OMB APPROVAL	
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Estimated average burden hours per response	38

SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549
Form 19b-4

File No. SR - 2007 - 34
Amendment No. 1

Proposed Rule Change by NYSE Arca

Pursuant to Rule 19b-4 under the Securities Exchange Act of 1934

Initial	Amendment	Withdrawal	Section 19(b)(2)	Section 19(b)(3)(A)	Section 19(b)(3)(B)
☐	☑	☐	☑	☐	☐

Rule

☐ 19b-4(f)(1) ☐ 19b-4(f)(4)
☐ 19b-4(f)(2) ☐ 19b-4(f)(5)
☐ 19b-4(f)(3) ☐ 19b-4(f)(6)

Pilot ☐

Extension of Time Period for Commission Action ☐

Date Expires

Exhibit 2 Sent As Paper Document ☐

Exhibit 3 Sent As Paper Document ☐

Description

Provide a brief description of the proposed rule change (limit 250 characters).

Contact Information

Provide the name, telephone number and e-mail address of the person on the staff of the self-regulatory organization prepared to respond to questions and comments on the proposed rule change.

First Name	Andrew
Last Name	Stevens
Title	Assistant General Counsel
E-mail	astevens@nyse.com
Telephone	(312) 442-7632
Fax	

Signature

Pursuant to the requirements of the Securities Exchange Act of 1934,

has duly caused this filing to be signed on its behalf by the undersigned thereunto duly authorized.

Date 05/02/2007

By Mary Yeager (Name)

Corporate Secretary (Title)

NOTE: Clicking the button at right will digitally sign and lock this form. A digital signature is as legally binding as a physical signature, and once signed, this form cannot be changed.

Mary Yeager, myeager@nyse.com

SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

For complete Form 19b-4 instructions please refer to the EFFS website.

Form 19b-4 Information Add Remove View	The self-regulatory organization must provide all required information, presented in a clear and comprehensible manner, to enable the public to provide meaningful comment on the proposal and for the Commission to determine whether the proposal is consistent with the Act and applicable rules and regulations under the Act.
Exhibit 1 - Notice of Proposed Rule Change Add Remove View	The Notice section of this Form 19b-4 must comply with the guidelines for publication in the Federal Register as well as any requirements for electronic filing as published by the Commission (if applicable). The Office of the Federal Register (OFR) offers guidance on Federal Register publication requirements in the Federal Register Document Drafting Handbook, October 1998 Revision. For example, all references to the federal securities laws must include the corresponding cite to the United States Code in a footnote. All references to SEC rules must include the corresponding cite to the Code of Federal Regulations in a footnote. All references to Securities Exchange Act Releases must include the release number, release date, Federal Register cite, Federal Register date, and corresponding file number (e.g., SR-[SRO]-xx-xx). A material failure to comply with these guidelines will result in the proposed rule change being deemed not properly filed. See also Rule 0-3 under the Act (17 CFR 240.0-3)
Exhibit 2 - Notices, Written Comments, Transcripts, Other Communications Add Remove View Exhibit Sent As Paper Document ☐	Copies of notices, written comments, transcripts, other communications. If such documents cannot be filed electronically in accordance with Instruction F, they shall be filed in accordance with Instruction G.
Exhibit 3 - Form, Report, or Questionnaire Add Remove View Exhibit Sent As Paper Document ☐	Copies of any form, report, or questionnaire that the self-regulatory organization proposes to use to help implement or operate the proposed rule change, or that is referred to by the proposed rule change.
Exhibit 4 - Marked Copies Add Remove View	The full text shall be marked, in any convenient manner, to indicate additions to and deletions from the immediately preceding filing. The purpose of Exhibit 4 is to permit the staff to identify immediately the changes made from the text of the rule with which it has been working.
Exhibit 5 - Proposed Rule Text Add Remove View	The self-regulatory organization may choose to attach as Exhibit 5 proposed changes to rule text in place of providing it in Item I and which may otherwise be more easily readable if provided separately from Form 19b-4. Exhibit 5 shall be considered part of the proposed rule change.
Partial Amendment Add Remove View	If the self-regulatory organization is amending only part of the text of a lengthy proposed rule change, it may, with the Commission's permission, file only those portions of the text of the proposed rule change in which changes are being made if the filing (i.e. partial amendment) is clearly understandable on its face. Such partial amendment shall be clearly identified and marked to show deletions and additions.

1. Text of the Proposed Rule Change

(a) NYSE Arca, Inc. ("NYSE Arca" or the "Exchange") is proposing to modify Rule 6.35, Rule 6.38, Rule 6.92, and Rule 6.93 to allow an option issue to trade without designating a Lead Market Maker ("LMM"). In those options without an LMM, the Exchange will designate a Market Maker as the sender of a Principal-as-Agent ("P/A") order through the Options Intermarket Linkage. This Amendment No. 1 supersedes and replaces the original rule filing in its entirety.

(b) The Exchange does not believe that the proposed rule change will have any direct effect, or any significant indirect effect, on any other Exchange rule in effect at the time of this filing.

(c) Not applicable.

2. Procedures of the Self-Regulatory Organization

Senior management has approved the proposed rule change pursuant to authority delegated to it by the Board of the Exchange. No further action is required under the Exchange's governing documents. Therefore, the Exchange's internal procedures with respect to the proposed rule change are complete.

The persons on the Exchange staff prepared to respond to questions and comments on the proposed rule change are:

Andrew Stevens Assistant General Counsel Office of the General Counsel NYSE Group, Inc. (312) 442-7632	Peter Armstrong Managing Director, Options Office of the General Counsel NYSE Group, Inc. (415) 393-4232

3. Self-Regulatory Organization's Statement of the Purpose of, and Statutory Basis for, the Proposed Rule Change

(a) Purpose

This is Amendment No. 1 to the original rule filing, which was filed by the Exchange on April 2, 2007. This Amendment No. 1 supersedes and replaces the original rule filing in its entirety. This Amendment No. 1 is being filed to amend Rule 6.38(a), in addition to Rules 6.35, 6.92, and 6.93, thereby eliminating the need for an exemptive request as contemplated in the original filing.

The proposed rule changes will allow the Exchange to trade a class of options without designating an LMM, yet still meet the requirements of the Plan for the Purpose of Creating and Operating an Intermarket Option Linkage ("Linkage Plan").

An LMM designation on the Exchange obligates a Market Maker to a 99% quoting requirement in all series of an underlying class, in return for a 40% allocation on trades executed on the Exchange when the LMM is quoting at the national best bid or offer ("NBBO"). In large part, LMMs are designated in option classes to foster liquidity. Certain highly liquid, highly active options classes, however, have sufficient participation by OTP holders that there is no need for an LMM. In not designating an LMM in certain option issues, orders will be processed in price/time priority, meaning any market participant, regardless of status, may gain priority by improving the market. The Exchange believes that this change to price/time order execution will create more competition and liquidity in the selected option issues.

To accommodate the Linkage Plan, the Exchange proposes modifications to Rules 6.35, 6.92, and 6.93 to allow for the designation of an Exchange market maker, assigned on a rotating basis, as the responsible Intermarket Linkage Market Maker ("IMM") on outbound P/A orders.[1] Under the terms of the Linkage Plan, the LMM is the responsible party on outbound P/A orders sent through the Linkage. Although the Exchange intends to rely on the use of its outbound routing broker as the principal means of accessing an away market when the Exchange is not at the NBBO, there may be instances when the Exchange routing broker is not available because of system malfunctions. As a result, the Exchange proposes that designated IMMs be responsible for outbound P/A orders sent through the Linkage. The IMM will be required to submit prior written instructions to the Exchange for routing of any P/A orders the IMM may send though the Exchange to the Intermarket Linkage.

Under Section 2(16)(a) of The Plan, however, a P/A Order may be routed to another exchange only through the principal account of a market maker that is authorized to represent customer orders, "reflecting the terms of a related unexecuted Customer order for which the Market Maker is acting as agent." Market Makers on the Exchange, however, are not permitted to act as an agent on behalf of an order submitted to the Exchange, so as to avoid any appearance of a conflict of interest.[2] In order to comply with the Plan, therefore, the Exchange proposes to amend Rule 6.38(a), to provide an exception for Market Makers acting as an IMM, for the purpose of settling P/A orders sent to away markets pursuant to Rules 6.92 and 6.93. This proposed exception is limited to Market Makers, while acting in the capacity of an IMM, strictly for the purpose of settling

1 The IMM will be selected from the pool of all Market Makers who have been appointed in the particular class. Market Makers requesting appointment in the underlying class will need to agree to participate in the rotation of IMM assignment.

2 Rule 6.38(b)(1). Market Makers other than LMMs are restricted from acting as a principal and an agent in the same issue on the same business day. Rule 6.38(b)(5). Market Makers are restricted from acting as a Floor Broker in options covering the same underlying security to which its Primary Appointment extends.

P/A orders sent over the Linkage. The proposed exception does not confer any other rights or create any other obligations, to any Market Maker.

The Exchange also proposes to amend Rule 6.93 to clarify that the Exchange will be responsible for the receipt, processing, and execution of inbound Linkage Orders received from other Participant exchanges. Inbound linkage orders sent to NYSE Arca are routed directly to the trading system for immediate automatic execution; any remaining unexecuted portion, or any order not executable because a quote is no longer available, will be immediately returned by the Exchange to the originating away market.

(b) Statutory Basis

The proposed rule change is consistent with Section 6(b)[3] of the Securities Exchange Act of 1934 (the "Act"), in general, and furthers the objectives of Section 6(b)(5)[4] in particular in that it is designed to prevent fraudulent and manipulative acts and practices, to promote just and equitable principles of trade, to foster cooperation and coordination with persons engaged in facilitating transactions in securities, and to remove impediments to and perfect the mechanisms of a free and open market and a national market system.

4. Self-Regulatory Organization's Statement on Burden on Competition

The Exchange does not believe that the proposed rule change will impose any burden on competition that is not necessary or appropriate in furtherance of the purposes of the Act.

5. Self-Regulatory Organization's Statement on Comments on the Proposed Rule Change Received from Members, Participants or Others

The Exchange has neither solicited nor received written comments on the proposed rule change.

6. Extension of Time Period for Commission Action

The Exchange does not consent at this time to an extension of any time period for Commission action.

7. Basis for Summary Effectiveness Pursuant to Section 19(b)(3) or for Accelerated Effectiveness Pursuant to Section 19(b)(2)

Not applicable.

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3 15 U.S.C. 78f(b).

4 15 U.S.C. 78f(b)(5).

8. Proposed Rule Change Based on Rules of Another Self-Regulatory Organization or of the Commission

The proposed rule change is not based on the rules of another self-regulatory organization.

9. Exhibits

Exhibit 1 – Form of Notice of Proposed Rule Change for Federal Register.

Exhibit 5 – Text of Proposed Changes.

EXHIBIT 1

SECURITIES AND EXCHANGE COMMISSION
(Release No. 34- ; Amendment No. 1 to File No. SR-NYSEArca-2007-34)

[Date]

Self-Regulatory Organizations; Notice of Filing of Proposed Rule Change by NYSE Arca, Inc., Relating to Trading a Class of Options Without Designating a Lead Market Maker

Pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 ("Exchange Act")[1] and Rule 19b-4 thereunder,[2] notice is hereby given that on May 2, 2007, NYSE Arca, Inc. ("NYSE Arca" or the "Exchange") filed with the Securities and Exchange Commission ("Commission" or "SEC") the proposed rule change as described in Items I, II and III below, which Items have been prepared by the self-regulatory organization. The Commission is publishing this notice to solicit comment on the proposed rule change from interested persons.

I. Self-Regulatory Organization's Statement of the Terms of Substance of the Proposed Rule Change

NYSE Arca is proposing to modify Rule 6.35, Rule 6.38, Rule 6.92, and Rule 6.93 to allow an option issue to trade without designating a Lead Market Maker ("LMM"). In those options without an LMM, the Exchange will designate a Market Maker as the sender of a Principal-as-Agent ("P/A") order through the Options Intermarket Linkage. This Amendment No. 1 supersedes and replaces the original rule filing in its entirety.

II. Self-Regulatory Organization's Statement of the Purpose of, and Statutory Basis for, the Proposed Rule Change

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1 15 U.S.C. § 78s(b)(1).

2 17 CFR 240.19b-4.

In its filing with the Commission, the self-regulatory organization included statements concerning the purpose of and basis for the proposed rule change. The text of these statements may be examined at the places specified in Item IV below. The self-regulatory organization has prepared summaries, set forth in sections A, B, and C below, of the most significant aspects of such statements.

A. Self-Regulatory Organization's Statement of the Purpose of, and Statutory Basis for, the Proposed Rule Change

1. Purpose

This is Amendment No. 1 to the original rule filing, which was filed by the Exchange on April 2, 2007. This Amendment No. 1 supersedes and replaces the original rule filing in its entirety. This Amendment No. 1 is being filed to amend Rule 6.38(a), in addition to Rules 6.35, 6.92, and 6.93, thereby eliminating the need for an exemptive request as contemplated in the original filing.

The proposed rule changes will allow the Exchange to trade a class of options without designating an LMM, yet still meet the requirements of the Plan for the Purpose of Creating and Operating an Intermarket Option Linkage ("Linkage Plan").

An LMM designation on the Exchange obligates a Market Maker to a 99% quoting requirement in all series of an underlying class, in return for a 40% allocation on trades executed on the Exchange when the LMM is quoting at the national best bid or offer ("NBBO"). In large part, LMMs are designated in option classes to foster liquidity. Certain highly liquid, highly active options classes, however, have sufficient participation by OTP holders that there is no need for an LMM. In not designating an LMM in certain option issues, orders will be processed in price/time priority, meaning any market participant, regardless of status, may gain priority by improving the market. The

Exchange believes that this change to price/time order execution will create more competition and liquidity in the selected option issues.

To accommodate the Linkage Plan, the Exchange proposes modifications to Rules 6.35, 6.92, and 6.93 to allow for the designation of an Exchange market maker, assigned on a rotating basis, as the responsible Intermarket Linkage Market Maker ("IMM") on outbound P/A orders.[3] Under the terms of the Linkage Plan, the LMM is the responsible party on outbound P/A orders sent through the Linkage. Although the Exchange intends to rely solely on the use of its outbound routing broker to access away markets when the Exchange is not at the NBBO, there may be instances when the Exchange routing broker is not available because of system malfunctions. As a result, the Exchange proposes that designated IMMs be responsible for outbound P/A orders sent through the Linkage. The IMM will be required to submit prior written instructions to the Exchange for routing of any P/A orders the IMM may send though the Exchange to the Intermarket Linkage.

Under Section 2(16)(a) of The Plan, however, a P/A Order may be routed to another exchange only through the principal account of a market maker that is authorized to represent customer orders, "reflecting the terms of a related unexecuted Customer order for which the Market Maker is acting as agent." Market Makers on the Exchange, however, are not permitted to act as an agent on behalf of an order submitted to the Exchange, so as to avoid any appearance of a conflict of interest.[4] In order to comply

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3 The IMM will be selected from the pool of all Market Makers who have been appointed in the particular class. Market Makers requesting appointment in the underlying class will need to agree to participate in the rotation of IMM assignment.

4 Rule 6.38(b)(1). Market Makers other than LMMs are restricted from acting as a principal and an agent in the same issue on the same business day. Rule

with the Plan, therefore, the Exchange proposes to amend Rule 6.38(a), to provide an exception for Market Makers acting as an IMM, for the purpose of settling P/A orders sent to away markets pursuant to Rules 6.92 and 6.93. This proposed exception is limited to Market Makers, while acting in the capacity of an IMM, strictly for the purpose of settling P/A orders sent over the Linkage. The proposed exception does not confer any other rights or create any other obligations, to any Market Maker.

The Exchange also proposes to amend Rule 6.93 to clarify that the Exchange will be responsible for the receipt, processing, and execution of inbound Linkage Orders received from other Participant exchanges. Inbound linkage orders sent to NYSE Arca are routed directly to the trading system for immediate automatic execution; any remaining unexecuted portion, or any order not executable because a quote is no longer available, will be immediately returned by the Exchange to the originating away market.

2. Statutory Basis

The proposed rule change is consistent with Section 6(b)[5] of the Securities Exchange Act of 1934 (the "Act"), in general, and furthers the objectives of Section 6(b)(5)[6] in particular in that it is designed to prevent fraudulent and manipulative acts and practices, to promote just and equitable principles of trade, to foster cooperation and coordination with persons engaged in facilitating transactions in securities, and to remove impediments to and perfect the mechanisms of a free and open market and a national market system.

6.38(b)(5). Market Makers are restricted from acting as a Floor Broker in options covering the same underlying security to which its Primary Appointment extends.

5 15 U.S.C. 78f(b).

6 15 U.S.C. 78f(b)(5).

B. Self-Regulatory Organization's Statement on Burden on Competition

The Exchange does not believe that the proposed rule change will impose any burden on competition that is not necessary or appropriate in furtherance of the purposes of the Act.

C. Self-Regulatory Organization's Statement on Comments on the Proposed Rule Change Received from Members, Participants, or Others

The Exchange has neither solicited nor received written comments on the proposed rule change.

III. Date of Effectiveness of the Proposed Rule Change and Timing for Commission Action

Within 35 days of the date of publication of this notice in the Federal Register or within such longer period (i) as the Commission may designate up to 90 days of such date if it finds such longer period to be appropriate and publishes its reasons for so finding or (ii) as to which the self-regulatory organization consents, the Commission will:

(A) by order approve such rule change, or

(B) institute proceedings to determine whether the proposed rule change should be disapproved.

IV. Solicitation of Comments

Interested persons are invited to submit written data, views and arguments concerning the foregoing, including whether the proposed rule change is consistent with the Exchange Act. Comments may be submitted by any of the following methods:

Electronic Comments:

- Use the Commission’s Internet comment form (http://www.sec.gov/rules/sro.shtml); or

- Send e-mail to rule-comments@sec.gov. Please include File Number SR-NYSEArca-2007-34 on the subject line.

Paper Comments:

- Send paper comments in triplicate to Nancy M. Morris, Secretary, Securities and Exchange Commission, 100 F Street NE, Washington, DC 20549.

All submissions should refer to File Number SR-NYSEArca-2007-34. This file number should be included on the subject line if e-mail is used. To help the Commission process and review your comments more efficiently, please use only one method. The Commission will post all comments on the Commission's Internet Web site (http://www.sec.gov/rules/sro/shtml). Copies of the submission, all subsequent amendments, all written statements with respect to the proposed rule change that are filed with the Commission, and all written communications relating to the proposed rule change between the Commission and any person, other than those that may be withheld from the public in accordance with the provisions of 5 U.S.C. 552, will be available for inspection and copying in the Commission's Public Reference Room. Copies of such filing will also be available for inspection and copying at the principal office of the NYSE. All comments received will be posted without change; the Commission does not edit personal identifying information from submissions. You should submit only information that you wish to make available publicly. All submissions should refer to File number SR-NYSEArca-2007-34 and should be submitted by [insert date 21 days from date of publication].

For the Commission, by the Division of Market Regulation, pursuant to delegated authority.[7]

Nancy M. Morris
Secretary

[7] 17 CFR 200.30-3(a)(12).

EXHIBIT 4

Text of the Proposed Rule Change:[1]

Rules of NYSE Arca, Inc.

Rule 6.35.

Appointment of Market Makers

(a) Unchanged

(b) The Exchange [will] may appoint one LMM per option class. The Exchange may appoint an unlimited number of Market Makers in each class[es] unless the number of Market Makers appointed to a particular option class should be limited whenever, in the Exchange's judgment, quotation system capacity in an option class or classes is not sufficient to support additional Market Makers in such class or classes. The Exchange will not restrict access in any particular option class until such time as the Exchange has submitted objective standards for restricting access to the SEC for its review and approval.

(c) - (j) Unchanged

Commentary :

.01 Unchanged

.02 In option classes in which the Exchange has not appointed an LMM, the OX Routing Broker, as defined in Rule 6.1A(a)(15) will be the principal means of routing a customer order to another Market Center for execution. The decision for use of a routing broker is generally determined by the OX system using a proprietary algorithm; for classes with no LMM the preference will be set to use Routing Broker, and the InterMarket Linkage will only be used if Routing Broker is not available.

.03 In option classes in which the Exchange has not appointed an LMM, a Market Maker on the Exchange will be designated as responsible for settling Principal Acting As Agent ("P/A") orders that may be sent to away markets through the

[1] Double underlining indicates text to be added to the original filing.

InterMarket Linkage pursuant to Rules 6.92 and 6.93 (“Intermarket Linkage Market Maker” or “IMM”). The IMM must submit to the Exchange prior written instructions for the routing of any P/A orders the IMM may send through the Exchange to the Intermarket Linkage. NYSE Arca will route P/A orders on the basis of these written instructions.

.04 In classes with no LMM, the Exchange will determine the first IMM from amongst the pool of appointed market makers through a random method. Thereafter, the IMM will be determined on a rotating basis, with a new Intermarket Linkage market maker designated at the beginning of each week.

Rule 6.38

Restriction on Acting as Market Maker and Floor Broker

(a) Application

(1) The restrictions in subsection (b) do not apply to Lead Market Makers who are performing the functions of a Floor Broker pursuant to Rule 6.82(h)(3). The restrictions in subsections (b)(1) and (b)(5) do not apply to Market Makers while acting as an Intermarket Linkage Market Maker for the purpose of settling Principal Acting As Agent (“P/A”) orders sent to away markets pursuant to Rules 6.92 and 6.93.

(2)-(5) No Change

Rule 6.92.

Definitions

(a) The following terms have the meaning specified in this Rule solely for the purposes of Rules 6.92—6.95.

(1) – (11) No Change

(12) "Linkage Order" means an order routed through the Linkage as permitted under the Plan. There are three types of Linkage Orders:

(i) "Principal Acting as Agent ("P/A") Order," which is an order for the principal account of a Lead Market Maker or an Intermarket Linkage Market Maker (“IMM”) (or equivalent entity on another Participant Exchange that is authorized to represent Customer orders), reflecting the terms of a related unexecuted Customer order for which the Lead Market Maker or the IMM is acting as agent;

(ii) "Principal Order," which is an order for the principal account of an Eligible Market Maker (or equivalent entity on another Participant Exchange) and is not a P/A Order; and

(iii) "Satisfaction Order," which is an order sent through the Linkage to notify a Participant Exchange of a Trade-Through and to seek satisfaction of the liability arising from that Trade-Through.

(13)- (21) No Change

Rule 6.93.

Operation of the Linkage

By subscribing to the Plan, the Exchange has agreed to comply with, and enforce compliance by its OTP Holders and OTP Firms with the Plan. In this regard, the following will apply:

(a) Unchanged

(b) *P/A Orders.*

(1) *Sending of P/A Orders for Sizes No Larger than the Firm Customer Quote Size.* A Lead Market Maker or IMM may send through the Linkage a P/A Order that is equal to or less than the size of the Firm Customer Quote Size for automatic execution, if available.

(2) *Sending of P/A Orders Larger than the Firm Customer Quote Size.* If the size of a P/A Order is larger than the Firm Customer Quote Size, a Lead Market Maker or IMM may send through the Linkage such P/A Order in one of two ways:

(i) The Lead Market Maker or IMM may send a P/A Order representing the entire Public Customer order. If a receiving Participant Exchange's disseminated quotation is equal to or better than the Reference Price when the P/A Order arrives at that market, that exchange will execute the P/A Order at its disseminated quotation for at least the Firm Customer Quote Size (an automatic execution is not required if the P/A Order is larger than the Firm Customer Quote Size). Within 5 seconds of receipt of such order, the receiving Participant Exchange will inform the Lead Market Maker or

IMM of the amount of the order executed and the amount, if any, that was canceled.

(ii) Alternatively, the Lead Market Maker or IMM may send an initial P/A Order for the Firm Customer Quote Size pursuant to subparagraph (b)(1) above. If one of more of the Participant Exchanges that executed the P/A Order continues to disseminate the same quotation at the NBBO after reporting the execution of the initial P/A Order, the Lead Market Maker or IMM may send an additional P/A Order to such Participant Exchanges. If sent, such additional P/A Order must be for at least the lesser of:

• the size of the disseminated quotation;

• 100 contracts; or

• the entire remainder of the Public Customer order.

If the sending Participant Exchange initially sent P/A Orders to more than one Participant Exchange for up to the Firm Customer Quote Size, the sending Participant Exchange may send additional P/A Orders to the same Participant Exchanges as long as such orders are, in the aggregate, for at least the lesser of 100 contracts or the entire remainder of the Customer Order; provided that the sending Participant Exchange may limit the size of any single additional P/A Order to the size of the Participant Exchange's currently-disseminated quotation.

In any situation where a receiving Participant Exchange does not execute a P/A Order in full, such exchange will be required to move its quotation to a price inferior to the Reference Price of the P/A Order.

(c)-(d) Unchanged

(e) *Receipt of Linkage Orders.* The Exchange will provide for the execution of P/A Orders and Principal Orders if its disseminated quotation is (i) equal to or better than the Reference Price, and (ii) equal to the then-current NBBO. Subject to paragraph (c), above, if the size of a P/A Order or Principal Order is not larger than the Firm Customer Quote Size or Firm Principal Quote size, respectively, the Exchange will provide for the execution of the entire order, and will execute such order in its automatic execution system if that system is available. If the size of a P/A Order or Principal Order is larger than the Firm Customer Quote Size or Firm Principal Quote Size, respectively, the [Lead Market Maker] Exchange [must] will address the order within 5 seconds to provide an execution for at least the Firm Customer Quote Size or Firm Principal Quote Size, respectively. If the order is not executed in full, the Exchange will move its disseminated quotation to a price inferior to the Reference Price.

EXHIBIT 5

Text of the Proposed Rule Change:[1]

Rules of NYSE Arca, Inc.

Rule 6.35.

Appointment of Market Makers

(a) Unchanged

(b) The Exchange [will] <u>may</u> appoint one LMM per option class. The Exchange may appoint an unlimited number of Market Makers in each class[es] unless the number of Market Makers appointed to a particular option class should be limited whenever, in the Exchange's judgment, quotation system capacity in an option class or classes is not sufficient to support additional Market Makers in such class or classes. The Exchange will not restrict access in any particular option class until such time as the Exchange has submitted objective standards for restricting access to the SEC for its review and approval.

(c) - (j) Unchanged

Commentary :

.01 Unchanged

<u>**.02** In option classes in which the Exchange has not appointed an LMM, the OX Routing Broker, as defined in Rule 6.1A(a)(15) will be the principal means of routing a customer order to another Market Center for execution. The decision for use of a routing broker is generally determined by the OX system using a proprietary algorithm; for classes with no LMM the preference will be set to use Routing Broker, and the InterMarket Linkage will only be used if Routing Broker is not available.</u>

<u>**.03** In option classes in which the Exchange has not appointed an LMM, a Market Maker on the Exchange will be designated as responsible for settling Principal Acting As Agent ("P/A")</u>

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

orders that may be sent to away markets through the InterMarket Linkage pursuant to Rules 6.92 and 6.93 ("Intermarket Linkage Market Maker" or "IMM"). The IMM must submit to the Exchange prior written instructions for the routing of any P/A orders the IMM may send through the Exchange to the Intermarket Linkage. NYSE Arca will route P/A orders on the basis of these written instructions.

.04 In classes with no LMM, the Exchange will determine the first IMM from amongst the pool of appointed market makers through a random method. Thereafter, the IMM will be determined on a rotating basis, with a new Intermarket Linkage market maker designated at the beginning of each week.

Rule 6.38

Restriction on Acting as Market Maker and Floor Broker

(a) Application

(1) The restrictions in subsection (b) do not apply to Lead Market Makers who are performing the functions of a Floor Broker pursuant to Rule 6.82(h)(3). The restrictions in subsections (b)(1) and (b)(5) do not apply to Market Makers while acting as an Intermarket Linkage Market Maker for the purpose of settling Principal Acting As Agent ("P/A") orders sent to away markets pursuant to Rules 6.92 and 6.93.

(2)-(5) No Change

Rule 6.92.

Definitions

(a) The following terms have the meaning specified in this Rule solely for the purposes of Rules 6.92—6.95.

(1) – (11) No Change

(12) "Linkage Order" means an order routed through the Linkage as permitted under the Plan. There are three types of Linkage Orders:

(i) "Principal Acting as Agent ("P/A") Order," which is an order for the principal account of a Lead Market Maker or an Intermarket Linkage Market

Maker (“IMM”) (or equivalent entity on another Participant Exchange that is authorized to represent Customer orders), reflecting the terms of a related unexecuted Customer order for which the Lead Market Maker or the IMM is acting as agent;

(ii) "Principal Order," which is an order for the principal account of an Eligible Market Maker (or equivalent entity on another Participant Exchange) and is not a P/A Order; and

(iii) "Satisfaction Order," which is an order sent through the Linkage to notify a Participant Exchange of a Trade-Through and to seek satisfaction of the liability arising from that Trade-Through.

(13)- (21) No Change

Rule 6.93.

Operation of the Linkage

By subscribing to the Plan, the Exchange has agreed to comply with, and enforce compliance by its OTP Holders and OTP Firms with the Plan. In this regard, the following will apply:

(a) Unchanged

(b) *P/A Orders*.

(1) *Sending of P/A Orders for Sizes No Larger than the Firm Customer Quote Size.* A Lead Market Maker or IMM may send through the Linkage a P/A Order that is equal to or less than the size of the Firm Customer Quote Size for automatic execution, if available.

(2) *Sending of P/A Orders Larger than the Firm Customer Quote Size*. If the size of a P/A Order is larger than the Firm Customer Quote Size, a Lead Market Maker or IMM may send through the Linkage such P/A Order in one of two ways:

(i) The Lead Market Maker or IMM may send a P/A Order representing the entire Public Customer order. If a receiving Participant Exchange's disseminated quotation is equal to or better than the Reference Price when the P/A Order arrives at that market, that exchange will execute the P/A Order at its disseminated quotation for at least the Firm Customer Quote Size (an automatic execution is not required if the P/A Order is larger than the Firm Customer Quote Size). Within 5 seconds of receipt of such order, the receiving Participant Exchange will inform the Lead Market Maker or IMM of the amount of the order executed and the amount, if any, that was canceled.

(ii) Alternatively, the Lead Market Maker or IMM may send an initial P/A Order for the Firm Customer Quote Size pursuant to subparagraph (b)(1) above. If one of more of the Participant Exchanges that executed the P/A Order continues to disseminate the same quotation at the NBBO after reporting the execution of the initial P/A Order, the Lead Market Maker or IMM may send an additional P/A Order to such Participant Exchanges. If sent, such additional P/A Order must be for at least the lesser of:

• the size of the disseminated quotation;

• 100 contracts; or

• the entire remainder of the Public Customer order.

If the sending Participant Exchange initially sent P/A Orders to more than one Participant Exchange for up to the Firm Customer Quote Size, the sending Participant Exchange may send additional P/A Orders to the same Participant Exchanges as long as such orders are, in the aggregate, for at least the lesser of 100 contracts or the entire remainder of the Customer Order; provided that the sending Participant Exchange may limit the size of any single additional P/A Order to the size of the Participant Exchange's currently-disseminated quotation.

In any situation where a receiving Participant Exchange does not execute a P/A Order in full, such exchange will be required to move its quotation to a price inferior to the Reference Price of the P/A Order.

(c)-(d) Unchanged

(e) *Receipt of Linkage Orders.* The Exchange will provide for the execution of P/A Orders and Principal Orders if its disseminated quotation is (i) equal to or better than the Reference Price, and (ii) equal to the then-current NBBO. Subject to paragraph (c), above, if the size of a P/A Order or Principal Order is not larger than the Firm Customer Quote Size or Firm Principal Quote size, respectively, the Exchange will provide for the execution of the entire order, and will execute such order in its automatic execution system if that system is available. If the size of a P/A Order or Principal Order is larger than the Firm Customer Quote Size or Firm Principal Quote Size, respectively, the [Lead Market Maker] Exchange [must] will address the order within 5 seconds to provide an execution for at least the Firm Customer Quote Size or Firm Principal Quote Size, respectively. If the order is not executed in full, the Exchange will move its disseminated quotation to a price inferior to the Reference Price.