic Error. If it is determined that a Catastrophic Error has occurred, [the Panel will instruct] the Exchange[to] will adjust the execution price(s) of the transaction(s) according to subparagraph ([D]C) below, unless a Customer is party to the trade. Anytime a Customer is party to a trade that has been deemed a Catastrophic Error, the Exchange will adjust the trade in accordance with subparagraph (C) below, unless such adjustment would violate the Customer’s limit price. If the adjustment would violate the Customer’s limit price, the Customer will have 30 minutes from the time the Exchange notifies the Customer of the adjustment price to accept it; otherwise, the Exchange will bust the trade. Notwithstanding the foregoing, both parties to the trade may mutually agree to an adjustment price within 30 minutes after being notified by the Exchange of the Catastrophic Error. [If it is determined that a Catastrophic Error has not occurred, the ATP Holder will be subject to a charge of \$5,000. All determinations by the Panel shall constitute final Exchange action on the matter at issue.]

(C) [Catastrophic Error Review Panel. The Panel shall be comprised of the CRO, or a designee of the CRO, and a representative from two (2) different ATP Holders. One representative on the Panel will always be from an ATP Holder directly

engaged in market making activities and one representative on the Panel will always be from an ATP Holder directly engaged in the handling of options orders for Customers. The Exchange shall designate at least ten (10) ATP Holder representatives to be called upon to serve on the Panel as needed. In no case shall a Panel include a person related to a party to the trade in question. To the extent reasonably possible, the Exchange shall call upon the designated representatives to participate in a Panel on an equally frequent basis.

(D) Adjustment. If it is determined that a Catastrophic Error has occurred where none of the parties is a Customer, unless both (all) parties agree to adjust the transaction to a different price or agree to bust the trade within 10 minutes of being notified of the Catastrophic Error by the Exchange, the execution price(s) of the transaction(s) will be adjusted to the Theoretical Price, (i) plus the adjustment value provided below for erroneous buy transactions, and (ii) minus the adjustment value provided for erroneous sell transactions. Catastrophic Errors involving Customers are handled as described in (d)(3)(B) of this rule.

| <b>Theoretical Price</b>  | <b>Adjustment Amount</b> |
|---------------------------|--------------------------|
| Below \$2                 | \$1                      |
| \$2 to \$5                | \$2                      |
| Above \$5 to \$10         | \$3                      |
| Above \$10 to \$2[5]0     | \$5                      |
| <u>Above \$20 to \$50</u> | <u>\$7</u>               |
| Above \$50 to \$100       | \$10[7]                  |
| Above \$100               | \$15[0]                  |

(D) Review Procedure. If a party to a determination made pursuant to subparagraph (d)(3)(B) of this Rule so requests within thirty (30) minutes after being given notification of the determination, the CER Panel will review that determination to decide if it was correct, and to decide whether the correct action was taken pursuant to subparagraphs (d)(3)(B) and (C) of the Rule based on such determination. All decisions made by the CER Panel shall constitute final Exchange action on the matter at issue.

(E) Catastrophic Error Review Panel (“CER Panel”). The CER Panel shall be comprised of the CRO, or a designee of the CRO, and a representative from two (2) different ATP Holders. One representative on the Panel will always be from an ATP Holder directly engaged in market making activities and one representative on the CER Panel will always be from an ATP Holder directly engaged in the handling of options orders for Customers. The Exchange shall designate at least ten (10) ATP Holder representatives to be called upon to serve on the CER Panel as needed. In no case shall a CER Panel include a person related to a party to the trade in question. To the extent reasonably possible, the Exchange shall call upon the designated representatives to participate in a Panel on an equally frequent basis.

(F) If the CER Panel confirms a determination made by the Trading Official pursuant to subparagraph (d)(3)(B) of this Rule, the ATP Holder that requested review of the determination by the CER Panel will be assessed a fee of \$5,000.

**Commentary:**

**.01- .06** No change.