

Additions underlined
 Deletions [bracketed]

NYSE Arca Equities Rules

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Rule 7.44. Retail Liquidity Program

(a) – (k) No changes.

(l) Priority and Order Allocation.

Retail Price Improvement Orders in the same security shall be ranked and allocated together with all other non-displayed interest and displayable odd lot interest according to price then time of entry into Exchange systems, except PL Orders will be ranked behind all other equally priced interest. [Any displayable odd lot interest priced between the PBBO will be ranked ahead of any RPIs and other non-displayed interest at any given price point. Executions shall occur in price/time priority in accordance with NYSE Arca Equities Rule 7.36.] Any remaining unexecuted RPI interest will remain available to interact with other incoming Retail Orders. Any remaining unexecuted portion of the Retail Order will cancel, execute, or post to the NYSE Arca Book in accordance with Rule 7.44(k).

Examples of priority and order allocation are as follows:

PBBO for security ABC is \$10.00 - \$10.05

RLP 1 enters a Retail Price Improvement Order to buy ABC at \$10.01 for 500

RLP 2 then enters a Retail Price Improvement Order to buy ABC at \$10.02 for 500

500 RLP 3 then enters a Retail Price Improvement Order to buy ABC at \$10.03 for 500

An incoming Type 1-designated Retail Order to sell ABC for 1,000 would execute first against RLP 3's bid for 500 at \$10.03, because it is the best-priced bid, then against RLP 2's bid for 500 at \$10.02, because it is the next best-priced bid. RLP 1 would not be filled because the entire size of the Retail Order to sell 1,000 would be depleted. The Retail Order executes against RPI Orders in price/time priority.

However, assume the same facts above, except that RLP 2's Retail Price Improvement Order to buy ABC at \$10.02 was for 100. The incoming Retail Order to sell 1,000 would execute first against RLP 3's bid for 500 at \$10.03, because it is the best-priced bid, then against RLP 2's bid for 100 at \$10.02, because it is the next best-priced bid. RLP 1 would then receive an execution for 400 of its bid for 500 at \$10.01, at which point the entire size of the Retail Order to sell 1,000 would be depleted.

Assume the same facts as above, except that RLP 3's order was not an RPI Order to buy ABC at \$10.03, but rather, a non-displayed order to buy ABC at \$10.03. The result will be similar to the result immediately above, in that the incoming Retail Order to sell 1,000 executes first against RLP 3's non-displayed bid for 500 at \$10.03, because it is the best-priced bid, then against RLP 2's bid for 100 at \$10.02, because it is the next best-priced bid. RLP 1 then receives an execution for 400 of its bid for 500 at \$10.01, at which point the entire size of the Retail Order to sell 1,000 is depleted.

As a final example, assume the original facts, except that LMT 1 enters a displayable odd lot limit order to buy ABC at \$10.02 for 60. The incoming Retail Order to sell for 1,000 executes first against RLP 3's bid for 500 at \$10.03, because it is the best priced bid, then against RLP 2's bid for 500 at \$10.02 because it is the next best priced bid entered earliest in time [LMT 1's bid for 60 at \$10.02, because it is the next best priced bid and displayable odd lot interest has priority over equally priced RPIs and non-displayed interest. RLP 2 then receives an execution for 440 of its bid for 500 at \$10.02], at which point the entire size of the Retail Order to sell 1,000 is depleted. The displayable odd lot interest entered by LMT 1 does not receive an execution because displayable odd lot interest is ranked in price-time priority with RPIs and all other non-displayed interest.

To demonstrate how the different types of Retail Orders would interact with available Exchange interest, assume the following facts:

PBBO for security DEF is \$19.99 - \$20.01 (100 x 100)

LMT 1 enters a Limit Order to buy DEF at \$20.00 for 100

RLP 1 then enters a Retail Price Improvement Order to buy DEF at \$20.003 for 100

MPL 1 then enters a Midpoint Passive Liquidity Order to buy DEF at \$21.00 for 100

An incoming Type 2-designated IOC Retail Order to sell DEF for 300 at \$20.00 would execute first against MPL 1's bid for 100 at \$20.005, because it is the bestpriced bid, then against RLP 1's bid for 100 at \$20.003, because it is the next best-priced bid, and then against LMT 1's bid for 100 at \$20.00 because it is the next best-priced bid, at which point the entire size of the Retail Order to sell 300 is depleted.

Assume the same facts as above except the incoming order is a Type 2-designated Day Retail Order to sell DEF for 500 at \$20.00. The Retail Order would execute first against MPL 1's bid for 100 at \$20.005, because it is the best-priced bid, then against RLP 1's bid for 100 at \$20.003, because it is the next best-priced bid, and then against LMT 1's bid for 100 at \$20.00 because it is the next best-priced bid. The remaining balance of the Retail Order posts to the NYSE Arca Book at \$20.00, resulting in a PBBO of \$19.99 - \$20.00 (100 x 200).

Assume the same facts as above except the incoming order is a Type 1-designated Retail Order to sell DEF for 300. The Retail Order would execute first against MPL 1's bid for 100 at

\$20.005, because it is the best-priced bid, and then against RLP 1's bid for 100 at \$20.003. The remaining balance of the Retail Order would be cancelled and not execute against LMT 1 because Type 1-designated Retail Orders do not interact with interest on the NYSE Arca Book other than nondisplayed liquidity priced better than the PBBO on the opposite side of the Retail Order.

Finally, to demonstrate the priority of displayed interest over Retail Price Improvement Orders, assume the following facts:

PBBO for security GHI is \$30.00 - \$30.05

RLP 1 enters a Retail Price Improvement Order to buy GHI at \$30.02 for 100

LMT 1 then enters a Limit Order to buy GHI at \$30.02 for 100

New PBBO of \$30.02 - \$30.05

RLP 2 then enters a Retail Price Improvement Order at \$30.03 for 100

An incoming Type 2-designated IOC Retail Order to sell GHI for 300 at \$30.01 would execute first against RLP 2's bid for 100 at \$30.03, because it is the best priced bid, then against LMT 1 for 100 at \$30.02 because it is the next best-priced bid. The Retail Order would then attempt to execute against RLP 1, but because RLP 1 was priced at the PBBO and no longer price improving, RLP 1 will cancel. At that point, the remaining balance of the Retail Order will cancel because there are no remaining orders within its limit price.

Assume the same facts as above except the incoming Retail Order is for 200. The Retail Order would execute against RLP 2's bid for 100 at \$30.03, because it is the best-priced bid, then against LMT 1 for 100 at \$30.02 because it is the next best-priced bid. RLP 1 does not cancel because the incoming Retail Order was depleted before attempting to execute against RLP 1. RLP 1 would be eligible to interact with another incoming Retail Order because it would be priced better than the PBBO.

(m) No change.