

EXHIBIT 4

The text of the proposed rule change is marked below to show changes from the text of the Original Filing, as amended by Amendment 1. Double-underlined text is new and stricken text is being removed.

BOX Options Exchange LLC

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100 Definitions

(a) With respect to these Rules, the following terms shall have the meanings specified in this Rule 100. A term defined elsewhere in these Rules shall have the same meaning with respect to this Rule 100 Series, unless otherwise defined below.

(1) through (25) No change.

(26) The term "**Floor Participant**" means Floor Brokers as defined in Rule 7540 and Floor Market Makers as defined in Rule 8510(b).

(27) The terms "**he**," "**him**" or "**his**" shall be deemed to refer to persons of female as well as male gender, and to include organizations, as well as individuals, when the context so requires.

(28) The term "**index option**" means, as the context requires, either an options contract that is an option on an index of equity securities prices or a contract on a tradable instrument which tracks such prices.

(29) The term "**individual equity option**" means an options contract which is an option on an equity security.

(30) The term "**long position**" means a person's interest as the holder of one or more options contracts.

(31) The term "**Market Maker**" means an Options Participant registered with the Exchange for the purpose of making markets in options contracts traded on the Exchange and that is vested with the rights and responsibilities specified in the Rule 8000 Series. All Market Makers are designated as specialists on the Exchange for all purposes under the Exchange Act or Rules thereunder.

(32) The term "**Market Operations Center**" or "**MOC**" means the BOX Market Operations Center, which provides market support for Options Participants during the trading day.

(33) The term "**Market Regulation Center**" or "**MRC**" means the Exchange's United States based facilities in which, pursuant to procedures established by the Board, Exchange Officials and personnel shall monitor, conduct surveillance of, and regulate the conduct of options business on BOX, in order to ensure the maintenance of a fair and orderly market.

(34) The term "**NBB**" means the national best bid, the term "**NBO**" means the national best offer, and the term "**NBBO**" means the national best bid or offer, each as calculated by BOX based on market information received by BOX from OPRA.

(35) The term "**offer**" means a limit order to sell one or more options contracts.

(36) The term "**opening purchase transaction**" means a BOX Transaction that creates or increases a long position in an options contract.

(37) The term "**opening writing transaction**" means a BOX Transaction that creates or increases a short position in an options contract.

(38) The term "**options contract**" means a put or a call issued, or subject to issuance by the Clearing Corporation pursuant to the Rules of the Clearing Corporation.

(39) The term "**options market close**" or "**market close**" means the time specified by BOX for the cessation of trading in contracts on BOX for options on that market day.

(40) The term "**options market open**" or "**market open**" means the time specified by BOX for the commencement of trading in contracts on BOX for options on that market day.

(41) The term "**Options Participant**" or "**Participant**" means a firm, or organization that is registered with the Exchange pursuant to the Rule 2000 Series for purposes of participating in options trading on BOX as an "Order Flow Provider" or "Market Maker".

(42) The term "**Options Principal**" means persons associated with a Participant, enumerated in subparagraphs (i) through (v) hereafter, who are actively engaged in the management of the Options Participant's investment banking or securities business, including supervision, solicitation, conduct of business or the training of persons associated with a Participant for any of these functions. Designated Options Principals shall include:

- (i) Sole Proprietors;
- (ii) Officers;
- (iii) Partners;
- (iv) Branch Manager; and
- (v) Directors of Corporations.

(43) The term "**Options Participation Agreement**" means the agreement to be executed by Options Participants to qualify to participate on BOX.

- (44) The term "**OPRA**" means the Options Price Reporting Authority.
- (45) The term "**order**" means a firm commitment to buy or sell options contracts as defined in Rule 7110 (Order Entry).
- (46) The terms "**Order Flow Provider**" or "**OFP**" mean those Options Participants representing as agent Customer Orders on BOX and those non-Market Maker Participants conducting proprietary trading.
- (47) The term "**outstanding**" means an options contract which has been issued by the Clearing Corporation and has neither been the subject of a closing writing transaction nor has reached its expiration date.
- (48) The term "**person**" means any natural person, company, government, or political subdivision, agency, or instrumentality of a government.
- (49) The term "**pre-opening**" means the period immediately prior to the market open on BOX, beginning at a time specified by BOX, during which Options Participants may log on to the Trading Host and submit, amend and withdraw orders, but no trading can occur.
- (50) The term "**primary market**" means the principal market in which an underlying security is traded.
- (51) The term "**Professional**" means any person or entity that (i) is not a broker or dealer in securities, and (ii) places more than 390 orders in listed options per day on average during a calendar month for its own beneficial account(s). All Professional orders shall be appropriately marked by Participants. A Professional will be treated in the same manner as a broker-dealer for purposes of Rules 7150 and 7245. Except as noted below, each order of any order type counts as one order for Professional order counting purposes.
- (a) through (c) No change.
- (52) The term "**Public Customer**" means a person that is not a broker or dealer in securities.
- (53) The term "**Public Customer Order**" means an order for the account of a Public Customer.
- (54) The term "**put**" means an options contract under which the holder of the option has the right, in accordance with the terms and provisions of the option and the Rules of the OCC, to sell to the Clearing Corporation the number of units of the underlying security covered by the options contract, at a price per unit equal to the exercise price, upon the timely exercise of such option.

(55) The term "**Quarterly Options Series**" means a series in an options class that is approved for listing and trading on the Exchange in which the series is opened for trading on any business day and that expires at the close of business on the last business day of a calendar quarter.

(56) The term "**quote**" or "**quotation**" means a bid or offer entered by a Market Maker as a firm order that updates the Market Maker's previous bid or offer, if any.

(57) The term "**Representative**" means persons associated with a Participant, including assistant officers other than principals, who are engaged in the investment banking or securities business for the Participant including the functions of supervision, solicitation, or conduct of business in securities or who are engaged in the training of persons associated with a Participant for any of these functions.

(58) The term "**Request for Quote**" or "**RFQ**" shall mean a message that may be issued by an Options Participant in order to signal an interest in an options series and request response from other Participants. The RFQ contains only the series symbol and quantity and is broadcast to all Participants.

(59) The term "**Rules**" means the Exchange By-Laws, the Exchange LLC Agreement, and these Rules of the Exchange.

(60) The term "**Rules of the Clearing Corporation**" or "**Rules of the OCC**" means the Certificate of Incorporation, the By-Laws and the Rules of the Clearing Corporation, and all written interpretations thereof, as may be in effect from time to time.

(61) The term "**SEC**" or "**Commission**" means the United States Securities and Exchange Commission.

(62) The term "**series of options**" means all options contracts of the same class of options having the same exercise price and expiration date.

(63) The term "**session end**" means the period immediately following Market Close, ending at a time specified by BOX, during which Options Participants may withdraw any "good-till-canceled" orders that they do not wish to remain in the market for the following market day.

(64) The term "**short position**" means a person's interest as the writer of one or more options contracts.

(65) The term "**Short Term Option Series**" means a series in an option class that is approved for listing and trading on BOX in which the series is opened for trading on any Tuesday, Wednesday, Thursday or Friday that is a business day and that expires on the Wednesday or Friday of the next business week. If a Tuesday, Wednesday, Thursday or Friday is not a business day, the series may be opened (or shall expire) on the first

business day immediately prior to that Tuesday, Wednesday, Thursday or Friday, respectively.

(66) The term "**SRO**" means a self-regulatory organization as defined in Section 3(a)(26) of the Exchange Act.

(67) The term "**Trading Floor**" or "**Options Floor**" means the physical trading floor of the Exchange located in Chicago. The Trading Floor shall consist of ~~at least one~~ "Crowd Area" or "Pit" where all option classes will be located. ~~A~~The Crowd Area or Pit shall be marked with specific visible boundaries on the Trading Floor, as determined by the Exchange. ~~All series for a particular option class will be allocated to the same Crowd Area.~~ A Floor Broker must open outcry an order in the ~~corresponding~~ Crowd Area.

(68) The term "**Trading Host**" means the automated trading system used by BOX for the trading of options contracts.

(69) The term "**type of option**" means the classification of an options contract as either a put or a call.

(70) The term "**uncovered**" means a short position in an options contract that is not covered.

(71) The term "**underlying security**" means the security that the Clearing Corporation shall be obligated to sell (in the case of a call option) or purchase (in the case of a put option) upon the valid exercise of an options contract.

(b) Other Provisions.

(1) Presiding Exchange Officials. The President of the Exchange and his or her designated staff shall be responsible for monitoring: (1) dealings of Floor Participants and their associated persons on the Trading Floor, and of the premises of the Exchange immediately adjacent thereto; (2) the activities of Floor Participants and their associated persons and shall establish standards and procedures for the training and qualification of Floor Participants and their associated persons active on the Trading Floor; (3) all Trading Floor employees of Floor Brokers and Floor Market Makers, and shall make and enforce such rules with respect to such employees as ~~it may deem~~ deem be deemed necessary; (4) all connections or means of communications with the Trading Floor and may require the discontinuance of any such connection or means of communication when, in the opinion of the President or his or her designee, it is contrary to the welfare or interest of the Exchange; (5) the location of equipment and the assignment and use of space on the Trading Floor; and (6) relations with other options exchanges.

(2) BOX Order Gateway. The BOX Order Gateway ("BOG") is a component of the ~~Exchange designed to enable~~ Trading Host which enables Floor Brokers and/or their employees to enter transactions on the Trading Floor. ~~The BOG also is designed to~~ Once orders are submitted through the BOG they are immediately processed by the Trading

Host. The Trading Host will establish an electronic audit trail for options orders represented and executed by Floor Brokers ~~on the Trading Floor~~ such that the audit trail provides an accurate, time-sequenced record of ~~electronic and other~~ all orders, quotations and transactions on from the Trading Floor, beginning with the receipt of an order by the Exchange, and further documenting the life of the order. ~~The features of the BOG~~ Additional information on the requirements for Floor Broker's audit trail requirements are described in Rule 7580(e).

(3) All Exchange options transactions shall be executed ~~in one of the following ways:~~ (i) automatically by the Exchange's trading system Trading Host pursuant to Rule 7130, 7130 or 7600.

~~(ii) by and among Floor Participants in the Exchange's options trading crowd; provided that the order is processed through the BOG.~~

(4) *Manner of Bidding and Offering on the Trading Floor.* Bids and offers on the Trading Floor, to be effective, must be made by public outcry on the Trading Floor. All bids and offers shall be general ones and shall not be specified for acceptance by particular Floor Participants.

(5) *Public Outcry.* Bids and offers must be made in an audible tone of voice. A Floor Market Maker shall be considered "out" on a bid or offer if he does not affirmatively respond to the Floor Broker who is announcing the order. A Floor Market Maker, provided that a Floor Broker must give a Floor Participant a reasonable amount of time to respond. A "reasonable amount of time" will be interpreted on a case-by-case basis by an Options Exchange Official based on the current market conditions and trading activity on the Trading Floor. A Floor Participant bidding and offering in immediate and rapid succession shall be deemed "in" until he shall say "out" on either bid or offer. Once the trading crowd has provided a quote, it will remain in effect until: (i) a reasonable amount of time has passed, or (ii) there is a significant change in the price of the underlying security, or (iii) the market given in response to the request has been improved. In the case of a dispute, the term "significant change" will be interpreted on a case-by-case basis by an Options Exchange Official based upon the extent of ~~the~~ recent trading in the option and, in the case of equity and index options, in the underlying security, and any other relevant factors. A Floor Participant must verbalize that he is "in" after a Floor Broker announces an order, even if a valid quote has been provided by the Floor Participant prior to the announcement of the order by a Floor Broker.

(6) *Options Exchange Official.* Any Exchange employee or officer designated as an Options Exchange Official will from time to time as provided in these rules have the ability to recommend and enforce rules and regulations relating to trading access, order, decorum, health, safety and welfare on the Exchange.

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(a) to (g) No change.

(h) *Trading Floor Registration.* Each Floor Broker, Floor Market Maker and registered representative on the Exchange Trading Floor must be registered as "Member Exchange" ("ME") under "BOX" on Form U4. ~~In addition, each Floor Broker, Each~~ Floor Market Maker and registered representative on the Exchange Trading Floor must successfully complete the appropriate floor trading examination(s), if prescribed by the Exchange, in addition to requirements imposed by other Exchange Rules. Each Floor Broker on the Exchange Trading Floor is required to successfully complete the appropriate floor trading examination, in addition to the requirements imposed by other Exchange Rules. The Exchange may also require periodic examinations due to changes in trading rules, products or systems. Following the termination of, or the initiation of a change in the trading status of any such Floor Participant who has been issued an Exchange access card and a Trading Floor badge, the appropriate Exchange form must be completed, approved and dated by a firm principal, officer, or member of the firm with authority to do so, and submitted to the appropriate Exchange department as soon as possible, but no later than 9:30 A.M. ET the next business day by the Options Participant employer. Every effort should be made to obtain the person's access card and Trading Floor badge and to submit these to the appropriate Exchange department.

(i) *Non-Participant/Clerk Registration.* All Trading Floor personnel, including clerks, interns, stock execution clerks and any other associated persons, of a Floor Participant not required to register pursuant to Rule 2020(h) must be registered as "Floor Employee" ("FE") under "BOX" on Form U4. Further, the Exchange may require successful completion of an examination, in addition to requirements imposed by other Exchange Rules. The Exchange may also require periodic examinations due to changes in trading rules, products or systems. Following the termination of, or the initiation of a change in the status of any such personnel of a Floor Participant who has been issued an Exchange access card and a ~~trading floor~~ Trading Floor badge, the appropriate Exchange form must be completed, approved and dated by a Floor Participant principal, officer, or member of the Floor Participant with authority to do so, and submitted to the appropriate Exchange department as soon as possible, but no later than 9:30 A.M. ET the next business day by the Floor Participant employer. Every effort should be made to obtain the person's access card and Trading Floor badge and to submit these to the appropriate Exchange department.

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4180 Brokers' Blanket Bond

(a) through (f) No change.

(g) Options Floor Participants who have registered solely to conduct business as a Floor Market Maker or a Floor Broker who does not conduct business with the public shall be exempt from this Rule 4180.

(h) OFPs subject to a bonding rule of another registered national securities exchange, the SEC, or a registered national securities association that imposes requirements that are equal to or greater than the requirements imposed by this Rule shall be deemed to be in compliance with the provisions of this Rule.

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7010 — Fees and Charges

~~(a) through (c) No change.~~

~~(d) The Board may, from time to time, fix and impose a charge upon Options Participants measured by their respective net commissions on transactions effected on the Trading Floor of the Exchange.~~

~~(e) Other Fees.~~

~~In addition to the fees and charges specified in this Rule 7000 Series, the Board may, from time to time, fix and impose other fees, assessments or charges to be paid to the Exchange by Options Participants or by classes of Options Participants with respect to applications, registrations, approvals, use of BOX and Trading Host facilities or other services or privileges granted.~~

~~(f) Liability for Payment of Fees.~~

~~An Options Participant that does not pay any fees, assessments, charges, fines or other amounts due to the Exchange within thirty (30) days after they have become due and payable shall be reported to the Board or its delegate which may, after giving reasonable notice to the Options Participant of such arrearages, suspend the Options Participant until payment is made or terminate the Options Participant's participation on BOX. A person associated with an Options Participant who fails to pay any fine or other amounts due the Exchange within thirty (30) days after such amount has become due and payable and after reasonable notice of such arrearages, may be suspended from association with an Options Participant until payment is made.~~

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7040 Meaning of Premium Quotes and Orders

(a) through (c) No change.

(d) *Size of Bid/Offer and Disseminated Size Guarantees.*

(1) All bids or offers made on the Trading Floor for option contracts shall be deemed to be for one option contract unless a specific number of ~~option~~options contracts is expressed in the bid or offer. A bid or offer for more than one option contract shall be deemed to be for the amount thereof or a smaller number of option contracts.

(2) Solicitation of Quotations. In response to a Floor Broker's solicitation of a single bid or offer, Floor Participants may discuss, negotiate, and agree upon the price or prices at which an order of a size greater than the Exchange's disseminated size can be executed at that time, or the number of contracts that could be executed at a given price or prices, subject to the provisions of the Options Order Protection and Locked/Crossed Market Plan and the Exchange's Rules respecting Trade-Throughs. Notwithstanding the foregoing, a single Floor Participant may voice a bid or offer independently from, and differently from, the Participants of a trading crowd.

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7070 Opening the Market

(a) through (c) No change.

(d) *Orders Represented by Floor Brokers.* To be considered in the determination of the opening price and to participate in the opening trade, orders represented by Floor Brokers must be entered into the BOX Book electronically.

(e) through (m) No change.

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7130 Execution and Price/Time Priority

(a) BOX shall make available to market participants market information in the manner described in subsection (a)(2) of this Rule. BOX will also 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 BOX and OPRA in the manner described in subsection (a)(3).

(1) No change.

(2) *Display.*

BOX makes the proprietary High Speed Vendor Feed (“HSVF”) of BOX market information available to all market participants. The HSVF contains the following information:

(i) through (iv) No change.

(v) Request for Quote messages (see Rule 100(a)(58), Rule 7070(h), and Rule 8050);

(vi) through (~~xix~~xii) No change.

(3) through (7) No change.

(b) No change.

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7150 Price Improvement Period (“PIP”)

(a) For purposes of this Rule 7150,

- (1) an "Unrelated Order" shall be defined as a non-Improvement Order entered into the BOX market during a PIP; and
- (2) Professionals are treated as provided in Rule 100(a)(51).

(b) through (l) No change.

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7230 Limitation of Liability

(a) through (e) No change.

(f) Each Options Participant that physically conducts business on the Exchange's Trading Floor is required, at its sole cost, to procure and maintain liability insurance that provides defense and indemnity coverage for itself, any person associated with it, and the Exchange for any action or proceeding brought, or claim made, to impose liability upon such Options Participant, associated person, or the Exchange resulting from, relating to, or arising out of the conduct of the Options Participant or associated person (hereinafter, "Insurance"). The Insurance shall further provide defense and indemnity coverage to the Exchange for the Exchange's sole, concurrent, or contributory negligence, or other wrongdoing, relating to or in connection with such claim. The Exchange shall be expressly named by endorsement as an Additional Insured under the Insurance. The Exchange's status and rights to coverage under the Insurance shall be the same rights of the named insured of the Insurance, including, without limitation, rights to the full policy limits. In addition:

- (1) The limits for the Insurance shall be not less than \$1,000,000 without erosion by defense costs, but under no circumstance shall the Exchange be entitled to less than the full policy limits of such Insurance.
- (2) The Insurance shall state that it is primary to any insurance maintained by the Exchange.
- (3) Each Options Participant annually shall cause a certificate of insurance to be issued directly to the Exchange demonstrating that insurance compliant with this Rule has been procured and is maintained. Each Options Participant also shall furnish a copy of the Insurance to the Exchange for review upon the Exchange's request at any time.
- (4) This section (f) is the only section of Rule 7230 specifically limited to Options Participants physically located on the Exchange's Trading Floor.

7240 Complex Orders

(a) No change.

(b) *Applicability of Exchange Rules.* Except as otherwise provided in this Rule, Complex Orders shall be subject to all other Exchange Rules that pertain to orders generally.

(1) through (2) No change.

(3) *Execution of Orders.* Complex Orders will be executed without consideration of any prices on the same Strategy that might be available on other exchanges.

(i) through (ii) No change.

(iii) Complex Order Filter. All inbound Complex Orders to BOX will be filtered, in sequential order of paragraphs (A) through (D) below, to ensure that each leg of a Complex Order will be executed at a price that is equal to or better than the NBBO and the BOX BBO for each of the component series. The NBBO aspect of this Complex Order Filter may be disabled on an order by order basis by a Floor Broker executing Complex QOO Orders ~~on the Trading Floor.~~

(A) through (D) No change.

(4) through (6) No change.

(c) through (d) No change.

7245 Complex Order Price Improvement Period (“COPIP”)

(a) For purposes of this Rule 7245,

(1) through (3) No change.

(4) Professionals are treated as provided in Rule 100(a)(51).

(b) through (l) No change.

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7500

TRADING ON THE EXCHANGE FLOOR

7500 Dealings on Floor—Hours

Dealings upon the Exchange shall be limited to the hours during which the Exchange is open for the transaction of business, and no Floor Broker or Floor Market Maker shall make any bid,

offer, or transaction upon the Trading Floor before or after those hours, except that loans of money or securities may be made after the official closing of the Exchange.

7510 Dealings on Trading Floor—Persons

No Options Participant shall, while on the Trading Floor, make a transaction with any non-Options Participant in any security admitted to dealings on the Exchange.

7520 Trading Floor Admittance

No employee of a Floor Participant shall be admitted to the Trading Floor unless that person is registered with and approved by the Exchange, which may in its discretion require the payment of a fee with respect to each employee so approved, and may at any time in its discretion withdraw any approval so given. In exercising Exchange discretion in withdrawing approval, the Exchange will follow applicable disciplinary rules and procedures, including the ability to appeal such Exchange determination.

7530 Reserved

7540 Floor Broker Defined

A Floor Broker is an individual who is registered with the Exchange for the purpose, while on the Trading Floor, of accepting and handling options orders. A Floor Broker must be registered as an Options Participant prior to registering as a Floor Broker. A Floor Broker may take into his own account, and subsequently liquidate, any position that results from an error made while attempting to execute, as Floor Broker, an order.

7550 Registration of Floor Brokers

An applicant for registration as a Floor Broker shall file his application in writing with Exchange staff 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 Floor Broker's examination, ~~if prescribed by the Exchange~~, and such other factors as the Exchange deems appropriate. After reviewing the application, the Exchange shall either approve or disapprove the applicant's registration as a Floor Broker.

7560 Reserved

7570 General Responsibility of Floor Brokers

A Floor Broker handling an order is to use due diligence to cause the order to be executed at the best price or prices available to him in accordance with the Rules of the Exchange.

7580 Responsibilities of Floor Brokers

(a) General Responsibility. In addition to the provisions of Rule 7570 concerning due diligence, a Floor Broker shall ascertain that at least one Floor Market Maker is present in the Crowd Area prior to announcing an order for execution.

(b) Contingency order. An Options Floor Broker handling a contingency order that is dependent upon the price of the underlying security shall be responsible for satisfying the dependency requirement on the basis of the last reported price of the underlying security in the primary market that is generally available on the Trading Floor at any given time. Unless mutually agreed by the Participants involved, an execution or non-execution that results shall not be altered by the fact that such reported price is subsequently found to have been erroneous.

(c) Combination orders~~Complex Orders~~ at the opening or close. A Floor Broker shall not be held responsible for the execution of a ~~single order combining different series of options~~Complex Order based upon transaction prices that are established at the opening or close of trading or during any trading rotation.

(d) Orders for Market Makers. A Floor Broker must inform the crowd when he is representing an order for a Market Maker and must comply with IM-8510-6 and IM-8510-9.

(e) Orders for Floor Brokers. A Floor Broker must comply with the following requirements when representing orders on the Trading Floor, in addition to the requirements of Rule 7600.

(1) BOG-Order Gateway (“BOG”)Recordation. In order to create an electronic audit trail for options orders represented by Floor Brokers on the Exchange's Trading Floor, a Floor Broker or such Floor Broker's employees shall, contemporaneously upon receipt of an order, including single-sided and double-sided orders, and prior to the ~~representation announcement~~ of such an order in the trading crowd, record all options orders represented by such Floor Broker onto the Floor Broker's order entry mechanism. The following specific information with respect to orders represented by a Floor Broker shall be recorded by such Floor Broker or such Floor Broker's employees: (i) the order type (i.e., ~~customer, firm~~Public Customer, Professional, broker-dealer, ~~professional,~~ and Market Maker) and order receipt time; (ii) the option symbol; (iii) buy, sell, cross or cancel; (iv) call, put, complex (i.e., spread, straddle), or contingency order; (v) number of contracts; (vi) limit price or market order or, in the case of a multi-leg order, net debit or credit, if applicable; (vii) whether the transaction is to open or close a position; and (viii) The Options Clearing Corporation ("OCC") clearing number of the broker-dealer that submitted the order (collectively, the "required information"). A Floor Broker must enter complete identification for all orders entered on behalf of Market Makers. Any additional information with respect to the order shall be ~~inputted~~input contemporaneously upon receipt, which may occur after the ~~representation announcement~~ and execution of the order. ~~All transactions occurring on the Trading Floor must be processed through the BOG.~~ In the event of a malfunction in the ~~BOG~~Trading Host or any other related Trading Floor systems, including the BOG, orders will not be allowed to execute ~~on~~from the Trading Floor. ~~Once an order is received by the BOG it is immediately sent to the Trading Host for execution.~~

~~(2) Execution. Orders on the Trading Floor must be two-sided orders, including multi-leg orders up to four (4) legs, and executed through the BOG. All orders on the Trading Floor must be executed pursuant to Rule 7600. When a Floor Broker submits an order for execution through the BOG, the order will be executed based on the market conditions of when the QOO is received and processed by the Trading Host and in accordance with Exchange rules. A Floor Broker must announce an order before submitting an order to the BOG for execution. BOG execution functionality will assist the Floor Broker in clearing the BOX Book, consistent with Exchange priority rules, as described in paragraphs (c) and (d) of Rule 7600. Orders on the Trading Floor will not route to an away exchange. Floor Brokers are responsible for handling all orders in accordance with Exchange priority and trade-through rules.~~Announcement. A Floor Broker must announce an agency order that he is representing to the trading crowd before submitting the order to the BOG for execution. This announcement must take place whether the Floor Broker is representing a single-sided order and soliciting contra-side interest, or the Floor Broker has sufficient interest to match against the agency order already. If a Floor Broker is holding two agency orders, he will choose which order is the initiating side.

IM-7580-1

A Floor Broker who wishes to place a Limit Order on the BOX Book must submit such a Limit Order electronically.

IM-7580-2

Floor Brokers must make reasonable efforts to ascertain whether each order entrusted to them is for the account of a Public Customer or a broker-dealer. If it is ascertained that the order is for the account of a broker-dealer, the responsible Floor Broker must advise the trading crowd of that fact prior to bidding/offering on behalf of the order or submitting the order for execution ~~through the BOG~~. The Floor Broker or his employees must make the appropriate notation in their system when it has been determined that the order is for an account of a broker-dealer.

IM-7580-3

An order entrusted to a Floor Broker will be considered a Not Held Order as defined in Rule 7600(g), unless otherwise specified by a Floor Broker's client.

IM-7580-4

It shall be considered conduct inconsistent with just and equitable principles of trade for any Floor Broker or Floor Market Maker to intentionally disrupt the open outcry process.

7590 Discretionary Transactions

No Floor Broker shall execute or cause to be executed any order or orders on this Exchange with respect to which such Floor Broker is vested with discretion as to: (i) the choice of the class of

options to be bought or sold, (ii) the number of contracts to be bought or sold, or (iii) whether any such transaction shall be one of purchase or sale. However, the provisions of this Rule shall not apply to any discretionary transactions executed by a Floor Market Maker for an account in which he has an interest.

IM-7590-1

No Floor Broker shall hold a Not Held Market Order to buy and a Not Held Market Order to sell (or orders which have the effect of such Not Held Market Orders to buy and to sell) the same series of options for the same account or for accounts of the same beneficial owner. Also, no Floor Broker shall leg a ~~combination order~~ Complex Order for a Market Maker or accept opening or discretionary orders for a Market Maker who is associated with the same Options Participant as such Floor Broker or who is associated with another Options Participant which is affiliated with the same Options Participant as such Floor Broker. Holding or accepting such orders can be interpreted as allowing the Floor Broker discretion with respect to whether to purchase or sell such options.

IM-7590-2

An Options Floor Broker may not exercise any discretion with respect to the order of a Market Maker or the order of an options market maker registered on another exchange.

7600 Qualified Open Outcry Orders – Floor Crossing

(a) All orders executed on the Trading Floor will be Qualified Open Outcry (“QOO”) Orders. After an order has been announced to the trading crowd as provided in Rule 7580(e)(2), the Floor Broker must submit the agency order as part of a two-sided order (Qualified Open Outcry Order or “QOO Order”) to the Trading Host for execution. When a Floor Broker submits a QOO Order for execution, the order will be executed based on the market conditions of when the order is received by the Trading Host and in accordance with Exchange rules. A QOO Order on the Exchange is not deemed executed until it is processed by the Trading Host. All transactions occurring from the Trading Floor must be processed by the Trading Host. Floor Brokers are responsible for handling all orders in accordance with Exchange priority and trade-through rules. QOO Order functionality will assist the Floor Broker in respecting the BOX Book, consistent with Exchange priority rules, as described in Rules 7600(c) and (d).

(1) The QOO Order must be entered as a two-sided order. There will be an initiating side and a contra-side of a QOO Order. The initiating side is the side of the QOO Order that order which must be filled in its entirety. The contra-side must guarantee the full size of the initiating side of the QOO Order and may provide a book sweep size as provided in Rule 7600(h). If the Floor Broker was soliciting interest from the trading crowd when the initiating side was announced or to the extent the trading crowd offers a better price, the contra-side will be the solicited interest from the trading crowd. If the Floor Broker had

sufficient interest to match against the initiating side when the initiating side was announced, such Floor Broker interest will be the contra-side to the initiating side. If Floor Participants responded with interest to the initiating side where the Floor Broker provided sufficient interest to match against the initiating side, the Floor Broker will allocate the initiating side of the QOO Order(s) pursuant to Rule 7600(d).

(2) QOO Orders will be limited solely to the Trading Floor.

(3) Only Floor Brokers may use QOO Orders.

(4) QOO Orders may be multi-leg orders up to four (4) legs, including Complex Orders, as defined in Rule 7240(a)(5) and tied to hedge orders as defined in IM-7600-2.

(5) The QOO Order will be rejected if there is an ongoing auction ~~on~~ in the option series when the QOO Order is received by the ~~Exchange~~ Trading Host. A ~~complex~~ Complex QOO Order will not be rejected if there is an ongoing auction in the options series of some, but not all, of the components of the ~~complex~~ Complex QOO Order.

~~(b) Market Probe.~~ All QOO Orders must be ~~represented~~ announced to the trading crowd, as provided in Rule 7580(e)(2), prior to the QOO Order being submitted to the BOG ~~for execution~~. An Options Exchange Official will certify that the Floor Broker adequately ~~represented~~ announced the QOO Order to the trading crowd.

~~(c) Submission of QOO Orders.~~ The Floor Broker must submit the QOO Order ~~through~~ to the BOG for processing by the Trading Host as provided in this rule. The QOO Order is not deemed executed until it is ~~received and~~ processed by the Trading Host. Once the Floor Broker submits the QOO Order to the BOG there will be no opportunity for the submitting Floor Broker, or anyone else, to alter the terms of the QOO Order. After announcing the QOO Order to the trading crowd, the Floor Broker must submit the QOO Order to the BOG without undue delay, provided that the executing Floor Broker allows adequate time for Floor Participants to participate in the transaction as provided in Rule 100(b)(5).

When a Floor Broker executes the QOO Order, the execution price must be equal to or better than the NBBO. Additionally, the QOO Order (1) may not trade through any equal or better priced Public Customer bids or offers on the BOX Book or any non-Public Customer bids or offers on the BOX Book that are ranked ahead of such equal or better priced Public Customer bids or offers, and (2) may not trade through any non-Public Customer bids or offers on the BOX Book that are priced better than the proposed execution price.

When a Floor Broker executes the QOO Complex Order, the priority and rules for Complex Orders contained in Rule 7240(b)(2) and (3) will continue to apply, except that the Floor Broker may disable the NBBO aspect of the Complex Order Filter under Rule 7240(b)(3)(iii). For Complex QOO Orders, the Complex QOO Orders (1) may not trade through any equal or better

priced Public Customer Complex ~~Orders~~bids or offers on the Complex Order Book or any non-Public Customer Complex ~~Orders~~bids or offers on the Complex Order Book that are ranked ahead of such equal or better priced Public Customer Complex ~~Orders~~bids or offers, and (2) may not trade through any non-Public Customer ~~Orders~~bids or offers on the Complex Order Book that are priced better than the proposed execution price. Additionally, the Complex QOO Order may be executed at a price without giving priority to equivalent bids or offers in the individual series legs on the initiating side, provided at least one options leg better the corresponding bid or offer on the BOX Book by at least one minimum trading increment as set forth in Rule 7240(b)(1).

(d) Allocation. The following describes how the initiating side of a QOO Order is allocated.

(1) First, the initiating side of the QOO Order will match against any bids or offers on the BOX Book priced better than the contra-side, provided that an adequate book sweep size was provided by the Floor Broker pursuant to paragraph (h). Multiple bids or offers at the same price are matched based on time priority.

(2) Next, at the same price as the contra-side of the QOO Order, if any contracts of the initiating side remain, the initiating side of the QOO Order will first execute match against Public Customer Orders on the BOX Book, along with any bids or offers of non-Public Customers ranked ahead of such Public Customer Orders on the BOX Book that have priority pursuant to paragraph (e) above, provided that an adequate book sweep size was provided by the Floor Broker pursuant to paragraph (h). Multiple bids or offers at the same price are matched based on time priority.

(3) Last, ~~and then~~ the remaining balance will of the initiating side of the QOO Order, if any, will then be matched through by the Trading Host against the contra-side of the QOO Order, regardless of whether the contra-side order submitted by the Floor Broker is ultimately entitled to receive an allocation. ~~The executing Floor Broker will be responsible for ensuring that any Floor Participant pursuant to paragraph (i) or (iii) below. If no Floor Participant, other than the executing Floor Broker, is entitled to an allocation, then no further steps are necessary. If however, Floor Participants are entitled to an allocation, the remaining balance of the initiating side of the QOO Order will be allocated as described below.~~

(i) First, if the QOO Order satisfies the provisions of Rule 7600(f), the executing Floor Broker is entitled to 40% of the remaining quantity of the initiating side of the QOO Order.

(ii) Next, Floor Participants that responded with interest during the Market Probe outlined in 7600(b) receives their proper allocation. If interest was discovered during the Market Probe when the executing Floor Broker announced the QOO Order to the trading crowd, as outlined in Rules 7580(e)(2) and 7600(b), are

allocated. When multiple Floor Participants respond with interest, priority is established pursuant to Rule 7610.

(iii) Last, if interest remains after Floor Participants that responded with interest receive their allocation, the remaining quantity of the initiating side of the QOO Order will be allocated to the executing Floor Broker.

(4) After execution of the QOO Order, the executing Floor Broker shall enter is responsible for providing the correct allocations into the Exchange's system where the trade will be recorded. of the initiating side of the QOO Order to an Options Exchange Official or his or her designee, if necessary, who will properly record the order in the Exchange's system. The executing Floor Broker must provide the correct allocations to an Options Exchange Official or his or her designee, in writing, without unreasonable delay.

(e) The QOO Order will not route to an away exchange, ~~however,~~ and the QOO Order will not trade through any away exchange displaying a better price.

(f) *Guarantee.*

~~(1) Notwithstanding the provisions of paragraph (c) of this Rule, when~~ When a Floor Broker holds an ~~option~~ order of the eligible order size or greater (~~"original order"~~), the Floor Broker is entitled to cross a certain percentage of the ~~original~~ order with other orders that he/~~she~~ is holding.

(2) The Exchange may determine, on an option by option basis, the eligible size for an order that may be transacted pursuant to this paragraph (f), however, the eligible order size may not be less than 500 contracts. Any changes to the eligible order size shall be communicated to Participants via circular. Orders for less than 500 contracts may be crossed pursuant to this Rule but are not subject to the guarantees described below. In determining whether an order satisfies the eligible order size requirement, any multi-part or ~~spread order~~ Complex Order must contain one leg alone which is for the eligible order size or greater.

(3) The percentage of the order which a Floor Broker is entitled to cross, after all equal or better priced Public Customer bids or offers on the BOX Book and any non-Public Customer bids or offers that are ranked ahead of such Public Customer bids or offers are filled, is 40% of the remaining contracts in the order.

(4) Nothing in this Rule is intended to prohibit a Floor Broker from trading more than ~~their~~ this percentage entitlement if the other Participants of the trading crowd do not choose to trade the remaining portion of the order.

(g) *Not Held Order.* A Not Held Order is an order marked "not held", "take time", or which bears any qualifying notation giving discretion as to the price or time at which such order is to be

executed. An order entrusted to a Floor Broker will be considered a Not Held Order, unless otherwise specified by a Floor Broker's client.

(h) A Floor Broker may, but is not required to, provide a book sweep size. ~~The book sweep size for the contra-side of the QOO Order. The book sweep size is the number of contracts, if any, of the contra-side initiating side of the QOO Order~~ that the Floor Broker is willing to relinquish to orders and quotes on the BOX Book that have priority pursuant to Rule 7600(ed)(1) and (2). If the number of contracts on the BOX Book that have priority over the contra-side order is greater than the book sweep size, then the QOO Order will be rejected. If the number of contracts on the BOX Book that have priority over the contra-side order is less than or equal to the book sweep size, then the QOO Order will execute.

IM-7600-1

(a) The Floor Broker must disclose all securities that are components of the Public Customer order which is subject to crossing before requesting bids and offers for the execution of all components of the order.

(b) Once the trading crowd has provided a quote, it will remain in effect until: (1) a reasonable amount of time has passed, or (2) there is a significant change in the price of the underlying security, or (3) the market given in response to the request has been improved. In the case of a dispute, the term "significant change" will be interpreted on a case-by-case basis by an Options Exchange Official based upon the extent of ~~the~~ recent trading in the option and in the underlying security, and any other relevant factors.

(c) The Participants of the trading crowd who established the market will have priority over all other orders that were not ~~represented~~ announced in the trading crowd at the time that the market was established (but not over Public Customer orders on the BOX Book ~~and/or~~ any non-Public Customer orders that have priority over such Public Customer orders on the BOX Book) and will maintain priority over such orders except for orders that improve upon the market. When a Floor Broker announces an order to the trading crowd pursuant to Rule 7580(e)(2), it shall be the responsibility of the Floor Participant who established the market to alert the Floor Broker of the fact that the Floor Participant has priority.

(d) ~~Spread, straddle, combination, Complex Order~~ or hedge orders on opposite sides of the market may be crossed, provided that the Floor Broker holding such orders proceeds in the manner described in Rule 7600 as appropriate. Floor Participants may not prevent a ~~spread, straddle, stock option, or combination cross~~ Complex Order from being completed by giving a competing bid or offer for one component of such order. In determining whether an order satisfies the eligible order size requirement, any ~~multi-part or spread order~~ Complex Order must contain one leg which, standing alone, is for the eligible order size or greater.

(e) A Floor Broker crossing a Public Customer Order with an order that is not a Public Customer Order, when providing for a reasonable opportunity for the trading crowd to participate in the transaction, shall disclose the Public Customer Order that is subject to crossing.

IM-7600-2

Nothing prohibits a Floor Broker from buying or selling a stock, security futures, or futures position following receipt of an option order, including a Complex Order, provided that, prior to announcing such order to the trading crowd:

(a) the option order is in a class designated as eligible for "tied hedge" transactions (as described below) as determined by the Exchange and is within the designated tied hedge eligibility size parameters, which parameters shall be determined by the Exchange and may not be smaller than 500 contracts per order. Additionally, there shall be no aggregation of multiple orders to satisfy the size parameter, and for Complex Orders involved in a tied hedge transaction at least one leg must meet the minimum size requirement;

(b) such Floor Broker shall create an electronic record that it is engaging in a tied hedge transaction in a form and manner prescribed by the Exchange;

(c) such hedging position is:

(1) comprised of a position designated as eligible for a tied hedge transaction as determined by the Exchange and may include the same underlying stock applicable to the option order, a security future overlying the same stock applicable to the option order or, in reference to an index or Exchange-Traded Fund Shares ("ETF"), a related instrument. A "related instrument" means, in reference to an index option, securities comprising ten percent or more of the component securities in the index or a futures contract on any economically equivalent index applicable to the option order. A "related instrument" means, in reference to an ETF option, a futures contract on any economically equivalent index applicable to the ETF underlying the option order;

(2) brought without undue delay to the trading crowd and announced concurrently with the option order;

(3) offered to the trading crowd in its entirety; and

(4) offered, at the execution price received by the Floor Broker introducing the option, to any in-crowd Floor Participant who has established parity or priority for the related options.

(d) the hedging position does not exceed the option order on a delta basis;

(e) all tied hedge transactions (regardless of whether the option order is a simple or Complex Order) are treated the same as Complex Orders for purposes of the Exchange's open outcry allocation and reporting procedures. Tied hedge transactions are subject to the existing NBBO trade-through requirements for options and stock, as applicable, and may qualify for various exceptions; however, when the option order is a simple order, the

execution of the option leg of a tied hedge transaction does not qualify for the NBBO trade-through exception for a Complex Trade (defined in Rule 7610(e));

(f) in-crowd Floor Participants that participate in the option transaction must also participate in the hedging position and may not prevent the option transaction from occurring by giving a competing bid or offer for one component of such order;

(g) in the event the conditions in the non-options market prevents the execution of the non-option leg(s) at the agreed prices, the trade representing the options leg(s) may be cancelled; and

(h) prior to entering tied hedge orders on behalf of Public Customers, the Floor Broker must deliver to the Public Customer a written notification informing the Public Customer that his order may be executed using the Exchange's tied hedge procedures. The written notification must disclose the terms and conditions contained in this Interpretative Material and be in a form approved by the Exchange.

A combination option and hedging position offered in reliance on this Interpretative Material shall be referred to as "tied hedge" orders.

IM-7600-3

It shall be considered conduct inconsistent with just and equitable principles of trade for any Floor Broker to use the book sweep size for the purpose of violating the Floor Broker's duties and obligations.

IM-7600-4

Floor Brokers may bring unmatched orders (i.e., the initiating side of a QOO Order) to the Trading Floor in order to seek a contra-side. Once a contra-side is sourced pursuant to Rule 7580(e)(2) and 7600(b), the Floor Broker shall submit the two-sided QOO Order to the BOG.

IM-7600-5

A Participant shall not utilize the Trading Floor to effect any transaction for its own account, the account of an associated person, or an account with respect to which it or an associated person thereof exercises investment discretion by relying on an exemption under Section 11(a)(1)(G) of the Exchange Act.

7610 Priority in the Trading Crowd

The following rules of priority shall be observed when determining priority of bids and offers from Floor Participants in the trading crowd.

(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, priority shall be afforded to such bids in the sequence in which they are made.

(b) *Priority of offers.* The lowest offers shall have priority, but where two or more offers for the same option contract represent the lowest price, priority shall be afforded to such offers in the sequence in which they are made.

(c) *Simultaneous bids and offers.* Except as otherwise provided, if the bids (or offers) of two or more Floor Participants are made simultaneously, or if it is impossible to determine clearly the order of time in which they are made, such bids (or offers) will be deemed to be on parity and priority will be afforded to them, insofar as practicable, on an equal basis.

(d) *Determination of Time Priority Sequence.*

(1) A Floor Broker is responsible for determining the sequence in which bids or offers are vocalized on the Trading Floor in response to the Floor Broker's bid, offer, or call for a market. A Floor Participant that established priority pursuant to IM-7600-1(c) must inform the Floor Broker of such priority when the Floor Broker announces the order. Any disputes regarding a Floor Broker's determination of time priority sequence will be resolved by the Options Exchange Official. An Options Exchange Official may nullify a transaction or adjust its terms if they determine the transaction to have been in violation of Exchange's Rules.

(2) When a Floor Broker's bid or offer has been accepted by more than one Floor Participant, that Floor Broker must designate that Floor Participant who was first, second, third, and so forth. Except as provided below, the Floor Participant with first priority is entitled to buy or sell as many contracts as the Floor Broker may have available to trade. If there are any contracts remaining, the Floor Participant with second priority will be entitled to buy or sell as many contracts as there are remaining in the Floor Broker's order, and so on, until the Floor Broker's order has been filled entirely.

(3) *Options Exchange Officials.* An Options Exchange Official is responsible for determining the sequence in which bids and offers are vocalized on the ~~trading floor~~ Trading Floor in response to the Options Exchange Official's bid, offer, or call for a market. The order allocation procedures for Options Exchange Officials, including the determination of time priority sequence, are the same as those for Floor Brokers.

(4) *Parity Due to Simultaneous Bidding or Offering.* If the bids or offers of more than one Floor Participant are made simultaneously, such bids or offers will be deemed to be on parity and priority will be afforded to them, insofar as practicable, on an equal basis. Accordingly, efforts will be made to assure that each Floor Participant on parity receives an equal number of contracts, to the extent mathematically possible.

(5) *Size Pro Rata Allocations.* If the Floor Participants provide a collective response to a Floor Broker's request for a market in order to fill a large order, then:

(i) if the size of the trading crowd's market, in the aggregate, is less than or equal to the size of the order to be filled, the Floor Participants will each receive a share of the order that is equal to the size of their respective bids or offers; and

(ii) if the size of the trading crowd's market exceeds the size of the order to be filled, that order will be allocated on a size pro rata basis, with the Floor Participants of the trading crowd each receiving, to the extent practicable, the percentage of the order that is the ratio of the size of their respective bids or offers to the total size of all bids or offers. Specifically, in such circumstances, the size of the order to be allocated is multiplied by the size of an individual Floor Participant's quote divided by the aggregate size of all Floor Participants' quotes. For example, assume there are 200 contracts to be allocated, Floor Market Maker #1 is bidding for 100, Floor Market Maker #2 is bidding for 200 and Floor Market Maker #3 is bidding for 500. Under the "size pro rata" allocation formula, Floor Market Maker #1 will be allocated 25 contracts ($200 \times 100 \div 800$); Floor Market Maker #2 will be allocated 50 contracts ($200 \times 200 \div 800$); and Floor Market Maker #3 will be allocated 125 contracts ($200 \times 500 \div 800$).

(e) ~~{Reserved}~~

7620—Orders Executed Manually ~~Floor Brokers representing orders in the trading crowd must comply with the order execution and priority principles set forth in Rules 7600 and 7610 and, in addition, with the following provisions establishing priority for bids and offers by account type.~~

~~(a) Public Customer Orders on the BOX Book, along with any bids and offers of non-Public Customers ranked ahead of such Public Customer Orders on the BOX Book, have first priority. Multiple Public Customer and non-Public Customer Orders at the same price are ranked based on time priority.~~

~~(b) Bids and offers of Floor Participants in the trading crowd have second priority. These bids and offers include those made by Floor Market Makers and Floor Brokers (on behalf of orders they are representing). Priority shall be afforded to Floor Participants in accordance with Rule 7610.~~

~~(c) Bids and offers of non-Public Customers on the BOX Book ranked behind any Public Customer Orders at the same price have third priority. Such bids and offers of non-Public Customers will be executed based on time priority.~~

~~(d) Notwithstanding the priority provisions otherwise applicable under paragraph (b) above, Floor Brokers 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-Participant bids or offers.~~

7630 Clerks

(a) General. The term "Clerk" means any registered on-floor person employed by or associated with a Floor Broker or Floor Market Maker and who is not eligible to effect transactions on the Trading Floor as a Floor Market Maker or Floor Broker.

(b) Badges. While on the Trading Floor, Clerks shall display prominently at all times the badge(s) supplied to them by the Exchange.

(c) Conduct on the Trading Floor. Clerks shall be primarily located at a workstation assigned to ~~their~~his employer or assigned to ~~their~~his employer's clearing firm unless such Clerk is:

(1) entering or leaving the Trading Floor;

(2) transmitting, correcting, or checking the status of an order or reporting or correcting an executed trade;

(3) supervising other Clerks if he is identified as a supervisor on the registration form submitted to the Exchange's Membership Department.

(d) Registration Requirements. A Floor Broker who employs a Clerk that performs any function other than a solely clerical or ministerial function shall, prior to the time such Clerk performs any function as a Clerk, (i) comply with the registration requirement(s) set forth by the Exchange; (ii) disclose in detail to the Exchange, on an annual basis, the specific nature of such additional function(s); and (iii) submit to the Exchange written supervisory procedures relating to such Clerk's activities.

(e) Clerks' Use of Order-Entry Devices. A Clerk may enter an order under the direction of a Floor Broker by way of any order handling entry device.

(f) Floor Market Maker Clerks. A Floor Market Maker Clerk is any on-floor Clerk employed by or associated with a Floor Market Maker.

(1) Registration Requirements. Any Floor Market Maker that employs a Floor Market Maker Clerk shall register such Floor Market Maker Clerk with the Exchange's Options Participant Registration Department. A Floor Market Maker Clerk that performs any function other than a solely clerical or ministerial function shall, prior to performing any

function as a Floor Market Maker Clerk, (i) comply with the registration requirement(s) set forth by the Exchange, where applicable; (ii) disclose in detail to the Exchange, on an annual basis, the specific nature of such additional function(s); and (iii) submit to the Exchange written supervisory procedures relating to such Floor Market Maker Clerk's activities.

(2) Conduct on the Trading Floor. A Floor Market Maker Clerk is permitted to communicate verbal market information (i.e., bid, offer, and size) in response to requests for such information, provided that such information is communicated under the direct supervision of his or her Floor Market Maker employer. A Floor Market Maker Clerk may consummate electronic transactions under the express direction of his or her Floor Market Maker employer by matching bids and offers. Such bids and offers and transactions effected under the supervision of a Floor Market Maker are binding as if made by the Floor Market Maker employer.

7640 Disputes on the Trading Floor

(a) Disputes occurring on and relating to the Trading Floor, if not settled by agreement between the Floor Participants interested, shall be settled by an Options Exchange Official.

(b) In issuing decisions for the resolution of trading disputes, an Options Exchange Official shall institute the course of action deemed to be most fair to all parties under the circumstances at the time. An Options Exchange Official may direct the execution of an order ~~on the Trading Floor~~, or adjust the transaction terms or Participants to an executed order ~~on the Trading Floor~~. An Options Exchange Official may nullify a transaction if the Options Exchange Official determines the transaction to have been in violation of Exchange Rules. Options transactions that are the result of an Obvious Error or Catastrophic Error shall be subject to the provisions and procedures set forth in Rule 7170.

(c) All rulings rendered by an Options Exchange Official are effective immediately and must be complied with promptly. Failure to promptly comply with an initial Options Exchange Official ruling may result in an additional violation.

(d) ~~{Reserved}~~.

(e) Review of Options Exchange Official Rulings (Trading Disputes). All Options Exchange Official rulings are reviewable by the CRO or his or her designee.

(1) Regulatory staff must be advised within 15 minutes of an Options Exchange Official's ruling that a party to such ruling has determined to appeal from such ruling to the CRO or his or her designee. The Exchange may establish the procedures for the submission of a request for a review of an Options Exchange Official ruling. Options Exchange Official rulings (including those concerning the nullification or adjustment of transactions) may be sustained, overturned, or modified by the CRO or his or her designee. In making a determination, the CRO or his or her designee may consider facts and circumstances not available to the ruling Options Exchange Official as well as action taken by the parties in

reliance on the Options Exchange Official's ruling (e.g., cover, hedge, and related trading activity).

(2) All decisions made by the CRO or his or her designee in connection with initial rulings on requests for relief and with the review of an Options Exchange Official ruling pursuant to this paragraph (e) shall be documented in writing and maintained by the Exchange in accordance with the record keeping requirements set forth in the Securities Exchange Act of 1934, as amended, and the rules thereunder.

(3) A Floor Participant seeking review of an Options Exchange Official ruling shall be assessed a fee of \$250.00 for each Options Exchange Official ruling to be reviewed that is sustained and not overturned or modified by the CRO or his or her designee. In addition, in instances where the Exchange, on behalf of an Options Participant, requests a review by another options exchange, the Exchange will pass any resulting charges through to the relevant Options Participant.

(4) Decisions of the CRO or his or her designee shall be final and may not be appealed to the Exchange's Board of Directors.

(5) All decisions of the CRO or his or her designee are effective immediately and must be complied with promptly. Failure to promptly comply with a decision of the Exchange may result in an additional violation.

IM-7640-1

The Exchange may determine that an Options Exchange Official is ineligible to participate in a particular ruling where it appears that such Options Exchange Official has a conflict of interest. For purposes of this Rule, and without limitation, a conflict of interest exists where an Options Exchange Official: (a) is directly or indirectly affiliated with a party seeking an Options Exchange Official ruling; (b) is a participant or is directly or indirectly affiliated with a participant in a transaction that is the subject of an Option Exchange Official ruling; (c) is a debtor or creditor of a party seeking an Options Exchange Official ruling; or (d) is an immediate family member of a party seeking an Options Exchange Official ruling. Exchange staff may consider other circumstances, on a case-by-case basis, in determining the eligibility or ineligibility of a particular Options Exchange Official to participate in a particular ruling due to a conflict of interest.

7650 Trading for Joint Account

(a) No Options Participant, while on the Trading Floor, shall, without the prior approval of the Exchange, initiate the purchase or sale on the Exchange of any security for any account in which he, his Options Participant organization, or a participant therein, is directly or indirectly interested with any person other than such Options Participant or participant therein.

(b) The provisions of this section shall not apply to any purchase or sale by any Options Participant for any joint account maintained solely for effecting bona fide domestic or foreign arbitrage transactions.

7660 Communications and Equipment

(a) No Floor Participant shall establish or maintain any communication device between the Exchange Trading Floor and a non-Options Participant without application to and approval by the Exchange. Every such means of communication shall be registered with the Exchange. Notice of the discontinuance of any such means of communication shall be promptly given to the Exchange.

(b) No Floor Participant or person associated with a Floor Participant shall establish or maintain any communication device between the Trading Floor and any other location, or between locations on the Trading Floor, without the prior written approval of the Exchange.

(c) No Floor Participant or person associated with a Floor Participant shall operate any other equipment on the Trading Floor that creates radio frequency (RF) or other interference with the systems of the Exchange or other Options Participants.

(d) The Exchange may remove any communication device that has not received written approval under subsection (b) from any Exchange facility. The Exchange may deny, limit or revoke the use of any communication device whenever it determines that use of such communication device: (i) interferes with normal operation of the Exchange's own systems or facilities or with the Exchange's regulatory duties, (ii) is inconsistent with the public interest, the protection of investors or just and equitable principles of trade, or (iii) interferes with the obligations of a Participant to fulfill its duties under, or is used to facilitate any violation of, the Securities Exchange Act or rules thereunder, or Exchange rules.

(e) The Exchange may remove any communication device that violates any applicable provisions of this Rule 7660 from any Exchange facility.

(f) *Registration.* Floor Participants must register, prior to use, any new communication device to be used on the Trading Floor. Each device registered with the Exchange must be registered by category of user. If there is a change in the category of any user, the device must be re-registered with the Exchange. At the time of registration, Floor Participant representatives must sign a statement that they are aware of and understand the rules and procedures governing the use of communication devices on the Options Floor.

(g) *Capacity and Functionality.* No person on the Trading Floor may use any device for the purpose of maintaining an open line of continuous communication whereby a person not located in the Crowd Area may continuously monitor the activities in the Crowd Area. This prohibition covers, but is not limited to, intercoms, walkie-talkies and any similar devices, and open mic and web-based communication applications. Speed-dialing features are permitted on any Floor Participant telephone. Wireless telephone and other communication devices used on the Options Floor must comply with the requirements and restrictions provided in the applicable floor

polices. No person on the Trading Floor may use any device for a purpose in violation of the applicable floor polices.

(h) *Floor Market Makers.* Floor Market Makers may use their own cellular and cordless phones to place calls to any person at any location (whether on or off the Trading Floor). Floor Market Makers located off the Trading Floor may place an order by calling a Floor Broker who is present on the Trading Floor.

(i) *Floor Brokers.* Any communication device may be used on the Trading Floor of the Exchange and in ~~any~~the Crowd Area to receive orders, provided that audit trail and record retention requirements of the Exchange are met; however, no person in ~~a~~the Crowd Area or on the Trading Floor may use any communication device for the purpose of recording activities on the Trading Floor or maintaining an open line of continuous communication whereby a non-associated person not located in the Crowd Area may continuously monitor the activities in the Crowd Area. Headsets are permitted for Floor Brokers, but if the Exchange determines that a Floor Broker is maintaining a continuous open line through the use of a headset, the Floor Broker will be prohibited from future use of any headset for a length of time to be determined by the Exchange. Floor Brokers may receive telephonic orders while in the Crowd Area.

(j) *Clerks.* Floor Broker Clerks are subject to the same terms and conditions ~~on~~regarding communication device use as Floor Brokers. The Exchange reserves the right to prohibit clerks from using communication devices on the floor at any time that it is necessary due to electronic interference problems or capacity problems resulting from the number of such phones then in use on the Trading Floor.

(k) *Telephone Records.* Floor Participants must maintain their cellular or cordless telephone records, including logs of calls placed, for a period of not less than three years, the first two in an easily accessible place. The Exchange reserves the right to inspect and/or examine such telephone records.

(l) *Exchange Liability.* The Exchange assumes no liability to Floor Participants due to conflicts between communication devices in use on the Trading Floor or due to electronic interference problems resulting from the use of communication devices on the Trading Floor.

IM-7660-1

The Exchange has established a Communication Devices policy. Violations of the Communication Devices policy may result in disciplinary action by the Exchange.

IM-7660-2

This Rule and any relevant Exchange policy are intended to apply to all communication and other electronic devices on the floor of the Exchange, including, but not limited to, wireless, wired, tethered, voice, and data.

IM-7660-3

The Exchange may deny, limit or revoke the use of any communication device whenever it determines that use of such communication device: (1) interferes with the normal operation of the Exchange's own systems or facilities or with the Exchange's regulatory duties, (2) is inconsistent with the public interest, the protection of investors or just and equitable principles of trade, or (3) interferes with the obligations of a Floor Participant to fulfill its duties under, or is used to facilitate any violation of, the Securities Exchange Act or rules thereunder, or Exchange rules.

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8500

MARKET MAKING ON THE TRADING FLOOR

8500 Floor Market Maker

(a) No Participant shall act as a Floor Market Maker in any option unless such Participant is already registered as a Market Maker in such option by the Exchange pursuant to Rule 8000 and such registration may be revoked or suspended at any time by the Exchange. ~~A Market Maker may only quote in classes on the Trading Floor for which the Market Maker is already quoting electronically.~~

(b) The registration of any Options Participant as a Floor Market Maker may be suspended or terminated by the Exchange upon a determination that such Options Participant has failed to properly perform as a Floor Market Maker.

(c) A Floor Market Maker shall not effect on the Exchange purchases or sales of any option in which such Floor Market Maker is registered, for any account in which he or his Options Participant is directly or indirectly interested, unless such dealings are reasonably necessary to permit such Floor Market Maker to maintain a fair and orderly market.

(d) In connection with the function of a Floor Market Maker in relation to assisting in the maintenance, insofar as reasonably practicable, of a fair and orderly market in the options in which he is registered, it is ordinarily expected that a Floor Market Maker will engage, to a reasonable degree under the existing circumstances, in dealings for his own account in options when lack of price continuity or lack of depth in the options market or temporary disparity between supply and demand in the options market exists or is reasonably to be anticipated. Transactions on the Exchange for his own account effected by a Floor Market Maker in the options in which he is registered are to constitute a course of dealings reasonably calculated to contribute to the maintenance of price continuity with reasonable depth, and to the minimizing of the effects of temporary disparity between supply and demand, immediate or reasonably to be anticipated. Transactions in such options not part of such a course of dealings are not to be effected by a Floor Market Maker for his own account.

8510 Obligations and Restrictions Applicable to Floor Market Makers

(a) *General.* Transactions of a Floor Market Maker should constitute a course of dealings reasonably calculated to contribute to the maintenance of a fair and orderly market, and those Participants should not enter into transactions or make bids or offers that are inconsistent with such a course of dealings.

(b) *Floor Market Maker.* A Floor Market Maker is an Options Participant of the Exchange located on the Trading Floor who has received permission from the Exchange to trade in options for his own account.

(c) *Floor Market Maker Obligations.*

(1) *Continuous Electronic Quoting Obligation.* ~~A Floor Market Maker is obligated to quote electronically in all classes that the Floor Market Maker quotes on the Trading Floor.~~ Reserved.

(2) *Continuous Open Outcry Quoting Obligation.* In response to any request for quote by a Floor Broker, or Options Exchange Official, Floor Market Makers must provide a two-sided market complying with the quote spread parameter requirements contained in Rule 8510(d)(1). Such Floor Market Makers shall provide such quotations with a size of not less than 10 contracts.

(d) *In Classes of Option Contracts to Which Assigned—Affirmative Obligations.* With respect to classes of option contracts to which his assignment extends, whenever a Floor Market Maker is called upon by an Options Exchange Official or a Floor Broker to make a market, the Floor Market Maker is expected to engage, to a reasonable degree under the existing circumstances, in dealing 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 Floor Market Maker is expected to perform the following activities in the course of maintaining a fair and orderly market:

(1) *Quote Spread Parameters (Bid/Ask Differentials).* Options on equities and index options bidding and/or offering so as to create differences of no more than \$0.25 between the bid and the offer for each option contract for which the prevailing bid is less than \$2; no more than \$0.40 where the prevailing bid is \$2 or more but less than \$5; no more than \$0.50 where the prevailing bid is \$5 or more but less than \$10; no more than \$0.80 where the prevailing bid is \$10 or more but less than \$20; and no more than \$1 where the prevailing bid is \$20 or more, provided that, in the case of equity options, the bid/ask differentials stated above shall not apply to in-the-money series where the market for the underlying security is wider than the differentials set forth above. For such series, the bid/ask differentials may be as wide as the quotation for the underlying security on the primary market, or its decimal equivalent rounded up to the nearest minimum increment. The Exchange may establish differences other than the above for one or more series or classes of options. Quotations provided in open outcry may not be made with \$5 bid/ask differentials provided in Rule 8040(a)(7) and instead must comply with the legal bid/ask differential requirements described in this subparagraph.

(2) *Maximum Option Price Change.* 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 of the underlying stock or Exchange-Traded Fund Share has changed by more than \$1 since the last preceding transaction for the particular option contract.

(e) *In Classes of Option Contracts Other Than Those to Which Appointed.* With respect to classes of option contracts other than those to which his appointment extends, a Floor Market Maker, whenever he enters the trading crowd or is called upon by an Options Exchange Official or a Floor Broker to make a market, shall undertake the obligations specified in paragraph (d) of this Rule. Furthermore, a Floor Market Maker should not:

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

(f) Except in accordance with paragraphs (c), (d) and (e) no Floor Market Maker shall:

- (1) initiate an Exchange options transaction while on the Trading Floor for any account in which he has an interest and execute as Floor Broker an off-floor order in options on the same underlying interest during the same trading session, or
- (2) retain priority over an off-floor order while establishing or increasing a position for an account in which he has an interest while on the Trading Floor of the Exchange.

(g) The provisions of the foregoing ~~paragraphs~~ paragraph (f) of this Rule shall not apply to:

- (1) any transaction by a registered Floor Market Maker in an option in which he is so registered; or
- (2) any transaction, other than a transaction for an account in which a Floor Market Maker has an interest, made with the prior approval of an Options Exchange Official to permit a Participant to contribute to the maintenance of a fair and orderly market in an option, or any purchase or sale to reverse any such transaction; or
- (3) any transaction to offset a transaction made in error.

(h) *Option Priority and Parity.*

- (1) Exchange Rule 7610 directs Floor Participants in the establishment of priority of orders on the Trading Floor. ~~An account type is either a controlled account or a Public Customer account. A controlled account includes any account controlled by or under~~

~~common control with a broker-dealer. Public Customer accounts are all other accounts. Option orders of controlled accounts are required to yield priority to Public Customer Orders when competing at the same price, as described below. Orders of controlled accounts are not required to yield priority to other controlled account orders.~~

~~(2) Orders of controlled accounts, other than a Floor Market Maker market making in person, must be (i) verbally communicated as for a controlled account when placed on the Trading Floor and when represented to the trading crowd and (ii) recorded as for a controlled account by making the appropriate notation on the Floor Broker's system. Reserved.~~

(3) *Rounding*. In situations where the allocation of contracts pursuant to this Rule result in fractional amounts of contracts to be allocated to Floor Participants, the number of contracts to be allocated shall be rounded in a fair and equitable manner.

(4) *Just and Equitable Principles of Trade*. It shall be considered conduct inconsistent with just and equitable principles of trade for: (a) a Floor Participant; ~~(a) Broker~~ to allocate orders other than in accordance with the Exchange's priority rules applicable to floor trades; (b) a Floor Participant to enter into any agreement with another Floor Participant concerning allocation of trades; or (c) a Floor Participant to harass, intimidate or coerce ~~any another~~ Floor Participant, ~~or~~ to make or refrain from making any complaint or appeal.

(i) In order to facilitate timely tape reporting of trades, all orders ~~executed~~ announced in open outcry must be submitted for execution ~~through~~ to the ~~BOG~~ Trading Host.

IM-8510-1

The obligations of a Floor Market Maker with respect to those classes of options to which he is assigned shall take precedence over his other activities.

IM-8510-2

Non-Electronic Orders.

(a) The Floor Market Makers participating in a trading crowd may, in response to a verbal request for a market by a Floor Broker, state a bid or offer that is different than their electronically submitted bid or offer, provided that such stated bid or offer is not inferior to such electronically submitted bid or offer, except when such stated bid or offer is made in response to a Floor Broker's solicitation of a single bid or offer as set forth in Rule 7040(d)(2).

(b) For purposes of this Rule, a Floor Market Maker shall be deemed to be participating in a crowd if such Floor Market Maker is, at the time an order is ~~represented~~ announced in the crowd, physically located in at the specific Crowd Area. A Floor Market Maker who is physically present in such Crowd Area may engage in options transactions in assigned issues as a crowd participant,

provided that such Floor Market Maker fulfills the requirements set forth in this Rule 8510. ~~A Floor Market Maker shall be deemed to be participating in a single Crowd Area.~~

IM-8510-3

(a) The term "on the Floor" means the Trading Floor of the Exchange; the rooms, lobbies and other premises immediately adjacent thereto made available by the Exchange for use by Floor Participants generally; other rooms, lobbies and premises made available by the Exchange primarily for use by Floor Participants; and the telephone and other facilities in any such place.

(b) The provisions of this Rule do not apply to transactions initiated by a Floor Market Maker for an account in which he has an interest unless such transactions are either initiated by a Floor Market Maker while on the Floor or unless such transactions, although originated off the Floor, are deemed on-Floor transactions under the provisions of these Rules.

IM-8510-4

An off-Floor order for an account in which a Participant has an interest is to be treated as an on-Floor order if it is executed by the Participant who initiated it. In addition to transactions originated on the Trading Floor by a Floor Market Maker for an account in which he has an interest, the following transactions are considered on-Floor trading:

(a) Any transaction for an account in which a Floor Market Maker has an interest if such transaction is initiated off the Trading Floor by such Floor Market Maker after he has been on the Trading Floor during the same day.

(b) Any transaction for a Participant for an account in which it has an interest:

(1) which results from an order entered off the Floor following a conversation relating thereto with a Floor Participant on the Floor who is a partner of or stockholder in such Participant; or

(2) which results from an order entered off the Floor following the unsolicited submission from the Floor to the office of a quotation in a stock or Exchange-Traded Fund Share and the size of the market by a Participant on the Floor who is a partner of or stockholder in such Participant; or

(3) which results from an order entered off the Floor which is executed by a Participant on the Floor who is a partner of or stockholder in such Participant and who had handled the order on a "not-held" basis; provided, however, that the following are not on-Floor orders and such restrictions shall not apply to an order:

(i) to sell an option for an account in which the Participant is directly or indirectly interested if, in facilitating the sale of a large block of stock or Exchange-Traded Fund Shares, the Participant acquired its position because the demand on the Floor was not sufficient to absorb the block at a particular price or prices; or

(ii) to purchase or sell an option for an account in which the Options Participant is directly or indirectly interested if the Options Participant was invited to participate on the opposite side of a block transaction by another Options Participant or a partner or stockholder therein because the market on the Floor could not readily absorb the block at a particular price or prices; or

(iii) to purchase or sell an option for an account in which the Participant is directly or indirectly interested if the transaction is on the opposite side of a block order being executed by the Participant for the account of its customer and the transaction is made to facilitate the execution of such order.

(4) which results from an order entered off the Floor which is executed by a Participant on the Floor who is a partner of or stockholder in such Participant and who has changed the terms of the order.

IM-8510-5

Orders given out by a Floor Market Maker to commission brokers—An on-Floor order given by a Floor Market Maker to a commission broker, for an account in which the Floor Market Maker has an interest, is subject to all the Rules restricting Floor Market Makers. When a Floor Market Maker gives out such an order on the Floor to another Options Participant, the order must be so marked as to indicate that it is for an account in which the Floor Market Maker has an interest, unless it is exempt from this Rule, in order that the other Options Participant may know whether it may be entitled to priority or parity.

IM-8510-6

The number of Floor Market Makers in the trading crowd who are establishing or increasing a position may temporarily be limited when, in the judgment of an Options Exchange Official, the interests of a fair and orderly market are served by such limitation.

IM-8510-7

In the interest of fair and orderly markets, the Exchange may adopt policies affecting the location of Floor Participants on the Trading Floor.

IM-8510-8

A Floor Participant who wishes to place a Limit Order on the BOX Book must submit such a Limit Order electronically.

IM-8510-9

Pair-offs before opening – A Floor Market Maker cannot acquire a “long” position by pairing off with a sell order before the opening, unless all off-Floor bids at that price are filled.

8520 Reserved**8530 Resolution Of Uncompared Trade**

(a) When a disagreement between Floor Participants arising from an uncompared Exchange options transaction cannot be resolved by mutual agreement prior to 10:00 a.m. on the first business day following the trade date, the parties shall promptly, but not later than 3:30 p.m. on such day (unless otherwise excused by the Exchange) close out the transaction in the following manner. The Floor Participant representing the purchaser in the uncompared Exchange options transaction shall promptly enter into a new Exchange options transaction on the Floor of the Exchange to purchase the option contract that was the subject of the uncompared Exchange options transaction. The Floor Participant representing the writer in the uncompared Exchange options transaction shall promptly enter into a new Exchange options transaction on the Floor of the Exchange to sell (write) the option contract that was the subject of the uncompared Exchange options transaction. Any claims for damages resulting from such transactions must be made promptly for the accounts of the Floor Participants involved and not for the accounts of their respective customers. Notwithstanding the foregoing, if either Floor Participant is acting for a firm account in an uncompared Exchange options transaction and not for the account of a Public Customer, such Floor Participant need not enter into a new transaction, in which event money differences will be based solely on the closing transaction of the other party to the uncompared transaction.

(b) In the event an uncompared transaction involves an option contract of a series in which trading has been terminated or suspended before a new Exchange options transaction can be effected to establish the amount of any loss, the Floor Participant not at fault may claim damages against the other Floor Participant involved in the transaction based on the terms of such transaction. All such claims for damages shall be made promptly.

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