

Additions underlined; deletions [bracketed]

Rules of the NYSE Arca Equities, Inc.

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**Rule 7.23. Obligations of Market Makers**

(a) *General.* ETP Holders who are registered as Market Makers in one or more securities traded on the Corporation must engage in a course of dealings for their own account to assist in the maintenance, insofar as reasonably practicable, of fair and orderly markets on the Corporation in accordance with this Rule. The responsibilities and duties of a Market Maker specifically include, but are not limited to, the following:

(1) A Market Maker shall [M]maintain continuous, two-sided Q Order[s] trading interest in those securities in which the Market Maker is registered to trade (“Two-Sided Obligation”).[;]

(A) Two-Sided Obligation. For each security in which an ETP Holder is registered as a Market Maker, in satisfaction of the ETP Holder’s Two-Sided Obligation, the ETP Holder shall be willing to buy and sell such security for its own account on a continuous basis during Core Trading Hours and shall enter and maintain a two-sided trading interest that is identified to the Corporation as the interest meeting the Two-Sided Obligation and is displayed in the NYSE Arca Book at all times. Interest eligible to be considered as part of a Market Maker’s Two-Sided Obligation shall have a displayed size of at least one normal unit of trading (or a larger multiple thereof); provided, however, that a Market Maker may augment its Two-Sided Obligation size to display limit orders priced at the same price as the Two-Sided Obligation. After an execution against its Two-Sided Obligation, a Market Maker must ensure that additional trading interest exists in the NYSE Arca Book to satisfy its Two-Sided Obligation either by immediately entering new interest to comply with this obligation to maintain continuous two-sided quotations or by identifying existing interest on the NYSE Arca Book that will satisfy this obligation.

(B) Pricing Obligations. For NMS stocks (as defined in Rule 600 under Regulation NMS) a Market Maker shall adhere to the pricing obligations established by this Rule during Core Trading Hours.

(i) Bid (Offer) Quotations. At the time of entry of bid (offer) interest satisfying the Two-Sided Obligation, 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 of the Two-Sided Obligation 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 Market Maker 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 Corporation current resting interest that satisfies the Two-Sided Obligation.

(ii) The National Best Bid and Offer shall be determined by the Corporation 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 7.11 less two (2) percentage points. For times during Core Trading Hours when a Trading Pause is not in effect under Rule 7.11, 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 7.11 less one-half (1/2) percentage point. For times during Core Trading Hours when a Trading Pause is not in effect under Rule 7.11, 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%.

(C) Nothing in this Rule shall preclude a Market Maker from entering Q Order interest at price levels that are closer to the National Best Bid and Offer than the levels required by this Rule;

(2) A Market Maker shall [M]maintain adequate minimum capital in accordance with Rule 4.1;

(3) A Market Maker shall [R]remain in Good Standing with the Corporation;

(4) A Market Maker shall [I]inform the Corporation of any material change in financial or operational condition or in personnel.

(5) A Market Maker shall [C]clear and settle transactions through the facilities of a registered clearing agency. This requirement may be satisfied by direct participation, use of direct clearing services, or by entry into a correspondent clearing arrangement with another ETP Holder that clears trades through such agency.

(b) – (d) No change.

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**Rule 7.31. Orders and Modifiers**

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(k) Q Order.

(1) A “Q Order” is a limit order submitted to the NYSE Arca Marketplace by a Market Maker, and designated by a Market Maker as a “Q Order” through such means as the Corporation shall specify.

(A) A Market Maker may instruct the NYSE Arca Marketplace before 6:28 am (Pacific Time) to enter a Q Order on their behalf as follows:

(1) At the last price and size entered by the Market Maker during the previous trading day, either including or excluding reserve size;

(2) At a specified percentage from the best bid or offer;

(3) Reserved. [At the standard Q defined as \$0.01 bid and 2 times the previous day's close for the offer with specified display and reserve sizes.]

(B)(1) Upon execution, the Q Order entered with reserve size pursuant to the above instructions will automatically repost with the original display size and \$10 below the original bid or \$10 above the original offer, but never below \$0.01; provided, however, that if the Market Maker specifies a reserve size for the Q Order, the Q Order will not automatically repost once the reserve size is exhausted. The Market Maker will then be responsible for immediately posting a new Q Order.

(2) Upon execution of a Q Order entered without reserve size, the Market Maker will then be responsible for immediately posting a new Q order.

(2) Auto Q Order. A Q Order may be designated as an Auto Q Order that would automatically repost a Q Order after an execution in the NYSE Arca Marketplace book at a designated increment and for the same amount of shares. After an execution, the Auto Q Order would continue to repost in the NYSE Arca Marketplace book pursuant to Rule 7.36 and would be assigned a new price time priority as of the time of each reposting at the determined increment and size until the total tradable size threshold is reached. When entering an Auto Q Order, a Market Maker would establish the following parameters: (i) price; (ii) size; (iii) buy or sell; (iv) increment update; and (v) total tradable size.

(3) Q Orders, Auto Q Orders and Reserve Q Orders shall not lock, cross or trade-through Protected Quotations.

(4) Q Orders designated as Intermarket Sweep Orders shall be rejected.

Nothing in this Rule shall be construed to relieve a Market Maker of any of its obligations pursuant to Rule 7.23.

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