

Additions underlined
Deletions [bracketed]

RULES OF THE NYSE AMERICAN LLC

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Trading of Option Contracts

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Section 6. Comparison and Clearance of Exchange Option Transactions

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Rule 965. [Unreconciled Trade Report

On each business day after the cut-off hour for the receipt of reconciliation reports, the Exchange shall issue to each member organization which is a clearing member of the Options Clearing Corporation an unreconciled trade report, which will contain a list of any new or remaining uncomparing trades and advisory trades of such clearing member. If any such trades are subsequently reconciled between the parties, they may be submitted for comparison on the next business day. Trades which are not so reconciled by the parties shall be closed in accordance with the provisions of Rule 970.]Reserved.

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Section 7. Closing Transactions

Rule 970. [Comparison of Option Transactions Excluded From Clearance

A transaction that has been excluded for any reason from a clearance cycle after there has been compliance with all of the Rules of the Options Clearing Corporation, shall be reconciled as promptly as possible through the facilities of the Exchange's electronic on-line comparison system during the time it is available for use.

- (a) Each member or member organization shall have the responsibility to review its file of uncomparing transactions, if any, displayed on a system terminal provided by the Exchange for such purpose and make any necessary additions, deletions or changes to its data. When a member or member organization adds an uncomparing transaction to its file it must include the time of the execution, the badge number of its executing broker, the badge number of the contra-broker and such other information as may be required by the Exchange.

- (b) The electronic system will be shut down following the end of each trading session at such time as the Exchange may, from time to time, determine. No further additions, deletions or corrections shall be entered into the system until it is reactivated the following day. Once the system is reactivated, members and member organizations may enter into the system only such additions, deletions or corrections with respect to uncomparing trades received in accordance with paragraph (c) below.
- (c) All uncomparing transactions that remain uncomparing in the system must be resolved no later than such time as the Exchange may, from time to time, determine. No party shall be required to accept an uncomparing trade after the times set by the Exchange unless an extension has been authorized by a Floor Official. Where no extension has been authorized by a Floor Official, if a member or member organization does not receive notice of an uncomparing trade in the manner prescribed in this Rule within the time specified by the Exchange, such member or member organization shall not, without his or its consent, be held responsible for the transaction to any other member or member organization involved in the execution of the transaction.
- (d) Where a member or member organization has DK'd a transaction by entering the appropriate response into the system, the uncomparing party shall have no responsibility to the member or member organization who DK'd the transaction and shall have the right to close out the transaction.
- (e) All members or member organizations that engage in option transactions must be present or represented in the ROTN Room at such time as the Exchange may, from time to time, determine by individuals with authority to immediately resolve the prior day's business.

••• *Commentary* -----

.01 (a) Prior to the "call time" all parties must check their contract sheets to reconcile uncomparing trades and to verify any trades where they are identified as the contra-side (advisories). The selling clearing member (writer) or buying clearing member who attempted to compare the transaction in accordance with Rule 962 shall prepare a Rejected Option Transaction Notice ("ROTN") in form as prescribed by the Exchange, and at the call time all parties to uncomparing trades are to send the ROTN to the contra-firm whose name was given-up. The contra-firm shall promptly verify the terms of the transaction set forth in the terms of the ROTN and, if correct, shall forward, within the call time, the ROTN to the party with whom he traded. If the contra-firm "DK"s the ROTN, and the transaction was executed by an agent, the ROTN should be forwarded to the executing broker. The executing broker on the contra-side, if he is a specialist or Floor broker who acted as agent and he agrees with the terms of the transaction, shall promptly sign the ROTN and forward the ROTN to the member or member organization for which he acted.

- (b) All ROTNs must be "OK'd" or "DK'd" not later than one-half hour prior to the opening of trading on the first business day following the trade date unless an agent (including a specialist) was involved in the execution of a transaction, where the time limit shall be extended to fifteen minutes prior to such opening (these time limits may be extended by a Floor Official).
- (c) If a member or member organization does not receive a ROTN within the time limits specified above, such member or member organization shall not, without his consent, be held responsible for any loss which may be sustained to any other member or member organization involved in the execution or clearance of the transaction.
- (d) If the executing brokers agree to the terms of a transaction that is subject to a ROTN, they shall so indicate on the ROTN and each shall sign the ROTN. A ROTN setting forth the terms of a transaction and signed by a member indicating approval of the terms, shall be binding upon such member.
- (e) If any party receives a ROTN and does not know the transaction to which the ROTN relates, or does not agree to the terms of the transaction and cannot resolve the difference with the party from whom the ROTN was received, he shall so indicate on the ROTN and sign the ROTN.
- (f) If the contra-side "DK"s the ROTN, the original party must research further in order to obtain verification of the transaction. Once verification of the transaction is made, the ROTN must be returned to the contra-side with proof of the transaction. If still not resolved, a Floor Official, after reviewing all pertinent information, will rule as to whether the transaction is bona-fide.
- (g) If any party fails to respond to a ROTN within the required time periods specified above, the party who delivered the ROTN shall report the matter to a Floor Official. The Floor Official, after contacting the party to whom the ROTN was delivered, shall, if he is satisfied that such party has not complied with the applicable time requirements, so indicate by initialing the copy of the ROTN retained by the party requesting the ruling.
- (h) The party who has not received a reply to a ROTN after consultation with a Floor Official may then close the contract, or have the transaction cleared for his own account if he acted as agent, and shall not, without his consent, be held responsible for the transaction to the party who failed to respond to the ROTN.
- (i) When a disagreement between members or member organizations arising from an uncomparated Exchange option transaction cannot be resolved by mutual agreement prior to one half hour before the opening of trading in the relevant security on the first business day following the trade date or such earlier time as the Exchange may prescribe, the parties shall promptly, but not later than such time as may be prescribed by the Exchange, on such day (unless otherwise excused by a Floor Official), close out the transaction in the following manner. The member or member organization representing the purchaser in the uncomparated Exchange option transaction shall promptly enter into a new Exchange

option transaction on the Floor of the Exchange to purchase the option contract that was the subject of the uncomparated Exchange option transaction. The member or member organization representing the writer in the uncomparated Exchange option transaction shall promptly enter into a new Exchange option transaction on the Floor of the Exchange to sell (write) the option contract that was the subject of the uncomparated Exchange option transaction. Any claims for damages resulting from such transactions must be made promptly for the accounts of the members or member organizations involved and not for the accounts of their respective customers. Notwithstanding the foregoing, if either member or member organization is acting for a firm account in an uncomparated Exchange option transaction and not for the account of a customer, such member or member organization 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 uncomparated transaction.

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

.02 Obligations to prepare, forward, accept, reject or "sign" a ROTN are satisfied by using the Exchange's on-line comparison system. Reserved.

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Section 14. Equity Index Participations

Rule 900F. Applicability; Definitions

(a) Applicability. The Rules in this Section are applicable only to Equity Index Participations. Except to the extent that specific rules in this Section govern, or unless the context otherwise requires, the rules and policies of the Board of Directors shall be applicable to the trading on the Exchange of such securities. In addition, the following Options Rules shall be specifically applicable to such trading: 900(b), 902, 907, 908, 909, 920, 921, 922, 923, 924, 925, 926, 930, 932, 950(b), 950(c), 953, 954, 955, 956, 957, 958, 960, 961, 962, 963, 964, [965,] 966, 967, [970,] 971, 972, 918C, 915NY, 915.1NY, 915.2NY and 915.3NY. Equity Index Participations are included within the definition of "security" or "securities" as such terms are used in the Rules of the Exchange.

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Section 16. Buy-Write Option Unitary Derivatives ("BOUNDS")

Rule 900H. Applicability; Definitions

(a) Applicability. The Rules in this Section are applicable only to Buy-Write Option Unitary Derivatives ("BOUNDS"). Except to the extent that specific rules in this Section govern, or unless the context otherwise requires, the provisions of the Constitution and all other rules and policies of the Board of Governors shall be applicable to the trading of BOUNDS. In addition, the following Options Rules shall be specifically applicable to such trading: 900(b), 907, 909, 915, 916, 918, 920, 921, 922, 923, 924, 925, 926, 927, 928, 930, 932, 950 (except that 950(e)(ii) and 950(e)(iii) shall not apply), 951(a), 951(b), 951(c), 952(a), 953, 954, 955, 956, 957, 958, 960, 961, 962, 963, 964, [965,] 966, 967, [970,] 971, 972, [and] 991, 915NY, 915.1NY, 915.2NY and 915.3NY. Pursuant to the provisions of Article 1, Section 3(i) of the Constitution, BOUNDS are included within the definition of "security" or "securities" as such terms are used in the Constitution and Rules of the Exchange.

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Section 900NY. Rules Principally Applicable to Trading of Option Contracts

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Rule 900.2NY. Definitions

Whenever and wherever used herein, unless the context requires otherwise, the following terms shall be deemed to have the meanings indicated:

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(29) *Floor Market Maker*. The term "Floor Market Maker" shall mean a registered Market Maker who makes transactions as a dealer-specialist while on the Floor of the Exchange [and provides quotations: (A) manually, by public outcry, and (B) electronically through an auto-quoting device].

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Rule 902NY. Admission and Conduct on the Options Trading Floor

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(f) Complaints from Options Trading Floor ATP Holders. ATP Holder complaints concerning situations arising on or relating to the Options Trading Floor may be directed to NYSE Regulation[the Options Surveillance Department] so that appropriate follow-up action may be taken.

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Rule 915NY. Verification of Compared Trades and Reconciliation of Uncompared Trades

ATP Holders that are clearing members of the Options Clearing Corporation or their delegates shall be obligated to verify the information shown on the contract lists or on such electronic display terminals to reconcile all uncomparing trades and advisory trades shown on the uncomparing trade list and to report all reconciliations, corrections and adjustments to the Exchange in accordance with such procedures as may be established by the Exchange from time to time. Such reconciliation report shall be filed with the Exchange prior to such cut-off time as the Exchange may prescribe and shall be binding on the clearing member on whose behalf it is filed.

Commentary:

.01 Rule 915NY requires clearing members to verify and reconcile compared and uncomparing trades promptly in accordance with procedures established by the Exchange from time to time. Trades must be routinely compared during the course of the trading session.

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

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

It will be considered a violation of Rule 915NY if a responsible ATP Holder is not available to reconcile an uncomparing trade when contacted by NYSE Amex Trade Processing Department.

While there may be occasional instances when a trade must remain uncomparing overnight, and be resolved in conformance with Rule 915.3NY, any ATP Holders responsible for an undue number of such occurrences will be subject to disciplinary action pursuant to Rule 9200.

Rule 915.1NY. Unreconciled Trade Report

On each business day after the cut-off hour for the receipt of reconciliation reports, the Exchange shall issue to each ATP Holder which is a clearing member of the Options Clearing Corporation or its delegate, an unreconciled trade report which will contain a list of any new or remaining uncomparing trades and advisory trades of such clearing member. If any such trades are subsequently reconciled between the parties, they may be

submitted for comparison on the next business day. Trades which are not so reconciled by the parties shall be closed in accordance with the provisions of Rule 915.3NY.

Rule 915.2NY. Reporting of Compared Trades to Options Clearing Corporation

On each business day at or prior to such time as may be prescribed by the Options Clearing Corporation, the Exchange shall furnish the Options Clearing Corporation a report of each clearing member's compared trades based on the comparison service performed by the Exchange on that day. Only trades which have been compared in accordance with the provisions of this Rule shall be furnished by the Exchange to the Options Clearing Corporation, and the Exchange shall assume no responsibility with respect to any uncomparing trade nor for any delays or errors in the reporting of trades for comparison.

Rule 915.3NY Resolution of Uncomparing Trades

(a) Notice of uncomparing trades must be provided no later than the scheduled commencement of trading unless directed otherwise by a Trading Official. The amount of loss as a result of an uncomparing trade will be the opening price for such contract on the business day following the trade date. With respect to instances where the uncomparing trade side is one for the purchase of option contracts and no trade occurred on the opening, the price used in fixing the amount of the loss will be the offer at the time of the opening. In instances where the uncomparing trade side is one for the sale of option contracts and no trade occurred on the opening, the price used in fixing the amount of the loss will be the bid price.

(b) In the event an uncomparing transaction involves an option contract of a series in which trading has been terminated or suspended before a new Exchange option transaction can be effected to establish the amount of any loss, the ATP Holder not at fault may claim damages against the other party involved in the transaction based on the terms of such transaction. All such claims shall be made promptly but in no event shall such claim be made after the close of trading on the first business day following the date of the uncomparing transaction in question.

Commentary:

.01 In order to ensure that trades can be resolved by the scheduled commencement of trading in such series or class of options on the first business day following the trade date, ATP Holder are required to have an authorized representative of such ATP Holder available to resolve uncomparing trades no later than 45 minutes from the scheduled commencement of trading on said business day following the trade date.

.02 The Exchange may, at its discretion, remove from record any transactions that have, in error, been matched but which are actually uncomparing transactions.

Rule 920NY. Market Makers

(a) A Market Maker is an ATP Holder that is registered with the Exchange for the purpose of making transactions as a dealer-specialist on the Floor of the Exchange or for the purpose of submitting quotes electronically and making transactions as a dealer-specialist [verbally on the Trading Floor or] through the System [from on the Trading Floor or remotely from off the Trading Floor, in accordance with the Rules of the Exchange]. A Market Maker submitting quotes remotely is not eligible to participate in trades affected in open outcry except to the extent that such Market Maker's quotation represents the BBO. Market Makers are designated as specialists on the Exchange for all purposes under the Securities Exchange Act of 1934 and the Rules and Regulations thereunder. A Market Maker on the Exchange will be either a Remote Market Maker, a Floor Market Maker, a Specialist or an e-Specialist. Unless specified, or unless the context requires otherwise, the term Market Maker refers to Remote Market Makers, Floor Market Makers, Specialists and e-Specialists.

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Rule 930NY. Floor Broker Defined

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(b) Conducting a Limited Public Business

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

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(2) For purposes of this rule, a "Qualified Customer"["Professional Customer" does not include those participants defined in Rule 900.2NY(18A) but instead includes]means a bank; trust company; insurance company; investment trust; a state or political subdivision thereof; charitable or nonprofit educational institution regulated under the laws of the United States, or any state, or pension or profit sharing plan subject to ERISA or of any agency of the United States as of a state or political subdivision thereof; or any person (other than a natural person) who has, or who has under management, net tangible assets of at least sixteen million dollars.

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Rule 934NY. Crossing

(a) Customer-to-Customer Cross

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- (3) The Floor Broker may cross the orders at such higher bid and lower offer by announcing by open outcry that he is crossing orders on behalf of Customers, and giving the quantity and price, provided, however, that
- (A) the execution price must comply with Rule 991NY[be equal to or better than the NBBO].
- (B) the Floor Broker may not trade through any bids or offers in the Consolidated Book that are priced better than the proposed execution price. If there are bids or offers on the Consolidated Book better than the proposed execution price, or Customer Orders in the Consolidated Book priced at the proposed execution price, the Floor Broker must trade against such bids or offers in the Consolidated Book. Once such bids or offers in the Consolidated Book are satisfied, the Floor Broker may cross the balance of the orders, if any, to be crossed. [The orders will be cancelled or posted in the Book if an execution would take place at a price that is inferior to the NBBO.]

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(b) Non-Facilitation (Regular Way) Crosses.

A Floor Broker who holds a Customer order and another order on the contra side of the Customer in the same option contract may cross such orders, provided that the Floor Broker proceeds in the following manner:

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- (3) If such higher bid or lower offer is not taken by members of the trading crowd, the Floor Broker may cross the orders (or any part remaining unexecuted) at such higher bid or lower offer by announcing by open outcry that he is crossing the orders and giving the quantity and price; provided, however that (A) the execution price must comply with Rule 991NY[be equal to or better than the NBBO], and (B) the Floor Broker may not trade through any bids or offers on the Consolidated Book that are priced better than the proposed execution price. If there are bids or offers in the Consolidated Book better than the proposed execution price, or Customer Orders in the Consolidated Book priced at the proposed execution price, the Floor Broker must trade against such bids or offers in the Consolidated Book. Once bids or offers in the Book are satisfied, the Floor Broker may cross the balance of the orders, if any, to be crossed. [The orders will be cancelled or posted in the Book if an execution would take place at a price that is inferior to the NBBO].

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Rule 955NY. Order Format and System Entry Requirements

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

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

(A) ATP Holders shall use a backup supply of tickets to record the details of all orders (the data elements of which are prescribed in subsection (c)(1) above), received through non-electronic means. All order events (i.e., receipt, changes, execution, partial execution, cancellation, or nothing done) must be [immediately] timestamped [(a timestamp synchronized with the National Institute of Standards and Technology Atomic Clock in Boulder Colorado "NIST Clock" will be available at all ATP Holder booths)]in compliance with Rule 6820.

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Rule 963NY. Priority and Order Allocation Procedures - Open Outcry

Except as provided by Rule 964NY below, the following rules of priority shall be observed with respect to orders executed by open outcry:

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(d) Complex Order, Stock/option, and Stock/Complex Order Priority: A Complex Order as defined in Rule 900.3NY(e) and Stock/Complex Orders as defined in 900.3(h)(2) may be executed at a total or net debit or credit price with another ATP Holder without giving priority to equivalent bids (offers) in the individual series legs that are represented in the Trading Crowd or Customer limit orders in the Consolidated Book, provided at least one options leg of the order betters the corresponding Customer bid (offer) in the Consolidated Book by at least one minimum trading increment as defined in Rule 960NY (i.e., \$0.10 or \$0.05 or \$0.01, as applicable) or a \$0.01 increment, which increment shall be determined by the Exchange on a class-by-class basis. Stock/option orders, as defined in Rule 900.3(h)(1), have priority over equivalent bids (offers) of the trading crowd but not over equivalent Customer bids (offers) in the Consolidated Book.

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