

Additions underscored

Deletions [bracketed]

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#### **Rule 104. Dealings and Responsibilities of DMMs**

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(a) DMMs registered in one or more securities traded on the Exchange must engage in a course of dealings for their own account to assist in the maintenance of a fair and orderly market insofar as reasonably practicable. The responsibilities and duties of a DMM specifically include, but are not limited to, the following:

(1) Assist the Exchange by providing liquidity as needed to provide a reasonable quotation and by maintaining a continuous two-sided quote with a displayed size of at least one round lot.

(A) With respect to maintaining a continuous two-sided quote with reasonable size, DMM units must maintain a bid or an offer at the National Best Bid and National Best Offer ("inside") at least 15% of the trading day for securities in which the DMM unit is registered with an average daily volume on the Exchange of less than one million shares, and at least 10% for securities in which the DMM unit is registered with an average daily trading volume equal to or greater than one million shares. Time at the inside is calculated as the average of the percentage of time the DMM unit has a bid or offer at the inside. In calculating whether a DMM is meeting the 15% and 10% measure, credit will be given for executions for the liquidity provided by the DMM. Reserve or other hidden orders entered by the DMM will not be included in the inside quote calculations.

(B) For NMS stocks (as defined in Rule 600 under Regulation NMS) a DMM shall adhere to the pricing obligations established by this Rule during the trading day:

(i) Bid and Offer Quotations. At the time of entry of the DMM's bid (offer) interest, the price of the bid (offer) interest shall be not more than the Designated Percentage away from the then current National Best Bid (Offer), or if no National Best Bid (Offer), not more than the Designated Percentage away from the last reported sale from the responsible single plan processor. In the event that the National Best Bid (Offer) (or if no National Best Bid (Offer), the last reported sale) increases (decreases) to a level that would cause the bid (offer) interest to be more than the Defined Limit away from the National Best Bid (Offer) (or if no National Best Bid (Offer), the last reported sale), or if the

bid (offer) is executed or cancelled, the DMM shall enter new bid (offer) interest at a price not more than the Designated Percentage away from the then current National Best Bid (Offer) (or if no National Best Bid (Offer), the last reported sale), or identify to the Exchange current resting interest that satisfies the DMM's obligation according paragraph (1)(A), above.

(ii) The National Best Bid and Offer shall be determined by the Exchange in accordance with its procedures for determining protected quotations under Rule 600 under Regulation NMS.

(iii) For purposes of this Rule, the term "Designated Percentage" shall mean the Threshold Move as defined under Rule 80C less two (2) percentage points. For times during the trading day when a Trading Pause is not in effect under Rule 80C, the Designated Percentage calculation will assume a trigger percentage of 22%. For NMS stocks that are not subject to such Trading Pauses the Designated Percentage will assume a trigger percentage of 32%.

(iv) For purposes of this Rule, the term "Defined Limit" shall mean the Threshold Move as defined under Rule 80C less one-half (1/2) percentage point. For times during the trading day when a Trading Pause is not in effect under Rule 80C, the Defined Limit calculation will assume a trigger percentage of 22%. For NMS stocks that are not subject to such Trading Pauses the Defined Limit calculation will assume a trigger percentage of 32%.

Nothing in this Rule shall preclude a DMM from quoting at price levels that are closer to the National Best Bid and Offer than the levels required by this Rule.

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