

SECURITIES AND EXCHANGE COMMISSION  
(Release No. 34-66308; File No. SR-NYSEAmex-2012-02)

January 25, 2012

Self-Regulatory Organizations; NYSE Amex LLC; Notice of Filing and Immediate Effectiveness of Proposed Rule Change Amending NYSE Amex Options Rule 902NY to Create a Reserve Floor Market Maker Amex Trading Permit

Pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 (“Act”),<sup>1</sup> and Rule 19b-4 thereunder,<sup>2</sup> notice is hereby given that on January 24, 2012, NYSE Amex LLC (the “Exchange” or “NYSE Amex”) filed with the Securities and Exchange Commission (“Commission”) the proposed rule change as described in Items I, II, and III below, which Items have been prepared by the self-regulatory organization. The Commission is publishing this notice to solicit comments on the proposed rule change from interested persons.

I. Self-Regulatory Organization’s Statement of the Terms of Substance of the Proposed Rule Change

The Exchange proposes to amend NYSE Amex Options Rule 902NY to create a Reserve Floor Market Maker Amex Trading Permit (“Reserve ATP”). The text of the proposed rule change is available at the Exchange, the Commission’s Public Reference Room, and [www.nyse.com](http://www.nyse.com).

II. Self-Regulatory Organization’s Statement of the Purpose of, and Statutory Basis for, the Proposed Rule Change

In its filing with the Commission, the self-regulatory organization included statements concerning the purpose of, and basis for, the proposed rule change and discussed any comments it received on the proposed rule change. The text of those

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<sup>1</sup> 15 U.S.C. 78s(b)(1).

<sup>2</sup> 17 CFR 240.19b-4.

statements may be examined at the places specified in Item IV below. The Exchange has prepared summaries, set forth in sections A, B, and C below, of the most significant parts of such statements.

A. Self-Regulatory Organization's Statement of the Purpose of, and Statutory Basis for, the Proposed Rule Change

1. Purpose

The Exchange proposes to amend NYSE Amex Options Rule 902NY to create a Reserve ATP.

Under the current Fee Schedule, an ATP Holder<sup>3</sup> acting as a Market Maker must pay \$5,000 per month per Amex Trading Permit ("ATP").<sup>4</sup> In order to act as a Floor Market Maker, an individual must be specifically named on the relevant Market Maker's ATP. On some occasions, a Floor Market Maker may be absent from the floor due to illness or other unexpected absence, in which case the ATP Holder may wish to have a Market Maker Authorized Trader<sup>5</sup> ("MMAT") employee engage in open outcry trading to cover for the absent Floor Market Maker. However, at present the ATP Holder cannot do so unless the MMAT employee is specifically named on the relevant ATP, and it may not be economical for the ATP Holder to maintain an additional ATP to address such

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<sup>3</sup> An "ATP Holder" is a natural person, sole proprietorship, partnership, corporation, limited liability company or other organization, in good standing, that has been issued an Amex Trading Permit. See NYSE Amex Rule 900.2NY(5).

<sup>4</sup> The fee is calculated based on the maximum number of ATPs held by the ATP Holder during the calendar month.

<sup>5</sup> A "Market Maker Authorized Trader" is an authorized trader who performs market making activities pursuant to Rule 920NY on behalf of an ATP Holder registered as a Market Maker. See NYSE Amex Rule 900.2NY(37). A Market Maker Authorized Trader must meet the same registration requirements as a Floor Market Maker before they can be designated as a Market Maker Authorized Trader. See NYSE Amex Rule 921.1NY.

unexpected or limited situations or to complete the approval process for an additional ATP in a timely way when a short-term need arises. In such cases, the ATP Holder must carry out its responsibilities with fewer than the optimal number of Floor Market Makers on the trading floor. For example, currently under NYSE Amex Rule 923NY, a total of four ATPs are required to stream quotes electronically into all option issues traded on the Exchange. Additionally, each ATP can have an individual named to act as a Floor Market Maker in open outcry trading on the Floor of the Exchange. Thus, an ATP Holder with four ATPs may stream quotes in every option issue on the Exchange and have four individuals conduct trading in open outcry on the trading Floor as Floor Market Makers. If one of those four individuals is unavailable due to sickness, vacation or other reason, the ATP Holder is required to pay for an additional ATP (presently \$5,000) in order to have another individual trade in open outcry as a Floor Market Maker. If the ATP Holder activates an individual on an ATP for any portion of a month, even as little as one day, the ATP Holder is charged the full \$5,000 monthly ATP fee.

The Exchange believes that an option should be available to Market Maker firms to address the short-term absence of an employee in a more economical way, which also would assist the Exchange in maintaining fair and orderly markets. In addition, certain Market Maker firms have requested that the Exchange amend the present system to address the issue of an absent Floor Market Maker. Accordingly, the Exchange proposes to create a Reserve ATP under which an ATP Holder would be permitted to have a qualified MMAT employee cover for the absent Floor Market Maker under the firm's ATP, effectively empowering the individual acting as a qualified MMAT to act as a Floor Market Maker in lieu of the absent individual until such time as the absent Floor Market

Maker returns. When a Floor Market Maker is or will be absent, an ATP Holder that maintains a Reserve ATP would be required to provide written notice to the Exchange that it will utilize such Reserve ATP, at least a day in advance of the utilization. The notice will identify both the Floor Market Maker who will not be utilizing the ATP Holder's ATP and the MMAT who will be acting as the substitute Floor Market Maker. While the notice is in effect, only the specifically named MMAT acting as a substitute Floor Market Maker will be authorized to utilize the ATP. When the original Floor Market Maker returns, the ATP Holder will provide written notice to the Exchange, and, as of the date specified in the notice, the original Floor Market Maker may resume reliance on the ATP and the MMAT will no longer be able to utilize the ATP. In this manner, an ATP Holder that has purchased the four ATPs required to quote every issue on the Exchange would have the ability to ensure it has sufficient Floor Market Maker coverage in the event of an absence, without having to incur the full \$5,000 ATP fee, by instead paying a Reserve ATP fee of \$175 per month, which would be established by a separate fee filing with the Commission. The proposed fee would be assessed to an ATP Holder for each MMAT in its employ whom the ATP Holder wishes to be eligible to be named to the ATP to act as a Floor Market Maker to cover for another Floor Market Maker who is otherwise unable to be at work that day.

Any natural person to whom a Reserve ATP is issued would be required, as of the date of notice, to (a) be fully qualified and approved by the Exchange to be an ATP Holder authorized as an MMAT; and (b) meet all of the requirements of an ATP Holder under the Exchange's rules.

2. Statutory Basis

The proposed rule change is consistent with Section 6(b) of the Act,<sup>6</sup> in general, and furthers the objectives of Section 6(b)(5),<sup>7</sup> in particular, in that it is designed to prevent fraudulent and manipulative acts and practices, to promote just and equitable principles of trade, to foster cooperation and coordination with persons engaged in facilitating transactions in securities, and to remove impediments to and perfect the mechanism of a free and open market and a national market system. Specifically, the Exchange believes that the proposed rule change would provide a method for ATP Holders to have fully qualified personnel step in to handle other employees' absences without requiring the ATP Holders to pay the full fee every month for the ATPs used by such substitute persons, thereby contributing to the efficient use of ATP Holder personnel and resources, and fair and orderly markets. Additionally, the Exchange notes that it is filing this rule change to respond to the Market Maker firms that have requested a solution to the issues they face when they have an absent Floor Market Maker.

B. Self-Regulatory Organization's Statement on Burden on Competition

The Exchange does not believe that the proposed rule change will impose any burden on competition that is not necessary or appropriate in furtherance of the purposes of the Act.

C. Self-Regulatory Organization's Statement on Comments on the Proposed Rule Change Received from Members, Participants, or Others

No written comments were solicited or received with respect to the proposed rule change.

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<sup>6</sup> 15 U.S.C. 78f(b).

<sup>7</sup> 15 U.S.C. 78f(b)(5).

III. Date of Effectiveness of the Proposed Rule Change and Timing for Commission Action

The Exchange has filed the proposed rule change pursuant to Section 19(b)(3)(A)(iii) of the Act<sup>8</sup> and Rule 19b-4(f)(6) thereunder.<sup>9</sup> Because the proposed rule change does not: (i) significantly affect the protection of investors or the public interest; (ii) impose any significant burden on competition; and (iii) become operative prior to 30 days from the date on which it was filed, or such shorter time as the Commission may designate, if consistent with the protection of investors and the public interest, the proposed rule change has become effective pursuant to Section 19(b)(3)(A) of the Act and Rule 19b-4(f)(6)(iii) thereunder.

A proposed rule change filed under Rule 19b-4(f)(6)<sup>10</sup> normally does not become operative prior to 30 days after the date of the filing. However, pursuant to Rule 19b-4(f)(6)(iii),<sup>11</sup> the Commission may designate a shorter time if such action is consistent with the protection of investors and the public interest.

At any time within 60 days of the filing of such proposed rule change, the Commission summarily may temporarily suspend such rule change if it appears to the Commission that such action is necessary or appropriate in the public interest, for the protection of investors, or otherwise in furtherance of the purposes of the Act.

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<sup>8</sup> 15 U.S.C. 78s(b)(3)(A)(iii).

<sup>9</sup> 17 CFR 240.19b-4(f)(6).

<sup>10</sup> 17 CFR 240.19b-4(f)(6).

<sup>11</sup> 17 CFR 240.19b-4(f)(6)(iii).

#### IV. Solicitation of Comments

Interested persons are invited to submit written data, views, and arguments concerning the foregoing, including whether the proposed rule change is consistent with the Act. Comments may be submitted by any of the following methods:

##### Electronic Comments:

- Use the Commission's Internet comment form (<http://www.sec.gov/rules/sro.shtml>); or
- Send an e-mail to [rule-comments@sec.gov](mailto:rule-comments@sec.gov). Please include File Number SR-NYSEAmex-2012-02 on the subject line.

##### Paper Comments:

- Send paper comments in triplicate to Elizabeth M. Murphy, Secretary, Securities and Exchange Commission, 100 F Street, NE, Washington, DC 20549-1090.

All submissions should refer to File Number SR-NYSEAmex-2012-02. This file number should be included on the subject line if e-mail is used. To help the Commission process and review your comments more efficiently, please use only one method. The Commission will post all comments on the Commission's Internet website (<http://www.sec.gov/rules/sro.shtml>). Copies of the submission, all subsequent amendments, all written statements with respect to the proposed rule change that are filed with the Commission, and all written communications relating to the proposed rule change between the Commission and any person, other than those that may be withheld from the public in accordance with the provisions of 5 U.S.C. 552, will be available for website viewing and printing in the Commission's Public Reference Room, 100 F Street,

NW, Washington, D.C. 20549, on official business days between the hours of 10:00 a.m. and 3:00 p.m. Copies of such filing also will be available for inspection and copying at the principal office of the Exchange. All comments received will be posted without change; the Commission does not edit personal identifying information from submissions. You should submit only information that you wish to make available publicly. All submissions should refer to File Number SR-NYSEAmex-2012-02 and should be submitted on or before [insert date 21 days from publication in the Federal Register].

For the Commission, by the Division of Trading and Markets, pursuant to delegated authority.<sup>12</sup>

Kevin M. O'Neill  
Deputy Secretary

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<sup>12</sup> 17 CFR 200.30-3(a)(12).