

Additions: Underlined

Additions proposed in Amendment 1: Double-underlined

Deletion: [Bracketed]

Deletions proposed in Amendment 1: ~~Strikethrough~~

## NYSE American Rules

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### TRADING OF OPTION CONTRACTS

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#### Section 15. Flexible Exchange (“FLEX”) Options

##### Rule 900G. Applicability and Definitions

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##### Rule 903G. Terms of FLEX Options

(a) - (b) No Change.

(c) Special Terms for FLEX Equity Options

(1) Reserved.

(2) Exercise prices and premiums may be stated in terms of (i) a dollar amount; (ii) a method for fixing such a number at the time a FLEX Request for Quote or FLEX Order is traded; or (iii) a percentage of the price of the underlying security at the time of the trade or as of the close of trading on the Exchange on the trade date. Exercise prices may be rounded to the nearest minimum tick or other decimal increment determined by the Exchange on a class-by-class basis that may not be smaller than \$0.01. Premiums will be rounded to the nearest minimum tick. For exercise prices and premiums stated using a percentage-based methodology, such values may be stated in a percentage increment determined by the Exchange on a class-by-class basis that may not be smaller than 0.01% and will be rounded as provided above.

(3) Exercise settlement shall be:

(i) for FLEX Equity Options other than as permitted in paragraphs (ii) and (iii) below [FLEX ByRDs], by physical delivery of the underlying security.[: and]

(ii) for FLEX Equity Options with an underlying security that is an Exchange-Traded Fund (“ETF”) that has an average daily notional value of \$500 Million or more and a national average daily volume of at least 4,680,000 shares, measured over the prior 6-month period, by physical delivery of the underlying security or by delivery in cash.

(A) The Exchange will determine bi-annually the underlying ETFs securities that satisfy the notional value and trading volume requirements in paragraph (c)(3)(ii) of this Rule by using trading statistics for the previous six-month period. The Exchange will permit cash settlement as a contract term on no more than 50 underlying ETFs that meet the criteria in paragraph (c)(3)(ii) of this Rule. If more than 50 ETFs satisfy the notional value and trading volume requirements, the Exchange will select the top 50 ETFs that have the highest average daily volume.

(B) If the Exchange determines pursuant to the review conducted under paragraph (c)(3)(ii)(A) of this Rule that an underlying ETF security ceases to satisfy the criteria in paragraph (c)(3)(ii) of this Rule, any new position overlying such ETF FLEX Equity Options overlying such security entered into will be required to have exercise settlement by physical delivery and any open cash-settled FLEX ETF Option positions in cash-settled FLEX Equity Options overlying such security may be traded to only to close the position.

(iii) for FLEX ByRDs, in the same manner and style as Non-FLEX ByRDs, pursuant to the VWAP settlement provision contained in Rule 910ByRDs and pursuant to the European exercise style, per Rule 900ByRDs(b)(1).

(4) FLEX Equity Options shall be subject to the exercise by exception provisions of Rule 805 of the Options Clearing Corporation.

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## **Rule 906G. Position Limits**

(a) No Change.

(b) FLEX Equity Options. Except as provided in (i), (ii) and (iii) below, there shall be no position limits for FLEX Equity options. However, each member or member organization (other than a Specialist or Floor Market Maker) that maintains a position on the same side of the market in excess of the level established pursuant to Rule 904 for Non-FLEX Equity options of the same class on behalf of its own account or for the account of a customer shall report information on the FLEX Equity option position, positions in any related instrument, the purpose or strategy for the position and the collateral used by the account. This report shall be in the form and manner prescribed by the Exchange. In addition, whenever the Exchange determines that a higher margin requirement is necessary in light of the risks associated with a FLEX Equity option position in excess of three times the level established for Non-FLEX Equity option of the same class, the

Exchange may impose such higher margin requirement and/or may assess capital charges upon the member organization carrying the account to the extent of any margin deficiency resulting from the higher margin requirement.

- (i) As long as the options positions remain open, positions in FLEX Options that expire on a third Friday-of-the-month expiration day shall be aggregated with positions in Non-FLEX Options on the same underlying ("comparable Non-FLEX Options") and shall be subject to the position limits set forth in Rule 904, and the exercise limits set forth in Rule 905.
- (ii) Position limits for FLEX Equity Options where the underlying security is an Exchange-Traded Fund that is settled in cash pursuant to Rule 903G(c)(3)(ii) shall be subject to the position limits set forth in Rule 904, and subject to the exercise limits set forth in Rule 905. and positions in such cash-settled FLEX Equity Options shall be aggregated with positions in physically-settled options on the same underlying ETF for the purpose of calculating the position limits set forth in Rule 904, and the exercise limits set forth in Rule 905.
- (iii) Position limits for FLEX ByRDs shall be the same as Non-FLEX ByRDs, as set forth in Rule 904ByRDs(a), except that positions in FLEX ByRDs shall be aggregated with positions in Non-FLEX ByRDs on the same or similar underlying ("comparable Non- FLEX ByRDs") for the purpose of calculating position limits. For purposes of the position limits established under this Rule, long positions in "Finish Low" and short positions in "Finish High" Binary Return Derivatives shall be considered to be on the same side of the market; and short positions in "Finish Low" and long positions in "Finish High" Binary Return Derivatives shall be considered to be on the same side of the market.

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