

Text of the Proposed Rule Change:¹

Rules of the NYSE Arca, Inc.

Rule 6.37A. Obligations of Market Makers — OX

(a) – No Change

(b) *Obligations in Appointed Classes.* With respect to each class of options in his appointment, a Market Maker is expected to engage, to a reasonable degree under the existing circumstances, in dealings for his own account when there exists, or it is reasonably anticipated that there will exist, a lack of price continuity, a temporary disparity between the supply of and demand for a particular option contract, or a temporary distortion of the price relationships between option contracts of the same class. Without limiting the foregoing, a Market Maker is expected to perform the following activities in the course of maintaining a fair and orderly market.

(1) - (3) – No Change

(4) [During an auction, bidding and/or offering so as to create differences of:

(A) no more than .25 between the bid and the offer for each option contract for which the bid is less than \$2,

(B) no more than .40 where the bid is \$2 or more but does not exceed \$5,

(C) no more than .50 where the bid is more than \$5 but does not exceed \$10,

(D) no more than .80 where the bid is more than \$10 but does not exceed \$20, and

(E) no more than \$1 when the last bid is \$20.10 or more, provided that the two Trading Officials may establish differences other than the above for one or more series or classes of options.

(5) Following an auction, options] Options traded on OX may be quoted with a difference not to exceed \$5 between the bid and offer regardless of the price of the bid.

(5) Two Trading Officials may establish quote width differences other than as provided in [this] subparagraph [(5)] (4) for one or more options series.

¹ New text is underscored; deleted text is in brackets.

(6) – (7) No Change

(c) - (f) No Change

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Rule 6.64. OX Trading Auctions

(a) No change

(b) *Establishing a Market for the Opening Auction.* The system will accept market and limit orders and quotes for inclusion in the opening auction process ("Auction Process") until such time as the Auction Process is initiated in that option series. Contingency orders (except for "opening only" orders) will not participate in the Auction Process. Any eligible open orders residing in the OX Book from the previous trading session will be included in the Auction Process. After the primary market for the underlying security disseminates the opening trade or the opening quote, the related option series will be opened automatically based on the following principles and procedures:

(A) - (C) No Change

(D) The OX System will not open a series if the bid-ask differential for that series is not within an acceptable range. For the purposes of this rule, an acceptable range shall mean within the bid-ask differential guidelines established pursuant to Rule 6.37(b)(1)(A)-(E).

(c) - (d) No Change

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Rule 6.87. Obvious Errors and Catastrophic Errors

(a) Obvious Error Trade Nullification and Price Adjustment Procedures.

The Exchange shall either bust a transaction or adjust the execution price of a transaction that results from an Obvious Error as provided in this rule.

(1) No Change

(2) Definition of Theoretical Price. For purposes of Rule 6.87(a), the Theoretical Price of an option is:

(A) - No Change

(B) if there are not quotes for comparison purposes, or if the bid/ask differential of the national best bid and offer for the affected series just prior to the erroneous transaction was at least two times the permitted bid/ask differential pursuant to Rule 6.37[A(b)(4)-(5)] (b)(1)(A)-(E), as determined by a designated Trading Official.

(3) through (6) – No Change

(b) - No Change

Commentary: No Change

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