

Text of the Proposed Rule Change

Underlining indicates additions; [brackets] indicate deletions.

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**Rule 716. Block Trades**

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(c) *Block Order Mechanism.* The Block Order Mechanism is a process by which a Member can obtain liquidity for the execution of block-size orders.

(1) Upon the entry of an order into the Block Order Mechanism, a broadcast message will be sent that includes the series, and may include price, size and/or side, as specified by the Member entering the order, and Members will be given an opportunity to enter Responses with the prices and sizes at which they would be willing to trade with a block-size order.

(2) At the conclusion of the time given Members to enter Responses, either an execution will occur automatically, or the order will be cancelled.

(i) Responses, orders, and quotes will be executed at a single block execution price that is the price for the block-size order at which the maximum number of contracts can be executed consistent with the member's instruction. Bids (offers) on the Exchange at the time the block order is executed that are priced higher (lower) than the block execution price, as well as Responses that are priced higher (lower) than the block execution price, will be executed in full at the block execution price.

(ii) At the block execution price, Priority Customer Orders and Priority Customer Responses will be executed first and in time priority, and then quotes, Professional Orders, and Professional Responses [Responses, quotes and Professional Orders at the block execution price] will participate in the execution of the block-size order [according to Rule 713(e)] based upon the percentage of the total number of contracts available at the block execution price that is represented by the size of the quote, Professional Order, or Professional Response.

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