

Additions underscored

Deletions [bracketed]

**NYSE MKT LLC RULES**

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**Trading of Option Contracts**

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**Rule 903. Series of Options Open for Trading**

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(e) On the business day of expiration, or, in the case of an option contract expiring on a day that is not a business day, on the business day prior to the expiration date of particular series of options, a closing rotation for such series shall commence as set forth in Commentary .01 to Rule 918.

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**• • • Commentary -----**

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**.04** New series of options on individual stocks and Exchange-Traded Fund Shares may be added until the beginning of the month in which the option contract will expire. Due to unusual market conditions, the Exchange, in its discretion, may add new series of options on an individual stock or Exchange-Traded Fund Share until the close of trading on the business day prior to the business day of expiration, or, in the case of an option contract expiring on a day that is not a business day, on the second business day prior to expiration. Notwithstanding the foregoing, a new series of FLEX Equity Options, as defined in and subject to the provisions of Section 15 (Flexible Exchange Options) of the Rules, may be added on any business day prior to the expiration date.

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**Rule 909. Other Restrictions on Exchange Option Transactions and Exercises**

The Exchange shall have the power to impose, from time to time in its discretion, such restrictions on Exchange option transactions or the exercise of option contracts in one or more series of options of any class dealt in on the Exchange as it deems advisable in the

interests of maintaining a fair and orderly market in option contracts or in the underlying securities covered by such option contracts, or otherwise deems advisable in the public interest or for the protection of investors. During the effectiveness of any such restriction, no member or member organization shall effect any Exchange option transaction or exercise any option contract in contravention of such restriction. Notwithstanding the foregoing, during the ten (10) business days prior to the expiration date of a given series of options, which shall include such expiration date for an option contract that expires on a business day, no restriction on the exercise of option contracts shall remain in effect with respect to that series of options.

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**Rule 980. Exercise of Option Contracts**

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(b) Special procedures apply to the exercise of equity options on the business day of their expiration, or, in the case of an option contract expiring on a day that is not a business day, on the last business day before their expiration (“expiring options”). Unless waived by OCC, expiring options are subject to the Exercise-by-Exception (“Ex-by-Ex”) procedure under OCC Rule 805. This rule provides that, unless contrary instructions are given, option contracts that are in-the-money by specified amounts shall be automatically exercised. In addition to OCC rules, the following Exchange requirements apply with respect to expiring options. Option holders desiring to exercise or not exercise expiring options must either:

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(c) Exercise cut-off time. Option holders have until 5:30 p.m. Eastern time (“ET”) on the business day of their expiration, or, in the case of an option contract expiring on a day that is not a business day, on the business day immediately prior to the expiration date, or, in the case of a Quarterly Options Series, on the expiration date, to make a final decision to exercise or not exercise an expiring option. For customer accounts, members and member organizations may not accept exercise instructions after 5:30 p.m. ET but have until 7:30 p.m. ET to submit a Contrary Exercise Advice. For non-customer accounts, members and member organizations may not accept exercise instructions after 5:30 p.m. ET but have until 7:30 p.m. ET to submit a Contrary Exercise Advice if such member or member organization employs an electronic submission procedure with time stamp for the submission of exercise instructions by option holders. Consistent with Commentary .04, members and member organizations are required to submit a Contrary Exercise Advice by 5:30 p.m. ET for non-customer accounts if such Members and/or member organization do not employ an electronic submission procedure with time stamp for the submission of exercise instructions by option holders.

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(g) In the event the Exchange provides advance notice on or before 5:30 p.m. ET on the business day immediately prior to the business day of expiration, or, in the case of an option contract expiring on a day that is not a business day, the business day immediately prior to the last business day before the expiration date indicating that a modified time for the close of trading in equity options on such business day of expiration, or, in the case of an option contract expiring on a day that is not a business day, such last business day before expiration will occur, then the deadline to make a final decision to exercise or not exercise an expiring option shall be 1 hour 30 minutes following the time announced for the close of trading on that day instead of the 5:30 p.m. ET deadline found in Rule 980(c). However, members and member organizations have until 7:30 p.m. (ET) to deliver a Contrary Exercise Advice or Advice Cancel to the Exchange for customer accounts and non-customer accounts where such member firm employs an electronic submission procedure with time stamp for the submission of exercise instructions. For non-customer accounts, members and member organizations that do not employ an electronic procedure with time stamp for the submission of exercise instructions are required to deliver a CEA or Advice Cancel within 1 hour and 30 minutes following the time announced for the close of trading on that day instead of the 5:30 p.m. ET deadline found in Rule 980(c).

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••• *Commentary* -----

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**.03** In the event of an “unusual circumstance,” Rule 980(h)(1) provides that the Exchange may extend the cut-off times for exercise instructions and the submission of a Contrary Exercise Advice beyond the normal time frames specified in Rule 980(c). For purposes of subparagraph (h)(1), an “unusual circumstance” includes, but is not limited to, increased market volatility; significant order imbalances; significant volume surges and/or systems capacity constraints; significant spreads between the bid and offer in underlying securities; internal system malfunctions affecting the ability to disseminate or update market quotes and/or deliver orders; or other similar occurrences. Rule 980(h)(2) specifies that the Exchange may also reduce such cut-off times for “unusual circumstances.” For purposes of subparagraph (h)(2), an “unusual circumstance” includes, but is not limited to, a significant news announcement concerning the underlying security of an option contract that is scheduled to be released just after the close on the business day the option contract expires, or, in the case of an option contract expiring on a day that is not a business day, the business day immediately prior to expiration.

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**Rule 903C. Series of Stock Index Options**

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(c) On the business day a particular series of index options expires, or, in the case of an option contract expiring on a day that is not a business day, the business day prior to the expiration of a particular series of index options, such options shall freely trade until 4:00 p.m., unless the Board of Directors has established different hours of trading for certain index options.

• • • *Commentary* -----

.01 Transactions in Major Market Index options may be effected on the Exchange until 4:15 p.m. each business day, including the business day the option contract expires, or, in the case of an option contract expiring on a day that is not a business day, the business day prior to expiration.

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**Rule 909C. Other Restrictions on Stock Option Transactions and Exercises**

All of the provisions of Rule 909 shall be applicable to stock index options, except that (a) any restriction on the exercise of a particular series of stock index options imposed by the Exchange may remain in effect until (but not including) the [last day of trading] the business day the option contract expires, or, in the case of an option contract expiring on a day that is not a business day, the business day prior to the expiration date of such series of options, and (b) restrictions on the writing of uncovered calls at a “discount” on an underlying security subject to a stabilizing bid by underwriters shall normally not be applicable to stock index options.

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**Rule 980C. Exercise of Stock Index Option Contracts**

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(b) The provisions of subparagraphs (i) and (ii) of paragraph (a) of this Rule 980C are not applicable with respect to any series of stock index options on the [last day of trading] business day of their expiration, or, in the case of an option contract expiring on a day that is not a business day, on the business day prior to the expiration date of such series of options.

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**Rule 900FRO. Applicability; Definitions**

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(b) Definitions. The following terms as used in the Rules, shall unless the context otherwise indicates, have the meanings herein specified.

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(4) **Volume Weighted Average Price or VWAP** - The term “volume weighted average price” or “VWAP” for a given underlying security means the sum of the dollar value of trades reported to the Consolidated Tape (price multiplied by number of shares traded) divided by the total number of shares traded during the entire last day of trading on the business day of their expiration, or, in the case of an option contract expiring on a day that is not a business day, on the business day prior to expiration.

(5) **Settlement Price** - The term “settlement price” means the “all-day” VWAP of the composite prices of the security underlying the FRO during regular trading hours on the business day of their expiration, or, in the case of an option contract expiring on a day that is not a business day, on the last trading day prior to expiration.

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#### **Rule 910FRO. Determination of the Settlement Price**

(a) Fixed Return Options that are “in-the-money” are a function of the settlement price of the underlying security. For FROs based on individual stocks and Exchange-Traded Fund Shares, the Exchange will use the “composite price” VWAP during regular trading hours for the entire business day of their expiration, or, in the case of an option contract expiring on a day that is not a business day, the entire business [trading] day immediately preceding the expiration date as reported by industry price vendors.

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#### **Rule 958FRO. Maximum Bid-Ask Differentials**

Similar to Rule 958—ANTE(c), a specialist or registered trader is expected to bid and offer so as to create differences of no more than \$0.25 between the bid and the offer for each FRO contract except during the [last trading] business day of their expiration, or, in the case of an option contract expiring on a day that is not a business day, during the business day prior to expiration where the maximum permissible price differential for FROs may be \$0.50. In the event the bid/ask differential in the underlying security is greater than the bid/ask differential set forth above, the permissible price differential for any in-the-money FRO series may be identical to those in the underlying security market.

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#### **Rule 952BIN. Maximum Bid-Ask Differentials**

A specialist or registered trader is expected to bid and offer so as to create differences of no more than 25% of the designated exercise settlement value between the bid and offer for each binary option contract or \$5.00, whichever amount is wider, except during the [final trading] business day of their expiration, or, in the case of an option contract expiring on a day that is not a business day, during the business day prior to the expiration, on which the maximum permissible price differential for binary options may be 50% of the designated exercise settlement value or \$5.00, whichever amount is wider (e.g., if the exercise settlement value is \$100, the maximum permissible spread would be \$25, which is 25% of \$100, prior to the final trading day, and \$50, which is 50% of \$100, on the final trading day).

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### **Rule 900.2NY. Definitions**

Whenever and wherever used herein, unless the context requires otherwise, the following terms shall be deemed to have the meanings indicated:

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(26) *Expiration Date.* Unless separately defined elsewhere in these Rules with regard to a particular option contract, [T]the term “expiration date” in respect of an option contract or Exchange-Traded Fund Share means: (i) in the case of such an option expiring prior to February 1, 2015, 2:00 P.M. on the Saturday immediately following the third Friday of the expiration month; or (ii) in the case of such an option expiring on or after February 1, 2015, the third Friday of the expiration month of such option contract, or if such Friday is a day on which the Exchange is not open for business, the preceding day on which the Exchange is open for business; unless, in either case, expiration is accelerated pursuant to Options Clearing Corporation Rule 807. Notwithstanding the foregoing, in the case of certain long-term options expiring on or after February 1, 2015 that the Options Clearing Corporation has designated as grandfathered, the term “expiration date” shall mean the Saturday immediately following the third Friday of the expiration month. For a One Week Option Series the term “expiration date” shall mean the close of business on the next Friday that is a business day. If a Friday is not a business day, the “expiration date” shall be the close of business on the first business day immediately prior to that Friday. For a Quarterly Options Series, the term “expiration date” shall mean the close of business on the last business day of a calendar quarter.

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### **Rule 953NY. Trading Halts and Suspensions**

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(d) *Options Floor Trading Halt Guidelines.* Trading halts are, by definition, unusual market conditions. Accordingly, all of the precise circumstances of a trading halt cannot be anticipated. An evaluation of all the circumstances at the time a trading halt is under consideration is critical. Except as provided below, to ensure consistent application of the Exchange's trading halt guidelines, such decisions shall be made by a Trading Official. Bearing in mind the need to exercise discretion in response to particular circumstances as they occur, the following are guidelines for trading halts at the Exchange under varying circumstances:

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(7) *Trading in Individual Equity Options Prior to Expiration.* In the event that any of the foregoing should occur on the [last trading] business day of expiration, or, in the case of an option contract expiring on a day that is not a business day, on the business day prior to [E]expiration, it is the preference of the Exchange to allow trading to continue on that date. This will be a primary consideration in the assessments to be made by the Trading Official.

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#### **Rule 975NY. Obvious Errors and Catastrophic Errors**

Unless otherwise stated, the provisions contained within this Rule are applicable to electronic transactions only.

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#### (d) Catastrophic Error Price Adjustment Procedures

The Exchange shall adjust the execution price of a transaction that results from a Catastrophic Error as provided in this rule.

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(3) *Catastrophic Error Procedure.* The Exchange shall administer the application of Rule 975NY(d) as follows:

(A) Notification. If an ATP Holder believes that it participated in a transaction that qualifies as a Catastrophic Error pursuant to paragraph (d)(1) above, it must notify the Exchange by 8:30 am ET, on the first trading day following the date of the Catastrophic Error. For such transactions in an expiring options series that take place on an expiration day that is a business day, an ATP Holder must notify the Exchange by 5:00 pm ET that same day. For such transactions in an options series that take place on the business day immediately prior to an expiration day that is not a business day, an ATP Holder must notify the Exchange by 5:00 pm ET on such business day. Relief will only be granted under this paragraph: (i) if

notification is made within the prescribed time period; and (ii) if an OE Panel has not previously rendered a decision with respect to the transaction(s) in question pursuant to Rule 975NY(c).

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