Nasdaq PHLX LLC Rules

Options Rules

Options 3 Options Trading Rules

Section 1. Hours of Business

(a) General 3, Rule 1030 governs the days the Exchange will be open for business. This rule will govern the hours of such days during which transactions may be made on the Exchange.

(b) Options on any series of Exchange-Traded Fund Shares, as defined in Options 4, Section 3(h), so designated by the Exchange, options on exchange-traded notes including Index-Linked Securities, as defined in Options 4, Section 3(k)(1), and options on Alpha Indexes, as defined in Options 4A, Section 3(f), may be traded on the Exchange until 4:15 P.M. Eastern Time each business day.

(c) Options on a broad-based index, as defined in Options 4A, Section 12, Supplementary Material .01, may be traded on the Exchange until 4:15 p.m. each business day, except that on the last trading day, transactions in expiring p.m.-settled broad-based index options and the Nasdaq-100 Volatility Index Options may be effected on the Exchange between the hours of 9:30 a.m. (Eastern time) and 4:00 p.m. (Eastern time).

(d) Except under unusual conditions as may be determined by the Board (or the Exchange official or officials designated by the Board) foreign currency option trading sessions shall be conducted at such times as the Board of Directors shall specify between 6:00 P.M. Eastern Time Sundays and 3:00 P.M. Eastern Time Fridays, provided that U.S. dollar-settled foreign currency options shall trade during the same hours as narrow-based index options.

(e) Options on a sector index as provided for within Options 4A, Section 12 may be traded on the Exchange until 4:00 p.m. each business day.

[Except as otherwise ordered by the Board of Directors, the Exchange shall be open for the entrance of members upon every business day, at 8:00 A.M. Eastern Time. The Exchange shall conform with daylight savings time when effective in the City of Philadelphia. The Board of Directors shall determine by resolution the hours during which business may be transacted on the Exchange. The Board of Directors has resolved that no option series shall freely trade after 4:00 P.M. Eastern Time, except that broad-based (market) index options shall freely trade until 4:15 P.M. Eastern Time each business day, as specified in Options 4A, Section 12, Supplementary Material .01. The Board of Directors has resolved that except under unusual conditions as may be determined by the Board (or the Exchange official or officials designated by the Board) foreign currency option trading sessions shall be conducted at such times as the Board of Directors shall specify between 6:00 P.M. Eastern Time Sundays and 3:00 P.M. Eastern Time]
Fridays, provided that U.S. dollar-settled foreign currency options shall trade during the same hours as narrow-based index options.]

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**Options 4A Options Index Rules**

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**Section 2. Definitions.**

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**Supplementary Material to Options 4A, Section 2**

[.01 For any series of index options the Exchange may, in its discretion, provide that the calculation of the final index settlement value of any index on which options are traded at the Exchange will be determined by reference to the prices of the constituent stocks at a time other than the close of trading on the last trading day before expiration.]

.02 The reporting authorities designated by the Exchange in respect of each index underlying an index options contract traded on the Exchange are as provided in the chart below.

<table>
<thead>
<tr>
<th>Underlying Index</th>
<th>Reporting Authority</th>
</tr>
</thead>
<tbody>
<tr>
<td>Full Value Nasdaq 100 Index</td>
<td>The Nasdaq Stock Market</td>
</tr>
<tr>
<td>Reduced Value Nasdaq 100 Index</td>
<td>The Nasdaq Stock Market</td>
</tr>
<tr>
<td>Nasdaq-100 Micro Index</td>
<td>The Nasdaq Stock Market</td>
</tr>
<tr>
<td>PHLX Oil Service Sector Index</td>
<td>The Nasdaq Stock Market</td>
</tr>
<tr>
<td>PHLX Semiconductor Sector Index</td>
<td>The Nasdaq Stock Market</td>
</tr>
<tr>
<td>PHLX Utility Sector Index</td>
<td>The Nasdaq Stock Market</td>
</tr>
<tr>
<td>PHLX Gold/Silver Sector Index</td>
<td>The Nasdaq Stock Market</td>
</tr>
<tr>
<td>PHLX Housing Sector Index</td>
<td>The Nasdaq Stock Market</td>
</tr>
</tbody>
</table>
Section 4. [Reserved] Index Options Values for Settlement

(a) Index Values for Settlement. The Rules of The Options Clearing Corporation specify that, unless the Rules of the Exchange provide otherwise, the current index value used to settle the exercise of an index options contract shall be the closing index value for the day on which the index options contract is exercised in accordance with the Rules of The Options Clearing Corporation or, if such day is not a business day, for the most recent business day.

(b) Pricing When Primary Market Does Not Open. When the primary market for a security underlying the current index value of an index option does not open for trading on a given day, which is an expiration day, for the purposes of calculating the settlement price at expiration, the last reported sale price of the security from the previous trading day shall be used. This procedure shall not be used if the current index value at expiration is fixed in accordance with the Rules and By-Laws of The Options Clearing Corporation.

(c) Discretion. For any series of index options the Exchange may, in its discretion, provide that the calculation of the final index settlement value of any index on which options are traded at the Exchange will be determined by reference to the prices of the constituent stocks at a time other than the close of trading on the last trading day before expiration.

(1) With respect to any securities index on which options are traded on the Exchange, the source of the prices of component securities used to calculate the current index level at expiration is determined by the Reporting Authority for that index.

Section 12. Terms of Index Options Contracts
(a) General.

(2) Exercise Prices. The Exchange shall determine fixed point intervals of exercise prices for index options (options on indexes). Generally, except as provided in Supplementary Material .04 below, the exercise (strike) price intervals will be no less than $5, provided that the Exchange may determine to list strike prices at no less than $2.50 intervals for options on the following indexes (which may also be known as sector indexes):

(A) PHLX Gold/Silver Index, if the strike price is less than $200,

(F) [PHLX/]KBW Bank Index, if the strike price is less than $200,
** * * * *

(XX) Reduced Value Russell Small Cap Completeness® Growth Index, if the strike price is less than $200; [and]

(YY) Nasdaq 100 Micro Index Options, if the strike price is less than $200; [and]

(ZZ) Nasdaq-100 Index, if the strike price is less than $200.

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(5) "European-Style Exercise." [The following ]European-style index options, some of which may be A.M.-settled as provided in subparagraph (e) or P.M.-settled as provided for in paragraph (f), are approved for trading on the Exchange on the following indexes:

(i) Full-size Nasdaq 100 Index; [and]

(ii) PHLX Oil Service Sector Index;

(iii) PHLX Housing Sector Index;

(iv) PHLX Gold/Silver Sector Index;

(v) PHLX Utility Sector Index;

(vi) KBW Bank Index; and

(vii) Nasdaq-100® Volatility Index.

[(ii) Nasdaq 100 Micro Index Options.]

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(c) On 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 prior to the expiration date of a particular series of index options, such option shall freely trade until 4:00 P.M., unless the Board of Directors has established different hours of trading for certain index options.

(d) Index Level. The reported level of the underlying index that is calculated by the reporting authority for purposes of determining the current index value at the expiration of an index option may differ from the level of the index that is separately calculated and reported by the reporting authority and that reflects trading activity subsequent to the opening of trading in any of the underlying securities. [Index Values for Settlement. The Rules of The Options Clearing Corporation specify that, unless the Rules of the Exchange provide otherwise, the current index value used to settle the exercise of an index options contract shall be the closing index value for
the day on which the index options contract is exercised in accordance with the Rules of The Options Clearing Corporation or, if such day is not a business day, for the most recent business day.]

(e) A.M.-Settled Index Options. The last day of trading for A.M.-settled index options shall be the business day preceding 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 preceding the last day of trading in the underlying securities prior to the expiration date. The current index value at the expiration of an A.M.-settled index option shall be determined, for all purposes under these Rules and the Rules of The Options Clearing Corporation, on the last day of trading in the underlying securities prior to expiration, by reference to the reported level of such index as derived from first reported sale (opening) prices of the underlying securities on such day, except that:

(I) In the event that the primary market for an underlying security does not open for trading on that day, the price of that security shall be determined, for the purposes of calculating the current index value at expiration, as set forth in Options 4A, Section 12(g), unless the current index value at expiration is fixed in accordance with the Rules and By-Laws of The Options Clearing Corporation; and

(II) in the event that the primary market for an underlying security is open for trading on that day, but that particular security does not open for trading on that day, the price of that security, for the purposes of calculating the current index value at expiration, shall be the last reported sale price of the security. The following A.M.-settled index options are approved for trading on the Exchange on the following indexes:

(i) PHLX Semiconductor Sector Index;

(ii) PHLX Housing Sector Index;

(iii) PHLX Oil Service Sector Index;

(iv) KBW Bank Index;

(v) Full Value Nasdaq-100 Index[Options];

(vi) Reduced Value Nasdaq-100 Index[Options]; [and]

(vii) Nasdaq 100 Micro Index [Options.];

(viii) PHLX Utility Sector Index;

(ix) PHLX Gold/Silver Sector Index; and

(x) Nasdaq-100® Volatility Index.
(f) P.M. - Settled Index Options. The last day of trading for P.M.-settled index options shall be 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 last business day before its expiration date. The current index value at expiration of the index is determined by the last reported sale price of each component security. In the event that the primary market for an underlying security does not open for trading on the expiration date, the price of that security shall be the last reported sale price prior to the expiration date. The following P.M.-settled index options are approved for trading on Phlx:

(i) Nasdaq 100 Micro Index Options (“XND”).

[(f) Index Level. The reported level of the underlying index that is calculated by the reporting authority for purposes of determining the current index value at the expiration of an A.M.-settled index option may differ from the level of the index that is separately calculated and reported by the reporting authority and that reflects trading activity subsequent to the opening of trading in any of the underlying securities.

(g) Pricing When Primary Market Does Not Open. When the primary market for a security underlying the current index value of an index option does not open for trading on a given day, which is an expiration day, for the purposes of calculating the settlement price at expiration, the last reported sale price of the security from the previous trading day shall be used. This procedure shall not be used if the current index value at expiration is fixed in accordance with the Rules and By-Laws of The Options Clearing Corporation.]

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Section 14.[Reserved] Disclaimers

(a) Applicability of Disclaimers. The disclaimers in paragraph (b) below shall apply to the reporting authorities identified in Supplementary Material .02 to Options 4A, Section 2.

(b) Disclaimer. No reporting authority, and no affiliate of a reporting authority (each such reporting authority, its affiliates, and any other entity identified in this Rule are referred to collectively as a "Reporting Authority"), makes any warranty, express or implied, as to the results to be obtained by any person or entity from the use of an index it publishes, any opening, intra-day or closing value therefore, or any data included therein or relating thereto, in connection with the trading of any options contract based thereon or for any other purpose. The Reporting Authority shall obtain information for inclusion in, or for use in the calculation of, such index from sources it believes to be reliable, but the Reporting Authority does not guarantee the accuracy or completeness of such index, any opening, intra-day or closing value therefore, or any date included therein or related thereto. The Reporting Authority hereby disclaims all warranties of merchantability or fitness for a particular purpose or use with respect to such index, any opening, intra-day, or closing value therefore, any data included therein or relating thereto, or any options contract based thereon. The Reporting Authority shall have no liability for any damages, claims, losses (including any indirect or consequential losses), expenses, or delays, whether direct or indirect, foreseen or unforeseen, suffered by any person arising out of any circumstance or occurrence relating to the person's use of such index, any opening, intra-day or
closing value therefore, any data included therein or relating thereto, or any options contract based thereon, or arising out of any errors or delays in calculating or disseminating such index.

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Options 7 Pricing Schedule

Section 1 General Provisions

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The term “Lead Market Maker” applies to transactions for the account of a Lead Market Maker (as defined in Options 2, Section 12(a)). A Lead Market Maker is an Exchange member who is registered as an options Lead Market Maker pursuant to [Rule] Options 2, Section 12(a). An options Lead Market Maker includes a Remote Lead Market Maker which is defined as an options Lead Market Maker in one or more classes that does not have a physical presence on an Exchange floor and is approved by the Exchange pursuant to Options 2, Section 11.

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The term “Professional” applies to transactions for the accounts of Professionals, as defined in [Exchange Rule 1000(b)(43)] Options 1, Section 1(b)(45) means any person or entity that (i) is not a broker or dealer in securities, and (ii) places more than 390 orders in listed options per day on average during a calendar month for its own beneficial account(s).

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Section 8. Membership Fees

A. Permit and Registration Fees

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[Phlx waives the Inactive Nominee Fee from April 1, 2021 through September 30, 2021.]

Inactive Nominee Fee $600 for 6 months

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Section 9. Other Member Fees

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D. Appeal Fees

Review/Process Subordinated Loans $25
Forum Fee Pursuant to General 5, Rule 9216 $100
Review Fee Pursuant to Options 8, Section 35 $250
Obvious Error and Catastrophic Error Fee Pursuant to [Rule ]Options 3, Section 20(l) $500
Options 8 Floor Trading

Section 2. Definitions

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

(10) **Remote FBMS Transaction.** The term “Remote FBMS Transaction” is a transaction effected by a Floor Broker, while not physically present on theTrading Floor, by submitting limit, market or stop orders pursuant to Options 8, Section 28(g) and Floor Qualified Contingent Cross Orders pursuant to Options 8, Section 30(e) to the electronic order book, through FBMS.[.] In order to conduct Remote FBMS Transactions, unless exempt from such requirements in accordance with Supplementary Material .0[8]1 to Options 10, Section [6]5 or Phlx General 4, Rule 1230, Floor Brokers are subject to the following regulatory requirements: (1) compliance with branch office requirements as described in Supplementary Material .0[8]1 to Options 10, Section [6]5, as well as supervision of such branch office as described in Phlx General 9, Section 20; and (2) compliance with applicable registration requirements described in Phlx General 4. All uses of FBMS involving open outcry must be conducted while physically present on the Trading Floor.

Section 9. Trading Floor Hours of Business and Admittance

(a) The Exchange’s Trading Floor shall be open for the entrance of members upon every business day, at 8:00 A.M. Eastern Time. The Exchange shall conform with daylight savings time when effective in the City of Philadelphia.

([a][b]) No employee of a member or member organization shall be admitted to the trading floor unless that person is registered with and approved by the Exchange, which may in its discretion require the payment of a fee with respect to each employee so approved, and may at any time in its discretion withdraw any approval so given. Notwithstanding the foregoing, Options 8, Section 39, Options Regulation 5 describes the procedures for non-member visitors.

Section 24. Bids And Offers-Premium

(e) **Spread Priority.** When a member holding a multi-leg order, as defined in Options 8, Section 32 and bidding or offering on the basis of a total credit or debit for the order has determined that the order may not be executed by a combination of transactions at or within the bids and offers established in the marketplace, then the order may be executed as a multi-leg order at the total
credit or debit with one other member with priority over either the bid or the offer established in the marketplace that is not better than the bids or offers comprising such total credit or debit, provided that at least one option leg is executed at a better price than established bid or offer for that option contract AND no option leg is executed at a price outside of the established bid or offer for that option contract.

Synthetic Option Orders. When a member holding a synthetic option order, as defined in Options 8, Section 32, and bidding or offering on the basis of a total credit or debit for the order has determined that the order may not be executed by a combination of transactions at or within the bids and offers established in the marketplace, then the order may be executed as a synthetic option order at the total credit or debit with one other member, provided that the option leg is executed at a better price than the established bid or offer for that option contract, in accordance with Options 8, Section 25. Synthetic option orders in open outcry, in which the option component is for a size of 100 contracts or more, have priority over bids (offers) of crowd participants who are bidding (offering) only for the option component of the synthetic option order, but not over bids (offers) of Public Customers on the limit order book, and not over crowd participants that are willing to participate in the synthetic option order at the net debit or credit price.

Three-Way Spread Type Priority. When a member holding a three-way order for foreign currency options determines that the order will be best served by bidding or offering on the basis of a total net credit or debit, the member may, after seeking bids and offers for the three-way order, seek to execute the order at a total credit or debit with one other member provided that at least one of the individual legs to the order is effected at a price better than the established bid or offer for that option contract and that no option leg is executed at a price outside of the established bid or offer for that option contract. For purposes of this Rule, three-way orders include spread, straddle and combination orders of three individual series in the same foreign currency options where (i) the order size for each of the three individual series are equal to each other, or (ii) the combined order size of any two series on the same side of the market is either equal to the order size of the third series by a or differs from the order size of the third series by a permissible ratio. For purposes of this paragraph, a permissible ratio is any one of the following: one-to-one, one-to-two, one-to-three and two-to-three.

Ratio Spread Type Priority. A spread order may consist of different numbers of contracts so long as the number of contracts differ by a permissible ratio (a "Ratio Spread"). Similarly, the legs to a straddle or combination order may consist of different numbers of puts and calls so long as the number of contracts differ by a permissible ratio. For the purposes of this paragraph, a permissible ratio is any ratio that is equal to or greater than one-to-three (.333) and less than or equal to three-to-one (3.00). For example, a one-to-two (.5) ratio, a two-to-three (.667) ratio, or a two-to-one (2.0) ratio is permissible, whereas a one-to-four (.25) ratio or a four-to-one (4.0) ratio is not.

Multi-Spread Priority. When a member holding two spread type orders (spreads, straddles or combinations, as defined in Options 8, Section 32) for the same account determines that the orders will be best served by bidding or offering on the basis of a total net credit or debit, the member may, after seeking bids and offers for the total of the two spread type orders, seek to
execute both orders as a single transaction at a total net credit or debit with one other member, provided that at least one of the individual legs of each individual spread is executed at a better price than the established bid or offer for that option contract and that no option leg is executed at a price outside of the established bid or offer for that option contract.

((i)j) Spread Type Priority. Through FBMS, Spread Type Orders consisting of a conforming ratio may be executed at a total credit or debit price with priority over individual bids or offers established in the marketplace (including Public Customers) that are not better than the bids or offers comprising such total credit or debit, provided that at least one option leg is executed at a better price than the established bid or offer for that option contract and no option leg is executed at a price outside of the established bid or offer for that option contract.

Section 28. Responsibilities of Floor Brokers

(e)(1) Options Floor Based Management System. In order to create an electronic audit trail for equity, equity index and U.S. dollar-settled foreign currency options orders represented by Floor Brokers on the Exchange's Options Floor, a Floor Broker or such Floor Broker's employees shall, contemporaneously upon receipt of an order and prior to the representation of such an order in the trading crowd, record all options orders represented by such Floor Broker onto the electronic Options Floor Based Management System ("FBMS") (as described in Options 3, Section 7(a)(i)(C)). The following specific information with respect to orders represented by a Floor Broker shall be recorded by such Floor Broker or such Floor Broker's employees: (i) the order type (i.e., Public Customer, firm, broker-dealer, Professional) and order receipt time; (ii) the option symbol; (iii) buy, sell, cross or cancel; (iv) call, put, complex (i.e., spread, straddle), or contingency order as described in Option 8, Section 32; (v) number of contracts; (vi) limit price or market order or, in the case of a multi-leg order, net debit or credit, if applicable; (vii) whether the transaction is to open or close a position; and (viii) The Options Clearing Corporation ("OCC") clearing number of the broker-dealer that submitted the order (collectively, the "required information"). A Floor Broker must enter complete alpha/numeric identification assigned by the Exchange for all orders entered on behalf of Exchange Registered Option Traders. Any additional information with respect to the order shall be inputted into the Options Floor Based Management System contemporaneously upon receipt, which may occur after the representation and execution of the order. In the event of a malfunction in the Options Floor Based Management System, Floor Brokers shall record the required information on trade tickets, and shall not represent an order for execution which has not been time stamped with the time of entry on the trading floor. Such trade tickets also shall be time stamped upon the execution of such an order. Floor Brokers or their employees shall ensure the required information that is recorded on such trade tickets is entered into the Exchange's electronic trading system by DETs for inclusion in the electronic audit trail.
(4) Execution. FBMS is designed to execute two-sided orders entered by Floor Brokers, including multi-leg orders up to 15 legs, after representation in the trading crowd. When a Floor Broker submits an order for execution through FBMS, the order will be executed based on market conditions at the time of execution and in accordance with Exchange rules. FBMS execution functionality will assist the Floor Broker in clearing the Exchange book, consistent with Exchange priority rules. If the order cannot be executed, the System will attempt to execute the order a number of times for a period of no more than one second, which period shall be established by the Exchange and announced by Options Trader Alert, after which it will be returned to the Floor Broker on the FBMS. The Floor Broker may resubmit the order for execution, as long as the quotes/orders that comprise the cross have not been withdrawn. Floor Brokers are responsible for handling all FBMS orders in accordance with Exchange priority and trade-through rules, including Options 8, Sections 24 and 25 and [1084]Options 5, Section 2.

Section 29. Use of Floor Based Management System by Floor Market Makers and Lead Market Makers

(a) Options Floor Based Management System. In order to create an electronic audit trail for equity, equity index and U.S. dollar-settled foreign currency options orders negotiated by Floor Market Makers and Lead Market Makers on the Exchange's Options Floor, a Floor Market Maker, a Lead Market Maker, or their respective employees shall, prior to the negotiation of such an order in the trading crowd, record all options orders negotiated by such Floor Market Maker or Lead Market Maker onto the electronic Options Floor Based Management System ("FBMS") (as described in [Rule 1080]Options 3, Section 10(a)(i)(C))). The following specific information with respect to orders negotiated by a Floor Market Maker or Lead Market Maker shall be recorded by such Floor Market Maker, Lead Market Maker, or their respective employees: (i) the order type (i.e., market maker) and order receipt time; (ii) the option symbol; (iii) buy, sell, cross or cancel; (iv) call, put, complex (i.e., spread, straddle) or contingency order as described in Options 8, Section 32; (v) number of contracts; (vi) limit price or Market Order or, in the case of a multi-leg order, net debit or credit, if applicable; and (vii) whether the transaction is to open or close a position, as applicable (collectively, the "required information"). A Floor Market Maker or Lead Market Maker must enter complete alpha/numeric identification assigned by the Exchange for all orders entered. Any additional information with respect to the order shall be inputted into the Options Floor Based Management System contemporaneously upon receipt, which may occur after the negotiation and execution of the order. In the event of a malfunction in the Options Floor Based Management System, a Floor Market Maker or Lead Market Maker shall record the required information on trade tickets, and shall not negotiate an order for execution which has not been time stamped with the time of entry on the trading floor. Such trade tickets also shall be time stamped upon the execution of such an order. Floor Market Makers, Lead Market Makers, or their employees shall ensure the required information that is recorded on such trade tickets is entered into the Exchange's electronic trading system by DETs for inclusion in the electronic audit trail.

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B-7 Options Floor Based Management System

FBMS is designed to execute orders entered by Floor Market Makers, including multi-leg orders up to 15 legs, after negotiation in the trading crowd. When a Floor Market Maker submits an order for execution through FBMS, the order will be executed based on market conditions at the time of execution and in accordance with Exchange rules. FBMS execution functionality will assist the Floor Market Maker in clearing the Exchange book, consistent with Exchange priority rules. If the order cannot be executed, the System will attempt to execute the order a number of times for a period of no more than one second, which period shall be established by the Exchange and announced by Options Trader Alert, after which it will be returned to the Floor Market Maker on the FBMS. The Floor Market Maker may resubmit the order for execution, as long as the quotes that comprise the order have not been withdrawn. Floor Market Makers are responsible for handling all FBMS orders in accordance with Exchange priority and trade-through rules, including Options 3, Section 10 and Option 8, Section 24 and [1084]Options 5, Section 2.

C-2 Options Floor Based Management System

FBMS is also designed to execute two-sided orders entered by Floor Brokers, including multi-leg orders up to 15 legs, after representation in the trading crowd. When a Floor Broker submits an order for execution through FBMS, the order will be executed based on market conditions at the time of execution and in accordance with Exchange rules. FBMS execution functionality will assist the Floor Broker in clearing the Exchange book, consistent with Exchange priority rules. If the order cannot be executed, the System will attempt to execute the order a number of times for a period of no more than one second, which period shall be established by the Exchange and announced by Options Trader Alert, after which it will be returned to the Floor Broker on the FBMS. The Floor Broker may resubmit the order for execution, as long as the quotes/orders that comprise the cross have not been withdrawn. Floor Brokers are responsible for handling all FBMS orders in accordance with Exchange priority and trade-through rules, including Options 3, Section 10 and Option 8, Section 24 and [1084]Options 5, Section 2.

E-11 Two-Way, Three Way and Multi-Spread Transactions (FOREIGN CURRENCY OPTION ONLY)

Execution of spread type orders (spread, straddle and combination orders, as defined in Options 8, Section 32(f) in foreign currency options must be effected in accordance with the provisions of Options 8, Section 24(d), which requires that a foreign currency options participant holding a spread type order must first determine that the order is best served by bidding or offering on the
basis of a total credit or debit before executing the order as a single transaction. Options 8, Section 24(d), also requires the participant to ensure that at least one leg of the order is executed at a better price than the established bid/offer for that option and that no leg is executed at a price outside of the established bid/offer for that option.

Options 8, Section 24(gh) governing ration spread type orders in foreign currency options permits the size of the respective legs of such orders to be either equal in size or related by a permissible ratio (two-to-one, three-to-one, and three-to-two). In addition, spread type orders may be comprised of two or more legs, as described below:

**Two-Way Transaction**

(a) A two-way transaction is comprised of two legs, which can be either equal in size or differ by a permissible ratio (two-to-one, three-to-one, and three-to-two), forming one spread type. See Options 8, Section 24(d)

**Three-Way Transaction**

(b) A three-way transaction is comprised of three legs forming one spread type where (1) the order sizes of each of the three legs are equal to each other, or (2) the combined order size of any two legs on the same side of the market is either equal to the order size of the third leg or differs from the order size of the third leg by a permissible ratio (two-to-one, three-to-one, and three-to-two). See Options 8, Section 24(fg).

**Multi-Spread Transaction**

(c) A multi-spread transaction, as defined in Options 8, Section 32(e), combines two of the same spread type orders for execution at a total net credit or debit, such as: a two-way order with another two-way order of the same spread type; a three-way order with another three-way order of the same spread type; or a two-way order with a three-way order of the same spread type. In addition, a multi-spread transaction may combine a spread type order with a ratio spread type order of the same spread type. In combining spread type orders to create a multi-spread transaction, each individual spread must meet the execution requirements of Options 8, Section 24(ghi) at least one leg of each spread must be executed at a price better than the established bid/offer for that option and no leg of any spread may be executed at a price outside of the established market for that option.

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