



**RULE
ADOPTION
NOTICE**

**RAN-06-37 (revised)
August 14, 2006**

TO: All OTP Holders and OTP Firms and Associated Persons

FROM: Office of the General Counsel

**SUBJECT: Rule Changes related to the OX Trading System
(File No. SR-NYSEArca-2006-13)**

On May 2, 2006 NYSE Arca, Inc. (“Exchange”) file SR-NYSEArca-2006-13 with the Securities and Exchange Commission (“Commission”) proposing rule changes related to the OX Trading System, a fully automated system for standardized equity options intended to replace NYSE Arca, Inc.’s current options trading platform, PCX Plus. The Exchange filed Amendment No 1 to the proposal on June 6, 2006, Amendment No. 2 on June 15 and Amendment No. 3 on July 23, 2006. The Commission approved the proposal, as amended on July 28, 2006.

Changes to the rule text are showed in the Exhibit 5, attached. Changes to the rule text are also available on the corporate website <http://www.tradearca.com/regulation/rules.asp> Questions regarding this bulletin may be directed to Janet Angstadt, Acting General Counsel, at (312)-442-7147 or Glenn Gsell, Director, Regulation at (415)-835-4805

EXHIBIT 5

Rules of The NYSE Arca, Inc.

Below is the text of the proposed rule change, as amended, for File No. SR-NYSEArca-2006-13.
Proposed new language is underlined; proposed deletions are in brackets.

Rule 2

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Options Trading Permits

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Denial of or Conditions to OTPs

Rule 2.5 (a) – (f) No Change.

Commentary:

.01 The trading privileges granted under an OTP to a registered broker-dealer or persons associated with an OTP Firm prior to the implementation of OX shall continue in effect upon the implementation of OX.

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Rule 6

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Business Conduct

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Applicability, Definitions and References

Rule 6.1(a) Rule 6 shall be applicable to the trading on the Exchange of options contracts issued by the Options Clearing Corporation, the terms and conditions of such contracts,

the exercise and settlement thereof, the handling of orders, and the conduct of accounts and other matters relating to options trading. Rules designated as applicable to PCX Plus apply solely to activity undertaken on the PCX Plus trading platform. Rules designated as applicable to OX apply to activity solely undertaken on the OX trading platform.

Except to the extent that specific provisions of Rule 6 govern, or unless the context otherwise requires, the provisions of the Bylaws and of all other Rules and policies of the Board of Directors shall be applicable to the trading on the Exchange of option contracts. Option contracts (as defined below) are included within the definition of “security” or “securities” as such terms are used in the Bylaws and the Rules of the Exchange.

(b) - No Change.

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Definitions and References – OX

Rule 6.1A(a) Whenever and wherever used in Rule 6 with respect to option contracts traded on OX, unless the context requires otherwise, the following terms shall be deemed to have the meanings indicated:

(1) *Authorized Trader*. The term “Authorized Trader” or “AT” shall mean a person who may submit orders to the Exchange on behalf of his or her OTP Holder or Sponsored Participant.

(2) *BBO*. The term “BBO” shall refer to the best bid or offer on OX.

(3) *Core Trading Hours*. The term “Core Trading Hours” shall mean the regular trading hours for business set forth in the rules of the primary markets underlying those option classes listed on the Exchange; provided, however, that transactions may be effected on the Exchange until the regular time set for the normal close of trading in the primary

markets with respect to equity option classes and ETF option classes, and 15 minutes after the regular time set for the normal close of trading in the primary markets with respect to index option classes, or such other hours as may be determined by the Exchange from time to time.

(4) *Customer.* The term “Customer” shall not include a broker or dealer.

(5) *Lead Market Maker.* The term “Lead Market Maker” or “LMM” means an individual or entity that has been deemed qualified by the Exchange for the purpose of making transactions on the Exchange in accordance with Rule 6.82. Each LMM must be registered with the Exchange as a Market Maker. Any OTP Holder or OTP Firm registered as a Market Maker with the Exchange is eligible to be qualified as an LMM.

(6) *Market Center.* The term “Market Center” means a national securities exchange that has qualified for participation in the Options Clearing Corporation pursuant to the provisions of the rules of the Options Clearing Corporation.

(7) *Marketable.* The term “Marketable” shall mean, for a Limit Order, the price matches or crosses the NBBO on the other side of the market. Market orders are always considered marketable.

(8) *Market Maker.* The term “Market Maker” shall refer to an OTP Holder or OTP Firm that acts as a Market Maker pursuant to Rule 6.32A.

(9) *Market Maker Authorized Trader.* The term “Market Maker Authorized Trader” or “MMAT” shall mean an authorized trader who performs market making activities pursuant to Rule 6 on behalf of an OTP Firm or OTP Holder registered as a Market Maker.

(10) Minimum Price Variation. The term “Minimum Price Variation” or “MPV” means the variations established by the Exchange pursuant to Rule 6.72.

(11) NBBO. The term “NBBO” shall refer to the national best bid or offer.

(12) NOW Recipient. The term “NOW Recipient” shall mean any Market Center (1) with which the Exchange maintains an electronic linkage, and (2) that provides instantaneous responses to NOW Orders routed from OX. The Exchange shall designate from time to time those Market Centers that qualify as NOW Recipients and shall periodically publish such information via its website.

(13) OX. The term “OX” shall refer to the Exchange’s electronic order delivery, execution and reporting system for designated option issues through which orders and quotes of Users are consolidated for execution and/or display. Market Makers must submit quotes to OX in their appointed classes electronically.

(14) OX Book. The term “OX Book” shall refer to the OX’s electronic file of orders and quotes, which contains all of the orders in each of the Display Order and Working Order Processes and all of the Market Makers’ quotes in the Display Order Process.

(15) OX Routing Broker. The term “OX Routing Broker” shall mean the broker-dealer affiliate of NYSE Arca, Inc. that acts as agent for routing orders entered into OX of OTP Holders, OTP Firms and OTP Firms’ Sponsored Participants to other Market Centers for execution whenever such routing is permitted by NYSE Arca Rules.

(16) Sponsored Participant. The term “Sponsored Participant” shall mean a person that has entered into a sponsorship arrangement with a Sponsoring OTP Firm pursuant to Rule 6.2A.

(17) Sponsoring OTP Firm. The term “Sponsoring OTP Firm” shall mean a broker-dealer that has been issued an OTP by the Exchange who has been designated by a Sponsored Participant to execute, clear and settle transactions executed on OX. The Sponsoring OTP Firm shall be either (i) a clearing firm with membership in a clearing agency registered with the Commission that maintains facilities through which transactions may be cleared or (ii) a correspondent firm with a clearing arrangement with any such clearing firm.

(18) Sponsorship Provisions. The term “Sponsorship Provisions” shall mean the provisions set forth in Rule 6.2A(c). For a Sponsored Participant to obtain authorized access to OX, the Sponsored Participant and its Sponsoring OTP Firm must enter into an agreement which incorporates the Sponsorship Provisions.

(19) User. The term “User” shall mean any OTP Holder, OTP Firm or Sponsored Participant that is authorized to obtain access to OX pursuant to Rule 6.2A.

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Access to and Conduct on OX

Rule 6.2A(a) Access to OX. Unless otherwise provided in the Rules, no one but a User shall effect any transaction on OX.

(b) Exchange Conduct. OTP Holders, OTP Firms and persons employed by or associated with any OTP Holder or OTP Firm, while using the facilities of the Exchange, shall not engage in conduct (i) inconsistent with the maintenance of a fair and orderly market; (ii) apt to impair public confidence in the operations of the Exchange; or (iii) inconsistent with the ordinary and efficient conduct of business. Activities that may violate the provisions of this paragraph (b) include, but are not limited to, the following:

(1) failure of a Market Maker to provide quotations in accordance with Rules 6.37A and 6.37B;

(2) failure of a Market Maker to bid or offer within the ranges specified by Rule 6.37A;

(3) failure of an OTP Holder or OTP Firm to supervise a person employed by or associated with such OTP Holder or OTP Firm adequately to ensure that person's compliance with this paragraph (b);

(4) failure to abide by a determination of the Exchange; and

(5) refusal to provide information requested by the Exchange.

(c) *Sponsored Participants.* A Sponsored Participant may obtain authorized access to OX only if such access is authorized in advance by one or more Sponsoring OTP Firms as follows:

(1) Sponsored Participants must enter into and maintain customer agreements with one or more Sponsoring OTP Firms establishing proper relationship(s) and account(s) through which the Sponsored Participant may trade on OX. Such customer agreement(s) must incorporate the Sponsorship Provisions set forth in paragraph (2) below.

(2) For a Sponsored Participant to obtain and maintain authorized access to OX, a Sponsored Participant and its Sponsoring OTP Firm must agree in writing to the following Sponsorship Provisions:

(A) Sponsoring OTP Firm acknowledges and agrees that

(i) All orders entered by the Sponsored Participants and any person acting on behalf of or in the name of such Sponsored Participant and any executions

occurring as a result of such orders are binding in all respects on the Sponsoring OTP Firm and

(ii) Sponsoring OTP Firm is responsible for any and all actions taken by such Sponsored Participant and any person acting on behalf of or in the name of such Sponsored Participant.

(B) Sponsoring OTP Holder shall comply with the Exchange Certificate of Incorporation, Bylaws, Rules and procedures with regard to the Exchange and Sponsored Participant shall comply with the Exchange Certificate of Incorporation, Bylaws, Rules and procedures with regard to the Exchange, as if Sponsored Participant were an OTP Firm.

(C) Sponsored Participant shall maintain, keep current and provide to the Sponsoring OTP Firm a list of Authorized Traders who may obtain access to OX on behalf of the Sponsored Participant.

(D) Sponsored Participant shall familiarize its Authorized Traders with all of the Sponsored Participant's obligations under this Rule and will assure that they receive appropriate training prior to any use or access to OX.

(E) Sponsored Participant may not permit anyone other than Authorized Traders to use or obtain access to OX.

(F) Sponsored Participant shall take reasonable security precautions to prevent unauthorized use or access to OX, including unauthorized entry of information into OX, or the information and data made available therein. Sponsored Participant understands and agrees that Sponsored Participant is responsible for any and all orders, trades and other messages and instructions entered, transmitted

or received under identifiers, passwords and security codes of Authorized Traders, and for the trading and other consequences thereof.

(G) Sponsored Participant acknowledges its responsibility to establish adequate procedures and controls that permit it to effectively monitor its employees, agents and customers' use and access to OX for compliance with the terms of this agreement.

(H) Sponsored Participant shall pay when due all amounts, if any, payable to Sponsoring OTP Firm, the Exchange or any other third parties that arise from the Sponsored Participant's access to and use of OX. Such amounts include, but are not limited to applicable Exchange and regulatory fees.

(3) The Sponsoring OTP Firm must provide the Exchange with a Notice of Consent acknowledging its responsibility for the orders, executions and actions of its Sponsored Participant at issue.

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Market Makers

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Market Maker Defined – PCX Plus

Rule 6.32(a) – (e) – No Change.

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Market Maker Defined – OX

Rule 6.32A A Market Maker is an OTP Holder or OTP Firm that is registered with the Exchange for the purpose of submitting quotes electronically and making transactions as a dealer-specialist through the OX trading platform from on the trading floor or remotely

from off the trading floor. A Market Maker submitting quotes remotely is not eligible to participate in trades effected in open outcry except to the extent that such Market Maker's quotation represents the BBO. Market Makers are designated as specialists on the Exchange for all purposes under the Securities Exchange Act of 1934 and the Rules and Regulations thereunder. A Market Maker on the Exchange will be either a Market Maker or a Lead Market Maker. Unless specified, or unless the context requires otherwise, the term Market Maker refers to both Market Makers and Lead Market Makers.

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Registration of Market Makers

Rule 6.33[.] An applicant for registration as a Market Maker shall file an application in writing with the Exchange on such form or forms as the Exchange may prescribe. Applications shall be reviewed by the Exchange, which shall consider an applicant's ability, as demonstrated by his passing a Market Maker examination prescribed by the Exchange, financial resources and such other factors as the Exchange deems appropriate. After reviewing the application, the Exchange shall either approve or disapprove the applicant's registration as a Market Maker. [Before a registration shall become effective, the Exchange shall post the name of the applicant on the bulletin board on the Floor of the Exchange for at least 3 business days.] The registration of any person as a Market Maker may be suspended or terminated by the Exchange upon a determination of any substantial or continued failure by such Market Maker to engage in dealings in accordance with [Rule 6.37] Rules 6.37, 6.37A or 6.37B.

[A] An OTP Holder or OTP Firm or prospective OTP Holder or OTP Firm adversely affected by a determination of the Exchange under Rule 6.33 may obtain a review thereof in accordance with the provisions of Rule 10.14.

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Market Maker Authorized Traders – OX

6.34A(a) Market Maker quotations and orders may be submitted to OX only by Market Maker Authorized Traders. An MMAT is permitted to enter quotes and orders only for the account of the Market Maker with which he is associated.

(b) Registration of MMATs. The Exchange may, upon receiving an application in writing from a Market Maker on a form prescribed by the Exchange, approve a person as an MMAT.

(1) MMATs may be:

(i) individual OTP Holders registered with the Exchange as Market Makers, or

(ii) officers, partners, employees or associated persons of OTP Firms that are registered with the Exchange as Market Makers.

(2) To be approved as an MMAT, a person must demonstrate knowledge of the Rules of the Exchange by passing an examination conducted by the Exchange.

(3) The Exchange may require a Market Maker to provide additional information the Exchange considers necessary to establish whether a person should be approved.

(4) A person may be conditionally approved as an MMAT subject to any conditions the Chief Regulatory Officer considers appropriate in the interests of maintaining a fair and orderly market.

(c) Suspension or Withdrawal of Registration.

(1) The Exchange may suspend or withdraw the registration of an MMAT if the Exchange determines that:

(i) the person has caused the Market Maker to fail to comply with the Rules of the Exchange;

(ii) the person is not properly performing the responsibilities of an MMAT;

(iii) the person has failed to meet the conditions set forth under paragraph

(b) above; or

(iv) the Exchange believes it is in the best interest of fair and orderly markets.

(2) If the Exchange suspends the registration of a person as an MMAT, the Market Maker must not allow the person to submit quotes and orders into OX.

(3) The registration of an MMAT will be withdrawn upon the written request of the OTP Firm for which the MMAT is registered. Such written request shall be submitted on the form prescribed by the Exchange.

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[Appointment of Market Makers

Rule 6.35 (a). On a form or forms prescribed by the Exchange, a registered Market Maker must apply for a Primary Appointment, having the obligations hereunder, and of Rule 6.37, in one or more classes of option contracts.

(b) The Exchange will ordinarily appoint a minimum of one or up to a maximum of six posts on the Options Trading Floor to each registered Market Maker. In making such Primary Appointments, the Exchange may consider:

- (1) the preference of the applicant;
- (2) the maintenance and enhancement of competition among Market Makers in each class of option contracts;
- (3) assuring that the financial resources available to the applicant are sufficient for satisfying the obligations set forth in Rule 6.37 with respect to each class of option contracts to which the applicant is appointed; and
- (4) the applicant's prior performance as a Market Maker.

(c) A Market Maker may request a minimum of one post or up to a maximum of six contiguous posts to comprise his Primary Appointment Zone. The Exchange may appoint more than six posts or non-contiguous posts in the existence of special circumstances.

(d) Newly registered Market Makers have a grace period (60) days from the commencement of trading during which time they may have, but are not required to have, a Primary Appointment Zone. Prior to the completion of the grace period, the Market Maker must select a Primary Appointment Zone. Market Makers who fail to select a Primary Appointment Zone prior to the expiration of their grace periods will be subject to disciplinary action pursuant to Rule 10.12.

(e) Requests for new or changes in Primary Appointment Zones will be reviewed by the Exchange. The Exchange may suspend, terminate or change any Primary Appointment of a Market Maker under this Rule, and may appoint a Market Maker to additional classes of option contracts whenever, in the Exchange's judgment, the interests of a fair and orderly market are best served by such action.

No Primary Appointment of a Market Maker shall be made without the Market Maker's consent to such appointment, however, refusal to accept a Primary Appointment may be deemed a sufficient cause for termination or suspension of a Market Maker's registration. An OTP Holder or OTP Firm or prospective OTP Holder or OTP Firm adversely affected by a determination of the Exchange under this Rule may obtain a review by the Board of Directors of such determination.

(f) Primary Appointment Trading Requirement. Except in unusual circumstances, at least 75% of the trading activity of a Market Maker (measured in terms of contract volume per quarter) must be in classes of options contracts to which that Market Maker's Primary Appointment extends. In computing the percentage specified herein, a weighting factor may be assigned based upon relative inactivity of one or more classes or series of option contracts.

(g) Remote Market Makers.

(1) Each Remote Market Maker must select a primary appointment as set forth in subsection (2), below. Remote Market Makers may select from among any option issues traded on the Exchange for inclusion in their primary appointments, which must be approved by the Exchange. In considering the approval of the

appointment of a Remote Market Maker in each security, the Exchange will consider:

- (A) the financial resources available to the Remote Market Maker;
- (B) the Remote Market Maker's experience, expertise and past performance in making markets, including the Remote Market Maker's performance in other securities;
- (C) the Remote Market Makers operational capability; and
- (D) the maintenance and enhancement of competition among Market Makers in each security in which they are appointed.

(2) Except as provided in subsection (h), below, the following rules apply to the primary appointments of Remote Market Makers:

- (A) Remote Market Makers on a single OTP may have up to 8 option issues within their primary appointments.
- (B) Remote Market Makers with 2 OTPs may have up to 18 option issues within their primary appointments.
- (C) Remote Market Makers with 3 OTPs may have up to 30 option issues within their primary appointments.
- (D) Remote Market Makers with 4 OTPs may have up to 44 option issues within their primary appointments.
- (E) Remote Market Makers with 5 OTPs may have up to 60 option issues within their primary appointments.
- (F) Remote Market Makers with 6 OTPs may have up to 78 option issues within their primary appointments.

(G) Remote Market Makers with 7 OTPs may have up to 98 option issues within their primary appointments.

(H) Remote Market Makers with 8 OTPs may have up to 120 option issues within their primary appointments.

The Exchange will determine uniform limits on the number of issues applicable to RMMs with more than 8 OTPs.

(3) Remote Market Makers may change the option issues that are included in their primary appointments, subject to the approval of the Exchange. Such requests must be made in a form and manner prescribed by the Exchange. In considering whether to approve Remote Market Makers' request to change their primary appointments, the OAC will consider the factors set forth in subsection (g)(1), above.

(4) Remote Market Makers may withdraw from trading an option issue that is within their primary appointment by providing the Exchange with a three-business-day written notice of such withdrawal. Remote Market Makers who fail to give advance written notice of withdrawal to the Exchange may be subject to formal disciplinary action pursuant to Rule 10.

(5) The Exchange may suspend or terminate any appointment of a Remote Market Maker in one or more option issues under this Rule whenever, in the Exchanges' judgment, the interests of a fair and orderly market are best served by such action.

(6) A Remote Market Maker may seek review of any action taken by the Exchange pursuant to this subsection (g), including the denial of the appointment

for, or the termination or suspension of, a Remote Market Maker's appointment in an option issue or issues, in accordance with Rule 10, as applicable.

(h) If an OTP Holder or OTP Firm has two or more Nominees that are registered as Remote Market Makers, then:

(1) the number of OTPs held in the name of such Remote Market Makers may be aggregated for the purpose of determining the number of options issues eligible for primary appointment pursuant to subsection (g)(2) above;

(2) the primary appointment applies to the OTP Holder or OTP Firm, subject to the approval of the Exchange; and

(3) the distribution of the option issues within the primary appointments for each Remote Market Maker will be at the discretion of the OTP Holder or OTP Firm.

(i) An OTP Holder or OTP Firm acting as an LMM firm may trade up to four issues as a Remote Market Maker. These four issues are not required to be located at posts that are contiguous with the existing primary appointments of the OTP Holder or OTP Firm. The Lead Market Maker may enter quotations electronically in such issues from a location away from the trading post.

Commentary:

.01 A registered Market Maker shall be exempt from this rule if he is, or promptly after being granted one or more Primary Appointments will be, primarily engaged in the business of a Floor Broker on the Exchange Options Trading Floor (i.e., that he acts as a Floor broker in at least 51% of his trades, measured in terms of his quarterly contract volume), or if other circumstances exist which prevent him from undertaking the full-time Market Maker obligations of a Primary Appointment.

.02 In order to facilitate fair and orderly options trading, the Board of Directors of the Exchange may act to make all initial Primary Appointments provided for in this Section.

.03 Reserved.

.04 For the purposes of this rule, temporarily undertaking the obligations of a Primary Appointment with respect to non-Primary Appointment classes of option contracts at the request of an Exchange OTP Holder or OTP Firm shall not be deemed trading in non-Primary Appointment classes. In addition, a Market Makers' trades effected through a Floor Broker do not count for nor against the Market Maker's 75% requirement, regardless of whether the trades are in issues within or without his Primary Appointment. Also, Market Makers who are solicited on an order on behalf of an account other than that of another Market Maker may accommodate such orders, provided that the orders are clearly announced in the trading crowd as solicited, and such transactions shall not count for nor against the 75% requirement. Such orders must be designated by the Market Maker with an "S" in the "Optional Data" field of EOC or the Electronic Tablet or, for orders excepted from EOC or the Electronic Tablet pursuant to Rule 6.67(d)(1)(A), in the "Optional Data" section of the trade ticket.

.05 A failure to comply with the 75% contract volume requirement may result in a fine pursuant to Rule 10.13; however, if aggravating circumstances are present, formal disciplinary action may be taken pursuant to Rule 10.3.]

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Appointment of Market Makers

6.35(a) On a form or forms prescribed by the Exchange, a Market Maker must apply for an appointment in one or more classes of option contracts.

(b) The Exchange will appoint one LMM per option class. The Exchange may appoint an unlimited number of Market Makers in each classes 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) Each Market Maker must select an appointment as set forth in subsection (d), below. Market Makers may select from among any option issues traded on the Exchange for inclusion in their appointment, subject to the approval of the Exchange. In considering the approval of the appointment of a Market Maker in each security, the Exchange will consider:

(1) the Market Maker's preference;

(2) the financial resources available to the Market Maker;

(3) the Market Maker's experience, expertise and past performance in making markets, including the Market Maker's performance in other securities;

(4) the Market Makers operational capability; and

(5) the maintenance and enhancement of competition among Market Makers in each security in which they are appointed.

(d) The following rules apply to the appointment of Market Makers:

(1) Market Makers with 1 OTP may have up to 100 option issues included in their appointment.

(2) Market Makers with 2 OTPs may have up to 250 option issues included in their appointment.

(3) Market Makers with 3 OTPs may have up to 750 option issues included in their appointment.

(4) Market Makers with 4 OTPs may have all option issues traded on the Exchange included in their appointment.

(e) Market Makers may change the option issues that are included in their appointment, subject to the approval of the Exchange. Such requests must be made in a form and manner prescribed by the Exchange. In considering whether to approve Market Makers' request to change their appointment, the Exchange will consider the factors set forth in subsection (c), above.

(f) Market Makers may withdraw from trading an option issue that is within their appointment by providing the Exchange with three business days' written notice of such withdrawal. Market Makers who fail to give advance written notice of withdrawal to the Exchange may be subject to formal disciplinary action pursuant to Rule 10.

(g) The Exchange may suspend or terminate any appointment of a Market Maker in one or more option issues under this Rule whenever, in the Exchanges' judgment, the interests of a fair and orderly market are best served by such action.

(h) A Market Maker may seek review of any action taken by the Exchange pursuant to this Rule, including the denial of the appointment for, or the termination or suspension of, a Market Maker's appointment in an option issue or issues, in accordance with Rule 10, as applicable.

(i) Appointment Trading Requirement. At least 75% of the trading activity of a Market Maker (measured in terms of contract volume per quarter) must be in classes within the Market Maker's appointment. A failure to comply with the 75% contract volume requirement may result in a fine pursuant to Rule 10.12; however, if aggravating circumstances are present, formal disciplinary action may be taken pursuant to Rule 10.4.

(j) Performance Standards. The Exchange will periodically conduct an evaluation of Market Makers to determine whether they have fulfilled performance standards relating to, among other things, quality of markets, competition among Market Makers, observance of ethical standards, and administrative factors. The Exchange may consider any relevant information including, but not limited to, the results of a Market Maker evaluation, trading data, a Market Maker's regulatory history and such other factors and data as may be pertinent in the circumstances.

(1) If the Exchange finds any failure by a Market Maker to meet minimum performance standards, the Exchange may take the following actions, after written notice and after opportunity for hearing pursuant to Rule 10.5:

(A) restriction of appointments to additional option issues in the Market Maker's primary appointment;

(B) suspension, termination, or restriction of an appointment in one or more option issues; or

(C) suspension, termination, or restriction of the Market Maker's registration in general.

(2) If a Market Maker's appointment in an option issue or issues has been terminated pursuant to this subsection (j), the Market Maker may not be re-appointed as a Market Maker in that option issue or issues for a period not to exceed 6 months.

Commentary:

.01 A Market Maker's trades effected on the Trading Floor to accommodate cross trades executed pursuant to Rule 6.47 do not count for nor against the Market Maker's 75% requirement, regardless of whether the trades are in issues within or without his Primary Appointment.

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Obligations of Market Makers – PCX Plus

Rule 6.37(a)[.] *General.* Transactions of a Market Maker should constitute a course of dealings reasonably calculated to contribute to the maintenance of a fair and orderly market, and no Market Maker should enter into transactions or make bids or offers that are inconsistent with such a course of dealings.

(b) – (h) – No Change.

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Obligations of Market Makers – OX

Rule 6.37A(a) *General.* Transactions of a Market Maker should constitute a course of dealings reasonably calculated to contribute to the maintenance of a fair and orderly market, and no Market Maker should enter into transactions or make bids or offers that are inconsistent with such a course of dealings.

(b) Obligations in Appointed Classes. With respect to each class of options in his appointment, a Market Maker is expected to engage, to a reasonable degree under the existing circumstances, in dealings for his own account when there exists, or it is reasonably anticipated that there will exist, a lack of price continuity, a temporary disparity between the supply of and demand for a particular option contract, or a temporary distortion of the price relationships between option contracts of the same class. Without limiting the foregoing, a Market Maker is expected to perform the following activities in the course of maintaining a fair and orderly market.

- (1) To compete with other Market Makers to improve the market in all series of options classes to which the Market Maker is appointed.
- (2) To make markets that will be honored for the number of contracts entered into OX in all series of options classes within the Market Maker's appointment.
- (3) To update market quotations in response to changed market conditions in all series of options classes within the Market Maker's appointment.
- (4) During an auction, bidding and/or offering so as to create differences of:
 - (A) no more than .25 between the bid and the offer for each option contract for which the bid is less than \$2.
 - (B) no more than .40 where the bid is \$2 or more but does not exceed \$5.
 - (C) no more than .50 where the bid is more than \$5 but does not exceed \$10.
 - (D) no more than .80 where the bid is more than \$10 but does not exceed \$20, and
 - (E) no more than \$1 when the last bid is \$20.10 or more, provided that the two Trading Officials may establish differences other than the above for one or more series or classes of options.

(5) Following an auction, options traded on OX may be quoted with a difference not to exceed \$5 between the bid and offer regardless of the price of the bid.

(6) Bidding no more than \$1 lower and/or offering no more than \$1 higher than the last preceding transaction price for the particular option contract. However, this standard shall not ordinarily apply if the price per share (or other unit of trading) of the underlying security or Exchange-Traded Fund Share has changed since the last preceding transaction for the particular option contract, in which event a Market Maker may then bid no lower than or offer no more than \$1 plus the aggregate change in the price per share (or other unit of trading) of the underlying security or Exchange-Traded Fund Share since the time of the last preceding transaction for the particular option contract. This provision applies from one day's close to the next day's opening and from one transaction to the next in intra-day transactions. With respect to inter-day transactions, this provision applies if the closing transaction occurred within one hour of the close and the opening transaction occurred within one hour after the opening. With respect to intra-day transactions, this provision applies to transactions occurring within one hour of one another. A Trading Official may waive the provisions of this paragraph in an index option when the primary underlying securities market for that index is not trading. Nothing in this subparagraph (b)(6) shall alter the maximum bid/ask differentials established by subparagraph (b)(4)-(5) of Rule 6.37A.

(7) In the event the bid/ask differential in the underlying security is greater than the bid/ask differential set forth in subsection (b)(4)-(5), the permissible price differential for any in-the-money option series may be identical to those in the

underlying security market. In the case of the at-the-money and out-of-the-money series, a Trading Official may waive the requirements of subsections (b)(4)-(5) on a case-by-case basis when the bid/ask differential for the underlying security is greater than .50. In such instances, the bid/ask differentials for the at-the-money series and the out-of-the-money series may be half as wide as the bid/ask differential in the underlying security in the primary market. Whenever in the judgment of a Trading Official and if the interest of maintaining a fair and orderly market so requires, the Trading Official may waive the requirements of subsection (b)(6) on a case-by-case basis. Exemptions from subsections (b)(4)-(6) are subject to Exchange review. The Trading Official who provided such an exemption must file a report with Exchange Operations setting forth the time and duration of such relief and the reasons therefore.

(c) Unusual Conditions – Opening Auction. If the interest of maintaining a fair and orderly market so requires, a Trading Official may declare that unusual market conditions exist in a particular issue and allow Market Makers in that issue to make auction bids and offers with spread differentials of up to two times, or in exceptional circumstances, up to three times, the legal limits permitted under Rule 6.37A. In making such determinations to allow wider markets, the Trading Official should consider the following factors: (A) whether there is pending news, a news announcement or other special events; (B) whether the underlying security or Exchange-Traded Fund Share is trading outside of the bid or offer in such security then being disseminated; (C) whether OTP Holders or OTP Firms receive no response to orders placed to buy or sell the underlying security; and (D) whether a vendor quote feed is clearly stale or unreliable.

(1) In the event that a Trading Official determines that unusual market conditions exist in any option, it will be the responsibility of the Trading Official who declared the unusual market conditions to file a report with Exchange Operations setting forth the relief granted, the time and duration of such relief and the reasons therefore.

(d) In Classes of Option Contracts Other Than Those to Which Appointed. With respect to classes of option contracts outside of their appointment, Market Makers should not engage in transactions for an account in which they have an interest that are disproportionate in relation to, or in derogation of, the performance of their obligations as specified in this Rule with respect to the classes in their appointment. Whenever Market Makers enter the trading crowd for a class of options in which they do not hold an appointment in other than a floor brokerage capacity, they must fulfill the obligations established by this rule. In addition, when present anywhere on the Trading Floor, with regard to all securities traded on the Trading Floor, Market Makers are expected to undertake the obligations specified in paragraph (b) of this Rule in response to a demand therefore from the Trading Official that the performance of such obligations by other Market Makers requires supplementation. Furthermore, Market Makers should not:

- (1) Individually or as a group, intentionally or unintentionally, dominate the market in option contracts of a particular class; and
- (2) Effect purchases or sales on the Exchange except in a reasonable and orderly manner.

(e) Prohibited Practices and Procedures.

(1) Any practice or procedure whereby Market Makers trading any particular option issue determine by agreement the spreads or option prices at which they will trade that issue is prohibited.

(2) Any practice or procedure whereby Market Makers trading any particular option issue determine by agreement the allocation of orders that may be executed in that issue is prohibited.

(f) The obligation of Market Makers to make competitive markets does not preclude Market Makers in a trading crowd from discussing a request for a market that is greater than the disseminated size for that option class, for the purpose of making a single bid (offer) based upon the aggregate of individual bids (offers) by members in the trading crowd, but only when the member representing the order asks for a single bid (offer). Whenever a single bid (offer) pursuant to this paragraph is made, such bid (offer) shall be a firm quote and each member of the trading crowd participating in the bid (offer) shall be obligated to fulfill his portion of the single bid (offer) at the single price.

* * *

Market Maker Quotations – OX

Rule 6.37B (a) A Market Maker may enter quotations only in the classes included in its appointment.

(b) Lead Market Makers. A Lead Market Maker must provide continuous two-sided quotations throughout the trading day in its appointed issues for 99% of the time the Exchange is open for trading in each issue. Such quotations must meet the legal quote width requirements of Rule 6.37A. These obligations will apply to all of the Lead

Market Maker's appointed issues collectively, rather than on an issue-by-issue basis.

Compliance with this obligation will be determined on a per-calendar-quarter basis.

(c) Market Makers. A Market Maker must provide continuous two-sided quotations throughout the trading day in its appointed issues for 60% of the time the Exchange is open for trading in each issue. Such quotations must meet the legal quote width requirements of Rule 6.37A. These obligations will apply to all of the Market Maker's appointed issues collectively, rather than on an issue-by-issue basis. Compliance with this obligation will be determined on a per-calendar-quarter basis.

(d) Required Submission of Quotations. A Market Maker may be called upon by a Trading Official to submit a single quote or maintain continuous quotes in one or more series of an option issue within its appointment whenever, in the judgment of such Trading Official, it is necessary to do so in the interest of maintaining fair and orderly markets.

(e) Firm Quotes. A Market Maker shall be compelled to buy/sell a specified quantity of option contracts at the disseminated bid/offer pursuant to his obligations under Rule 6.86.

* * *

Market Maker Orders – OX

Rule 6.37C A Market Maker may enter all order types permitted to be entered by Users under the Rules to buy or sell options in all classes of options listed on the Exchange.

* * *

Market Maker Risk Limitation Mechanism – PCX Plus

Rule 6.40(a) – (g) – No Change.

* * *

Market Maker Risk Limitation Mechanism – OX

Rule 6.40A (a) Trade Counter. OX will maintain a “trade counter” for each Market Maker in each class within the Market Maker’s appointment. The trade counter will be incremented by one every time the Market Maker executes a trade in any series in an appointed class.

(b) Market Maker Risk Limitation Mechanism. OX will activate the Market Maker Risk Limitation Mechanism in an appointed class whenever the following conditions are met: The trade counter has reached “n” executions within one second against the quotes of the Market Maker in the Market Maker’s appointed class. When the above conditions are met, the trading engine will automatically cancel all quotes posted by the Market Maker in that class by generating a “bulk cancel” message.

(1) The Market Maker Risk Limitation Mechanism automatically will default the “n” number of executions to 50 executions per second.

(2) Each Market Maker quoting in an issue may instead opt to set the “n” number of executions at no fewer than five executions per second up to a maximum of 100 executions per second. At no time may the trade counter be set for a trade rate of less than five executions in a one second period.

(c) The bulk cancel message will be processed in time priority with any other quote or order message received by OX. Any orders or quotes that matched with the Market Maker’s quote and were received by OX prior to the receipt of the bulk cancel message will be automatically executed. Orders or quotes received by OX after receipt of the bulk cancel message will not be executed against the Market Maker.

(d) Once the Market Maker Risk Limitation Mechanism has been activated for an option class, any bulk quote messages sent by the Market Maker in that class will continue to be rejected until the Market Maker submits a message to OX to enable new quotes.

(e) For purposes of this Rule 6.40A, a “bulk quote” message is a single message from a Market Maker that simultaneously updates all of the Market Maker’s quotes in multiple series in a class at the same time.

(f) In the event that there are no Market Makers quoting in the issue, the best bids and offers of those orders residing in the OX Book in the issue will be disseminated as the BBO. If there are no Market Makers quoting in the issue and there are no orders in the OX Book in the issue, OX will disseminate a bid of zero and an offer of zero.

* * *

Floor Brokers

* * *

[“Crossing” Orders and Stock/Option, SSF/Option Orders

Rule 6.47 (a) Non-Facilitation (Regular Way) Crosses. A Floor Broker who holds orders to buy and sell the same option contract may cross such orders, provided that he proceeds in the following manner:

(1) He must request bids and offers for the option series involved and make all persons in the trading crowd, including the Trading Official, aware of his request for a market.

(2) After providing an opportunity for such bids and offers to be made, he must (i) bid above the highest bid in the market by at least the MPV and give a corresponding offer at the same price or at prices differing by the MPV or (ii) offer below the lowest

offer in the market by at least the MPV and give a corresponding bid at the same price or at prices differing by the MPV.

(3) If such higher bid or lower offer is not taken, he may cross the orders (or any part remaining unexecuted) at such higher bid or lower offer by announcing by public outcry that he is crossing and giving the quantity and price.

(b) Facilitation Procedure. The Facilitation Procedure is a process by which a Floor Broker who holds an order for a customer (“Customer Order”) and an order for the proprietary account of an OTP Holder or OTP Firm or an organization under common control with a Market Maker that is representing that customer (the “Facilitation Order”) may cross those orders. The Floor Broker may do so by following the Facilitation Procedure outlined in this subsection (b) of this rule. The Floor Broker must be willing to facilitate the entire size of the Customer Order entered via the Facilitation Procedure.

(1) The size of the Customer Order subject to facilitation must be at least fifty contracts. Orders for less than fifty contracts may be facilitated pursuant to this rule but are not subject to the firm guarantees of subsections (4) through (6) of this rule and therefore a Floor Broker must satisfy all orders in the book and orders represented in the trading crowd (affording the trading crowd a reasonable period of time to respond) before the Floor Broker may cross the order.

(2) The option order tickets for both the facilitation orders and customer orders must be entered into EOC or the Electronic Tablet and all of the terms of such orders, including any contingencies involving, and all related transactions in, either options or underlying or related securities, must be displayed on EOC or the Electronic Tablet. If facilitation orders and customer orders are excepted from EOC or the Electronic Tablet,

pursuant to Rule 6.67(d)(1)(A), then order tickets must display this same information.

The Floor Broker must disclose all securities that are components of the customer order.

(3) The Floor Broker must request bids and offers for all components of the Customer Order, including the size of the order, but does not have to specifically request a “facilitation market.” Once the trading crowd has been afforded a reasonable time to provide a quote, the quote will remain in effect only for such time as is necessary for the Floor Broker to immediately vocalize the Customer Order.

(4) In response to the trading crowd’s quoted market, the Floor Broker may immediately consummate the facilitation cross if: (i) he or she immediately bids (offers) a price on the Customer Order that is on or inside the quoted market (“Facilitation Price”) provided by the trading crowd in response to the Floor Broker’s request for a market and (ii) satisfies all other contingencies associated with the Customer Order. After satisfying any orders for the account of persons who are not OTP Holders or OTP Firms of the Exchange pending at the Facilitation Price, the Floor Broker may facilitate up to forty percent (40%) of the remaining Customer Order against the Facilitation Order at the Facilitation Price and must allow any other members of the trading crowd interested in trading at the Facilitation Price to execute the remaining sixty percent (60%) or more of the Customer Order. The allocation of the remaining Customer Order will be made on a (i) size pro-rata basis (the percentage of the orders that is the ratio of the size of the offers (bids) to the total size of the offers (bids) as described in Rule 6.75(f)(6)); or (ii) equal basis (in the case of identical offers (bids)) as described in NYSE Arca Rule 6.75(c) where the Floor Broker’s bid (offer) improved the crowd’s price in response to the request for a market. If after providing the crowd reasonable time to execute the

remaining sixty percent (60%) of the Customer Order any amount of the Customer Order remains, the Floor Broker must fill the remainder of the Customer Order by executing it against the Facilitation Order at the Facilitation Price.

(5) If the trading crowd does not provide a bid and offer for all components of the Customer Order in response to the Floor Broker's request within a reasonable period of time, for the purposes of this rule, either: (i) the quoted market disseminated by the Exchange prior to the commencement of the Facilitation Procedure will constitute the market quoted by the trading crowd in response to the Floor Broker's request; or (ii) for orders for which there is no disseminated market (such as complex orders), the market for the order will be determined by the disseminated quote for each leg of the transaction prior to the commencement of the Facilitation Procedure. Once the Floor Broker provides a Facilitation Price and can satisfy all of the contingencies associated with the Customer Order, the Customer Order is deemed consummated at the Facilitation Price. After satisfying the orders of any persons who are not OTP Holders or OTP Firms of the Exchange pending at the Facilitation Price, the Floor Broker may facilitate up to forty percent (40%) of the remaining Customer Order against the Facilitation Order at the Facilitation Price and must allow any other member of the trading crowd interested in trading at the Facilitation Price to execute the remaining sixty percent (60%) or more of the Customer Order. After providing the crowd reasonable time to execute the remaining sixty percent (60%) of the Customer Order on an equal basis as described in NYSE Arca Rule 6.75(c), the Floor Broker must fill the remainder of the Customer Order by executing it against the Facilitation Order at the Facilitation Price.

(6) If the facilitation trade occurs at the Lead Market Maker's ("LMM's") quoted bid or offer in their allocated issue and the Floor Broker takes less than forty percent (40%) of the trade, then the LMM may elect to accept either: (i) a guaranteed participation level of forty percent (40%) minus the Floor Broker's allocation percentage, or (ii) to participate in the pro-rata allocation on a non-guarantee participation level. If the trade occurs at a price other than the LMM's quoted bid or offer, the LMM is entitled to no "guaranteed" participation. Nothing in this rule is intended to prohibit a Floor Broker or LMM from trading more than their percentage entitlements if the other members of the trading crowd do not choose to trade the remaining portion of the order.

(c) Crossing of Solicited Orders. A Floor Broker who holds an order for a public customer of an OTP Holder or OTP Firm may solicit an opposing side for such order. The solicited order shall be entitled to priority of execution on the original order amount of the order which prompted the solicitation, provided the following criteria are met.

(1) The initial order shall be first represented in the trading crowd by public outcry, at which time the size and all components of the order shall be disclosed. This order must remain active in the trading crowd during the entire solicitation process.

(2) The prevailing bid/ask quotation on the underlying security must remain unchanged between the time the initial order is first represented in the trading crowd pursuant to paragraph (1) above and the consummation of the subject transaction.

(3) Both the order prompting the solicitation and the solicited order shall be represented by an OTP Holder affiliated with the OTP Holder or OTP Firm that had initially represented the order prompting the solicitation pursuant to paragraph (1) above.

(4) “Solicited” must be entered in the “Optional Data” field of the EOC or the Electronic Tablet or, for orders excepted from EOC or the Electronic Tablet pursuant to Rule 6.67(d)(1)(A), written in the “Optional Data” section of the trade ticket.

(5) If a Floor Broker announces an order in the trading crowd, and then steps out of the trading crowd to solicit interest, but continues to be within hearing distance, the Floor Broker need not re-announce the order upon returning to the trading crowd.

(d) Trading Crowd Opportunity to Respond. Except as provided in subparagraph (b) of this rule relating to the Facilitation Procedure for Customer Orders of at least fifty contracts, Floor Brokers are cautioned that they must allow OTP Holders in the trading crowd a reasonable period in which to respond to the bid and/or offer prior to consummating the cross transaction. A reasonable period will not be defined in terms of a specific time limit. However, an obvious attempt to execute a cross in an uninterrupted sequence with the announcement of the bid and offer is deemed to be a violation of Rule 6.47 and Rule 6.73, and grounds for objection to the cross transaction.

(e) Stock/Option and SSF/Option Orders.

(1) When a stock/option order is taken to a crowd for execution, the stock transaction or SSF transaction must be effected prior to the option transaction pursuant to Rule 6.47, Commentary .04. The following procedure applies to all executions of stock/option and SSF/option orders: after an agreement with other OTP Holders or OTP Firms of the crowd has been reached as to the terms of the transaction, the option order must be entered into EOC or the Electronic Tablet or, for orders excepted from EOC or the Electronic Tablet, pursuant to Rule 6.67(d)(1)(A), written on tickets and timestamped. However, the option transaction will not be reported to Options Price Reporting

Authority (“OPRA”) by EOC or Electronic Tablet or, for orders excepted from EOC or the Electronic Tablet, pursuant to Rule 6.67(d)(1)(A), turned in to the Trading Official at the post at this time. The OTP Holders or OTP Firms will attempt to immediately effect the transaction in the underlying or related security. If the stock transaction cannot be executed immediately or is effected at a price other than an agreed-upon price, the OTP Holders or OTP Firms will not be held to the option transaction. If the stock transaction is effected at an agreed-upon price, then all the OTP Holders or OTP Firms who participated in the option transaction will be held to their agreed-upon price. At the time the stock transaction is effected, the option transaction must be immediately entered into EOC or the Electronic Tablet and reported to OPRA or, for orders excepted from EOC or the Electronic Tablet, pursuant to Rule 6.67(d)(1)(A), trade tickets must be given to the Trading Official.

(2) SSF/Option Orders Margin Requirements

(a) Any OTP Holder or OTP Firm must elect to be bound by the initial and maintenance margin requirements of either the Chicago Board of Options Exchange or the New York Stock Exchange as the same may be in effect from time to time;

(b) Such election shall be made in writing by a notice filed with the Exchange.

(c) Upon the filing of such election, an OTP Holder or OTP Firm will be bound to comply with the margin rules of the Chicago Board of Options Exchange or the New York Stock Exchange, as applicable, as though such rules were part of these rules.

(f) Open Outcry “SizeQuote” Mechanism

(i) SizeQuotes Generally. The SizeQuote Mechanism is a process by which a Floor Broker (“FB”) may execute and facilitate large-sized orders in open outcry. Floor Brokers must be willing to facilitate the entire size of the order for which they request SizeQuotes (the “SizeQuote Order”). The Exchange shall determine the classes in which the SizeQuote Mechanism will apply. The SizeQuote Mechanism will operate as a pilot program which expires February 15, 2007.

(A) Eligible Order Size: The Exchange shall establish the eligible order size however such size shall not be less than 250 contracts.

(B) Trading Crowd: The term “Trading Crowd” shall be as defined in NYSE Arca Rule 6.1(b)(30) and for purposes of this rule only shall also include any Floor Broker who is present at the trading post.

(C) Public Customer Priority: Public customer orders in the Consolidated Book have priority to trade with a SizeQuote Order over any member of the Trading Crowd providing a SizeQuote response at the same price as the order in the Consolidated Book.

(D) LMM Participation Rights: The LMM participation entitlement shall not apply to SizeQuote transactions.

(E) FBs may not execute a SizeQuote Order at a price inferior to the national best bid or offer (“NBBO”). Unless a SizeQuote request is properly canceled in accordance with paragraph (iv), a FB is obligated to execute the entire SizeQuote Order at a price that is not inferior to the NBBO in situations where there are no SizeQuote responses received or where such responses are inferior to the NBBO.

(ii) SizeQuote Procedure: Upon request from a FB for a SizeQuote, members of the Trading Crowd may respond with indications of the price and size at which they would be willing to trade with a SizeQuote Order. After the conclusion of time during which interested Trading Crowd member's have been given the opportunity to provide their indications, the FB must execute the SizeQuote Order with the members of the Trading Crowd and/or with a firm facilitation order in accordance with the following procedures:

(A) Executing the Order at the Trading Crowd's Best Price: Members of the Trading Crowd that provide SizeQuote responses at the highest bid or lowest offer ("best price") have priority to trade with the SizeQuote Order at that best price. Allocation of the order among members of the Trading Crowd shall be prorata, up to the size of each member's SizeQuote response. The FB must trade at the best price any contracts remaining in the original SizeQuote Order that were not executed by the members of the Trading Crowd providing SizeQuote responses.

(B) Executing the Order at a Price that Improves upon the Trading Crowd's Price by One Minimum Increment: Members of the Trading Crowd that provide SizeQuote responses at the best price ("Eligible Trading Crowd Members") have priority to trade with the SizeQuote Order at a price equal to one trading increment better than the best price ("improved best price"). Allocation of the order among Eligible Trading Crowd Members at the improved best price shall be prorata, up to the size of each eligible Trading Crowd Member's SizeQuote response. The FB must trade at the improved best price any contracts remaining in the original SizeQuote Order that were not executed by Eligible Trading Crowd Members.

(C) Trading at a Price that Improves upon the Trading Crowd's Price by more than One Minimum Increment: A FB may execute the entire SizeQuote Order at a price two trading increments better than the best price communicated by the Trading Crowd Members in their responses to the SizeQuote request.

(iii) Definition of Trading Increments: Permissible trading increments are \$0.05 for options quoted below \$3.00 and \$0.10 for all others. In classes in which bid-ask relief is granted pursuant to Rule 6.37(b)(1)(F), the permissible trading increments shall also increase by the corresponding amount. For example, if a series trading above \$3.00 has double-width bid-ask relief, the permissible trading increment for purposes of this rule shall be \$0.20.

(iv) It will be a violation of the FB's duty of best execution to its customer if it were to cancel a SizeQuote Order to avoid execution of the order at a better price. The availability of the SizeQuote Mechanism does not alter a FB's best execution duty to get the best price for its customer. A SizeQuote request can be canceled prior to the receipt by the FB of responses to the SizeQuote request. Once the FB receives a response to the SizeQuote request, if he/she were to cancel the order and then subsequently attempt to execute the order at an inferior price to the previous SizeQuote response, there would be a presumption that the FB did so to avoid execution of its customer order in whole or in part by the others at the better price.

Commentary:

.01 The term "customer of an OTP Holder or OTP Firm" shall mean, in connection with Rule 6.62(i) and 6.47, a customer that is neither an OTP Holder or OTP Firm nor a broker/dealer.

.02 When accepting a bid or offer made on behalf of a customer, all contingencies of the Customer Order must be satisfied by the accepting OTP Holder or OTP Firm.

.03 Spread, straddle, combination or stock/option orders may be crossed, provided that the Floor Broker holding such orders proceeds in the manner described in paragraphs (a), (b) or (c) above, as appropriate. Representation and acceptance of these orders, as well as stock/option orders, may be made on the basis of either the net debit/credit of the order or the prices for each component separately. OTP Holders or OTP Firms may not prevent a spread, straddle, combination or stock/option cross from being completed by giving a competing bid or offer for one component of such order.

.04 Where a related transaction must be effected in another market, that transaction must be effected prior to the options transaction.

.05 Market Makers are under an affirmative obligation to indicate their market and size so that the Floor Broker may establish the current market.

.06 It will be a violation of a Floor Broker's duty to use due diligence in representing its Customer Order if a Floor Broker does not employ the Facilitation Procedure on the NYSE Arca immediately upon receipt on the NYSE Arca of the order that the OTP Holder or OTP Firm wishes to have executed as a facilitation cross.

.07 It will be a violation of an OTP Holder or OTP Firm's duty of best execution to its customer if it were to cancel a Facilitation Order to avoid execution of the order at a better price. The availability of the Facilitation Procedure does not alter an OTP Holder or OTP Firm's best execution duty to get the best price for its customer. Accordingly, while Facilitation Orders can be cancelled prior to a trading crowd providing quotes in

response to a request for a market, if an OTP Holder or OTP Firm were to cancel a Facilitation Order when there was a superior price available on the Exchange and subsequently re-enter the Facilitation Order at the same Facilitation Price after the better price was no longer available without attempting to obtain that better price for its customer, there would be a presumption that the OTP Holder or OTP Firm did so to avoid execution of its Customer Order in whole or in part by other brokers at the better price.

.08 The Exchange has determined that when a facilitation cross transaction occurs, as defined in Rule 6.47(b); or when, pursuant to Rule 6.75(e), a spread, straddle, combination or stock/option order involving a transaction in an underlying or related security takes priority over customer orders in the Consolidated Book or orders held by other OTP Holders or OTP Firms, a record of such transaction shall be kept by the Trading Official at the post and forwarded to the Surveillance Department at the end of the trading day.]

“Crossing” Orders – OX

Rule 6.47(a) Non-Facilitation (Regular Way) Crosses. A Floor Broker who holds orders to buy and sell the same option contract may cross such orders, provided that the Floor Broker proceeds in the following manner:

- (1) The Floor Broker must request bids and offers for the option series involved and make the trading crowd and the Trading Official aware of the request for a market via open outcry.**

(2) After providing an opportunity for such bids and offers to be made, the Floor Broker must bid above the highest bid in the crowd, or offer below the lowest offer in the crowd, by at least the MPV.

(3) If such higher bid or lower offer is not taken by members of the trading crowd, the Floor Broker may cross the orders (or any part remaining unexecuted) at such higher bid or lower offer by announcing by open outcry that he is crossing the orders and giving the quantity and price; provided, however that (A) the execution price must be equal to or better than the NBBO, and (B) the Floor Broker may not trade through any bids or offers on the Book that are priced equal to or better than the proposed execution price. If there are bids or offers on the Book at or better than the proposed execution price, the Floor Broker must trade against such bids or offers in the OX Book. Once bids or offers in the Book are satisfied, the Floor Broker may cross the balance of the orders, if any, to be crossed. The orders will be cancelled or posted in the Book if an execution would take place at a price that is inferior to the NBBO.

(b) *Facilitation Procedure.* The Facilitation Procedure is a process by which a Floor Broker who holds a customer order (“Agency Order”) and an order for the proprietary account of an OTP Holder or OTP Firm or an organization under common control with a Market Maker that is representing that customer (the “Facilitation Order”) may cross those orders. The Floor Broker may do so by following the Facilitation Procedure outlined in this subsection (b). The Floor Broker must be willing to facilitate the entire size of the Agency Order entered via the Facilitation Procedure.

(1) The size of the Agency Order subject to facilitation must be at least fifty contracts.

- (2) The option order tickets for both the Facilitation Order and Agency Order must be entered into EOC or the Electronic Tablet and all of the terms of such orders, including any contingencies involving, and all related transactions in, either options or underlying or related securities, must be displayed on EOC or the Electronic Tablet. If a Facilitation Order and Agency Order are excepted from EOC or the Electronic Tablet, pursuant to Rule 6.67(d)(1)(A), then order tickets must display this same information. The Floor Broker must disclose all securities that are components of the Agency Order.
- (3) The Agency Order shall first be represented in the trading crowd by public outcry, at which time the price, size and all components of the Agency Order shall be disclosed.
- (4) Members of the trading crowd will be given a reasonable time to respond with the prices and sizes at which they would be willing to participate in the execution of the Agency Order.
- (5) If at the time of execution there is insufficient size to execute the entire Agency Order at an improved price (or prices), the Agency Order will be executed against the Facilitation Order at the proposed execution price so long as, at the time of execution: (A) the execution price is equal to or better than the NBBO, and (B) there are no other bids or offers on the Exchange that are priced equal to or better than the proposed execution price. If there are bids or offers in the trading crowd on the opposite side of the Agency Order that improve the proposed execution price, bids or offers representing non-member interest in the trading crowd on the opposite side of the Agency Order at or better than the proposed execution price, or bids or offers

on the Book on the opposite side of the Agency Order at or better than the proposed execution price, the Agency Order will be executed against such bids or offers. The Facilitation Order may then participate in up to 40% of the balance of the Agency Order. Thereafter, Market Makers in the trading crowd who are bid or offered at the proposed execution price may participate in the balance of the Agency Order based upon price-time priority. The balance of the unexecuted Agency Order, if any, will be executed against the remainder of the Facilitation Order. Both the Agency Order and Facilitation Order will be cancelled if an execution would take place at a price that is inferior to the NBBO.

(6) If at the time of execution there is sufficient size to execute the entire Agency Order at an improved price (or prices), the Agency Order will be executed at the improved price(s), provided the execution price is equal to or better than the NBBO. The aggregate size of all orders and quotes at each price will be used to determine whether the entire Agency Order can be executed at an improved price (or prices).

(7) When executing the Agency Order against bids or offers in accordance with paragraph (5) above, or at an improved price in accordance with paragraph (6) above, Customer orders will be executed first. Non-Customers will participate in the execution of the Agency Order based upon time priority as determined by the executing Floor Broker.

(8) It will be a violation of an OTP Holder or OTP Firm's duty of best execution to its customer if it were to cancel an Agency Order to avoid execution of the order at a better price. The availability of the Facilitation Procedure does not alter an OTP Holder or OTP Firm's best execution duty to get the best price for its customer.

Accordingly, while Agency Orders can be cancelled prior to a trading crowd providing quotes in response to a request for a market, if an OTP Holder or OTP Firm were to cancel an Agency Order when there was a superior price available on the Exchange and subsequently re-enter the Agency Order at the same facilitation price after the better price was no longer available without attempting to obtain that better price for its customer, there would be a presumption that the OTP Holder or OTP Firm did so to avoid execution of its Agency Order in whole or in part by other brokers at the better price.

(c) *Crossing of Solicited Orders.* A Floor Broker who holds an order for a customer of an OTP Holder or OTP Firm (the “Original Order”) may solicit an opposing side for such order (the “Solicited Order”). The Solicited Order shall be entitled to priority of execution on the Original Order provided the following criteria are met.

- (1) The Original Order shall first be represented in the trading crowd by public outcry, at which time the size and all components of the Original Order shall be disclosed. The Original Order must remain active in the trading crowd during the entire solicitation process.
- (2) Members of the trading crowd will be given a reasonable time to respond with the prices and sizes at which they would be willing to participate in the execution of the Original Order.
- (3) If at the time of execution there is insufficient size to execute the entire Original Order at an improved price (or prices), the Original Order will be executed against the Solicited Order at the proposed execution price so long as, at the time of execution: (A) the execution price is equal to or better than the NBBO, and (B) there

are no bids or offers on the OX Book or in the trading crowd that are priced equal to or better than the proposed execution price. If there are bids or offers on the Book or in the trading crowd on the opposite side of the Original Order at or better than the proposed execution price and there is sufficient size to execute the entire size of the Original Order, the Original Order will be executed against such bids or offers, and the Solicited Order will be cancelled. The aggregate size of all such bids or offers will be used to determine whether the entire Original Order can be executed. Both the Solicited Order and Original Order will be cancelled if an execution would take place at a price that is inferior to the NBBO.

(4) If at the time of execution there is sufficient size on the Book and in the trading crowd to execute the entire Original Order at an improved price (or prices), the Original Order will be executed at the improved price(s) and the Solicited Order will be cancelled. The aggregate size of all orders and quotes at each price will be used to determine whether the entire Original Order can be executed at an improved price (or prices).

(5) When executing the Original Order against bids or offers in accordance with paragraph (3) above, or at an improved price in accordance with paragraph (4) above, Customer orders will be executed first. Non-Customers participate in the execution of the Original Order based upon time priority as determined by the Floor Broker.

(6) "Solicited" must be entered in the "Optional Data" field of the EOC or the Electronic Tablet or, for orders excepted from EOC or the Electronic Tablet

pursuant to Rule 6.67(d)(1)(A), written in the “Optional Data” section of the trade ticket.

(7) If a Floor Broker announces an original order in the trading crowd, and then steps out of the trading crowd to solicit interest, but continues to be within hearing distance, the Floor Broker need not re-announce the original order upon returning to the trading crowd.

(8) Prior to representing an Original Order on behalf of a customer, a Floor Broker must deliver to the customer a written notification informing the customer that its order may be executed pursuant to Rule 6.47(c). Such written notification must disclose the terms and conditions contained in this Rule and must be in a form approved by the Exchange.

(d) *Mid-Point Cross*. A Floor Broker who holds Mid-Point Crossing Orders may cross the Mid-Point Crossing Orders provided that the Floor Broker proceeds in a manner consistent with sections (a), (b) or (c) of this Rule, as appropriate. If the Mid-Point Crossing Orders do not fall on an MPV, then the orders will be cancelled.

Rule 6.47A. Order Exposure Requirements – OX

With respect to orders routed to OX, Users may not execute as principal orders they represent as agent unless (i) agency orders are first exposed on the Exchange for at least three (3) seconds or (ii) the User has been bidding or offering on the Exchange for at least three (3) seconds prior to receiving an agency order that is executable against such bid or offer.

Commentary:

.01 Rule 6.47A prevents a User from executing agency orders to increase its economic gain from trading against the order without first giving other trading interest on the Exchange an opportunity to either trade with the agency order or to trade at the execution price when the User was already bidding or offering on the book. However, the Exchange recognizes that it may be possible for a User to establish a relationship with a customer or other person to deny agency orders the opportunity to interact on OX and to realize similar economic benefits as it would achieve by executing agency orders as principal. It will be a violation of Rule 6.47A for a User to be a party to any arrangement designed to circumvent Rule 6.47A by providing an opportunity for a customer to regularly execute against agency orders handled by the User immediately upon their entry into OX.

.02 It will be a violation of Rule 6.47A for a User to cause the execution of an order it represents as agent on OX against orders it solicited from members **and** non-member broker-dealers, whether such solicited orders are entered into OX directly by the User or by the solicited party (either directly or through another User), if the User fails to expose orders on OX as required by Rule 6.47A.

* * *

Trading Officials

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Order Service Firms

Rule 6.60(a)[.] An Order Service Firm is an OTP Holder or OTP Firm that is registered with the Exchange for the purpose of accepting orders for the purchase or sale of stocks or commodity futures contracts (and options thereon) from Market Makers on the Floor of the Exchange and forwarding such orders for execution. An applicant for registration as an Order Service Firm shall file its application in writing with the Exchange.

Applications will be reviewed by the Exchange, which will consider an applicant's financial condition, regulatory history, and such other factors as the Exchange deems appropriate. After reviewing the application the Exchange will either approve or disapprove the applicant's registration as an Order Service Firm. [Before registration, the Exchange shall post the names of the applicant and its nominee(s) on the floor of the Exchange for at least three business days.]

(b) – (e) – No Change.

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Trading Practices and Procedures

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Certain Types of Orders Defined – PCX Plus

Rule 6.62(a)[.] *Market order.* A market order is an order to buy or sell a stated number of option contracts and is to be executed at the best price obtainable when the order reaches the post.

(b) – (k) – No Change.

* * *

Orders and Modifiers – OX

Rule 6.62A(a) Market Order. An order to buy or sell a stated number of option contracts that is to be executed at the best price obtainable when the order reaches OX.

(b) Limit Order. An order to buy or sell a stated number of option contracts at a specified price or better. A “marketable” limit order is a Limit Order to buy (sell) at or above (below) the NBBO.

(c) Inside Limit Order. A Limit Order, which, if routed away pursuant to Rule 6.76B, will be routed to the market participant or participants with the best displayed price. Any unfilled portion of the order will not be routed to the next best price level until all quotes at the current best bid or offer are exhausted. If the order is no longer marketable it will be ranked in the OX Book pursuant to Rule 6.76A.

(d) Immediate-or-Cancel Order (IOC Order). A Market or Limit Order that is to be executed in whole or in part on OX as soon as such order is received, and the portion not so executed is to be treated as canceled.

(e) Working Order. Any order with a conditional or undisplayed price and/or size designated as a “Working Order” by the Exchange, including, without limitation:

(1) Reserve Order. A limit order with a portion of the size displayed and with a reserve portion of the size (“reserve size”) that is not displayed on OX.

(2) All-or-None Order (AON Order). A Market or Limit Order that is to be executed in its entirety or not at all.

(3) Stop Order. A Stop Order is an order that becomes a Market Order when the market for a particular option contract reaches a specified price. A Stop Order to buy becomes a Market Order when the option contract trades at or above the stop price on OX or another Market Center or when the OX bid is quoted at or above the

stop price. A Stop Order to sell becomes a Market Order when the option contract trades at or below the stop price on OX or another Market Center or when the OX offer is quoted at or below the stop price. Stop Orders (including Stop Limit Orders) shall not have standing in any Order Process in the OX Book and shall not be displayed.

(4) Stop Limit Order. A Stop Limit Order is an order that becomes a Limit Order when the market for a particular option contract reaches a specified price. A Stop Limit Order to buy becomes a Limit Order when the option contract trades at or above the stop price on OX or another Market Center or when the OX bid is quoted at or above the stop price. A Stop Limit Order to sell becomes a Limit Order when the option contract trades at or below the stop price on OX or another Market Center or when the OX offer is quoted at or below the stop price.

(5) Stock Contingency Order. An option order the execution of which is contingent upon the last sale price as specified by the User of the underlying stock traded at the primary marketplace.

(f) Fill-or-Kill Order (FOK Order). A Limit Order that is to be executed in its entirety on OX as soon as such order is received, and if not so executed is to be cancelled.

(g) Day Order. An order to buy or sell which, if not executed, expires at the end of the day on which it was entered. All orders by their terms are Day Orders unless otherwise specified.

(h) Good-Till-Cancelled Order (GTC Order). An order to buy or sell that remains in force until the order is filled, cancelled or the option contract expires; provided, however,

that GTC Orders will be cancelled in the event of a corporate action that results in an adjustment to the terms of an option contract.

(i) NOW Order. A Limit Order that is to be executed in whole or in part on OX, and the portion not so executed shall be routed pursuant to Rule 6.76B only to one or more NOW Recipients for immediate execution as soon as the order is received by the NOW Recipient. Any portion not immediately executed by the NOW Recipient shall be cancelled. If a NOW Order is not marketable when it is submitted to OX, it shall be cancelled.

(j) PNP Order. A PNP Order (Post No Preference) is a Limit Order to buy or sell that is to be executed in whole or in part on the Exchange, and the portion not so executed is to be ranked in the OX Book, without routing any portion of the order to another market center; provided, however, the Exchange shall cancel a PNP Order that would lock or cross the NBBO.

(k) Mid-Point Crossing Order. An order to be crossed pursuant to Rule 6.47 at the mid-point price or better of the electronically disseminated BBO in the relevant option series; provided, however, that the mid-point must fall on an MPV. If the mid-point does not fall on an MPV, the Mid-Point Crossing Order will be cancelled.

* * *

Trading Rotations – PCX Plus

Rule 6.64(a)[.] A “trading rotation” is a process by which trading is initiated in a specified options class. Trading rotations may be employed at the opening and at the close of the Exchange each business day. Trading rotations, when held, will be conducted

by the Trading Official acting in such class of options. The rotations will be conducted in the following manner:

(b) – (g) – No Change.

* * *

OX Trading Auctions

6.64A(a) A “Trading Auction” is a process by which trading is initiated in a specified options class. Trading Auctions may be employed at the opening of the Exchange each business day or to re-open trading after a trading halt. Trading Auctions will be conducted automatically by the OX system. Trading Auctions will be conducted in the following manner:

OX Automated Opening Auction

(b) Establishing a Market for the Opening Auction. The system will accept market and limit orders and quotes for inclusion in the opening auction process (“Auction Process”) until such time as the Auction Process is initiated in that option series. Contingency orders will not participate in the Auction Process. Any eligible open orders residing in the OX Book from the previous trading session will be included in the Auction Process. After the primary market for the underlying security disseminates the opening trade or the opening quote, the related option series will be opened automatically based on the following principles and procedures:

(A) The system will determine a single price at which a particular option series will be opened.

(B) Orders and quotes in the system will be matched up with one another based on price-time priority; provided, however, that Orders will have priority over Market Maker quotes at the same price.

(C) Orders in the OX Book that were not executed during the Auction Process shall become eligible for the Core Trading Session immediately after the conclusion of the Auction Process.

(c) Determining the Opening Price for Option Issues Designated for Trading on OX. The opening price of a series will be the price, as determined by OX, at which the greatest number of contracts will trade at or nearest to the midpoint of the initial uncrossed NBBO disseminated by OPRA, if any, or the midpoint of the best quote bids and quote offers in the OX Book. Midpoint pricing of the Trading Auction will not occur if that price would result in an order or part of an order being traded through. Instead the Trading Auction will occur at that limit price, or, if the limit price is superior to the quoted market, within the range of 75% of the best quote bid and 125% of the best quote offer.

(d) Re-Opening After a Trading Halt. A Trading Auction will be conducted following the procedures described in paragraphs (a) through (c) of this Rule to reopen an option class after a trading halt.

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Priority and Order Allocation Procedures – Open Outcry

Rule 6.75(a) – (h) – No Change.

* * *

Priority and Order Allocation Procedures – PCX Plus

Rule 6.76(a) – (d) – No Change.

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Order Ranking and Display - OX

Rule 6.76A OX shall display to Users all non-marketable limit orders in the Display Order Process. OX also will disseminate current consolidated quotations/last sale information, and such other market information as may be made available from time to time pursuant to agreement between the Exchange and other Market Centers, consistent with the Plan for Reporting of Consolidated Options Last Sale Reports and Quotation Information.

(a) Ranking. Bids and offers of Users shall be ranked and maintained in the Display Order Process and/or Working Order Process of the OX Book according to price-time priority, such that within each price level, all bids and offers shall be organized by the time of entry in the following manner.

(1) Display Order Process. Within the Display Order Process:

(A) Limit Orders, with no other conditions, and quotes shall be ranked based on the specified price and the time of original order or quote entry.

(B) The displayed portion of Reserve Orders (not the reserve size) shall be ranked at the specified limit price and the time of order entry. When the displayed portion of the Reserve Order is decremented completely, the displayed portion of the Reserve Order shall be refreshed for

(i) the displayed amount; or

(ii) the entire reserve amount, if the remaining reserve amount is smaller than the displayed amount, from the reserve portion and

shall be submitted and ranked at the specified limit price and the new time that the displayed portion of the order was refreshed.

(C) Reserved.

(2) Working Order Process. Within the Working Order Process:

(A) The reserve portion of Reserve Orders shall be ranked based on the specified limit price and the time of original order entry. After the displayed portion of a Reserve Order is refreshed from the reserve portion, the reserve portion remains ranked based on the original time of order entry, while the displayed portion is sent to the Display Order Process with a new time-stamp.

(B) Reserved.

(C) All-or-None Orders shall be ranked based on the specified limit price and the time of order entry.

(D) Stop and Stop Limit Orders shall be ranked based on the specified stop price and the time of order entry.

(E) Stock Contingency Orders shall be ranked based on the specified limit price and the time of order entry.

(b) Display. Except as otherwise permitted by Rule 6.76A, all bids and offers at all price levels in the Display Order Process of the OX Book shall be displayed on an anonymous basis.

(c) Dissemination. The best-ranked displayed bids and offers to buy and the best ranked displayed bids and offers to sell in the OX Book and the aggregate displayed size of such bids and offers associated with such prices shall be collected and made available to

quotation vendors for dissemination pursuant to the requirements of Rule 602 under Regulation NMS.

* * *

Order Execution – OX

Rule 6.76B Like-priced bids and offers shall be matched for execution by following Steps 1 through 3 in this Rule; provided, however, for an execution to occur in any Order Process, the price must be equal to or better than the NBBO, unless OX has routed orders to away markets at the NBBO, where applicable.

(a) Step 1: Display Order Process.

(1) An incoming marketable bid or offer shall first attempt to be matched for execution against bids or offers in the Display Order Process at the display price of the resident bids or offers for the total amount of option contracts available at that price or for the size of the incoming order, whichever is smaller. For the purposes of this subsection, the size of an incoming Reserve Order includes the displayed and reserve size, and the size of the portion of the Reserve Order resident in the Display Order Process is equal to its displayed size. Incoming marketable bids and offers shall be allocated as follows:

(A) If there is an LMM quoting at the NBBO in the option series, the incoming marketable bid or offer will be matched against all Customer orders ranked ahead of the LMM, provided that such execution(s) must occur at a price equal to or better than the NBBO.

(i) The remaining balance of the incoming marketable bid or offer will be matched against the quote of the LMM, provided that the

LMM is quoting at a price equal to or better than the NBBO, for either: (a) an amount equal to 40% of the remaining balance of the incoming bid or offer up to the LMM's disseminated quote size; or (b) the LMM's share in the order of ranking, whichever is greater.

(ii) The remaining balance of the incoming marketable bid or offer will be matched against remaining orders and quotes in the Display Order Process in the order of their ranking.

(B) If there is no LMM quoting at the NBBO in the option series, the incoming marketable bid or offer will be matched against orders and quotes in the Display Order Process based upon their rankings.

(C) If the incoming marketable bid or offer has not been executed in its entirety in the Display Order Process, the remaining part of the order shall be routed to the Working Order Process.

(2) An incoming bid or offer that is not marketable against the Display Order Process shall enter the Working Order Process to be executed against any Working Orders at or better than the NBBO.

(b) Step 2: Working Order Process.

(1) An incoming marketable bid or offer shall be matched for execution against orders in the Working Order Process in the following manner:

(A) An incoming marketable bid or offer shall be matched against orders within the Working Order Process in the order of their ranking, at the price of the displayed portion (for all other Working Order types, at the limit

price), for the total amount of option contracts available at that price or for the size of the incoming bid or offer, whichever is smaller.

(B) If an incoming marketable order has not been executed in its entirety, the remaining part of the order may be routed away. If an order has been designated as an order type that is not eligible to be routed away, the order either will be placed in the OX Book or cancelled if such order would lock or cross the NBBO.

(c) Step 3: Routing Away.

(1) If an order has not been executed in its entirety pursuant to paragraphs (a) and (b) of this Rule and it has been designated as an order type that is eligible to be routed away, the order shall be routed for execution as follows:

(A) The order shall be routed, either in its entirety or as component orders, to another Market Center(s) as a limit order equal to the price and up to the size of the quote published by the Market Center(s). The remaining portion of the order, if any, shall be ranked and displayed in the OX Book in accordance with the terms of such order under Rule 6.76A and such order shall be eligible for execution under Rule 6.76B.

(B) A marketable Reserve Order may be routed serially as component orders, such that each component corresponds to the displayed size.

(2) The order that is routed away shall remain outside of OX for a prescribed period of time and may be executed in whole or in part subject to the applicable trading rules of the relevant Market Center.

(A) While an order remains outside of OX, it shall have no time standing, relative to other orders received from Users at the same price which may be executed against the OX Book.

(B) Requests from Users to cancel their orders while the order is routed away to another Market Center and remains outside OX shall be processed, subject to the applicable trading rules of the relevant Market Center and relevant Linkage Plan rules.

(C) Where an order or portion of an order is routed away and is not executed either in whole or in part at the other Market Center (i.e., all attempts at the fill are declined or timed-out), the order shall be ranked and displayed in the OX Book in accordance with the terms of such order under Rule 6.76A and such order shall be eligible for execution under Rule 6.76B.

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Lead Market Makers

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Lead Market Makers

Rule 6.82(a)[.] General Provisions:

(1) - (3) – No Change.

(b) – No Change.

(c) Obligations of Lead Market Makers:

Each LMM must meet the following obligations:

(1) - (3) – No Change.

(4) Fulfill general Market Maker obligations under [Rule 6.37] Rules 6.37, 6.37A and 6.37B;

(5) – (15) – No Change.

(d) Rights of Lead Market Makers:

(1) – No Change.

(2) *Guaranteed Participation*. LMMs in options issues traded on PCX Plus shall be allocated 40% participation (or such lesser percentage as the Exchange may establish as a condition in allocating an issue to an LMM) in transactions occurring at their disseminated bids and/or offers in their allocated issue(s). LMMs will be entitled to their 40% guaranteed participation on “open outcry” trades only when present in the trading crowd. LMM participation may be greater than 40% as a result of successful competition by means of “open outcry.” LMMs at their own discretion may direct some or all of their participation to competing public orders in the crowd. Public orders placed in the book shall take priority pursuant to Exchange rules. Oversight and enforcement shall be the responsibility of the Trading Official.

(e) – (g) – No Change.

(h) LMM Performance of Market Maker and Floor Broker Functions.

(1) – (2) – No Change.

(3) LMM Performance of Floor Broker Function in option issues traded on PCX Plus.

(a) – (b) – No Change.

Commentary: .01- .02 – No Change.

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Market Maker Orders Executed By Floor Brokers

Rule 6.85(a)[.] A Market Maker and any orders represented by a Floor Broker on behalf of the Market Maker may not be concurrently represented at a trading post.

(b) - (c) – No Change.

Commentary: .01 – .02 – No Change.

Intermarket Linkage

Rule 6.92. Definitions

(a) – No Change.

(1) – (6) – No change.

(7) “Eligible Market Maker,” with respect to an Eligible Option Class, means a market maker that:

(i) is assigned to, and is providing two-sided quotations in, the Eligible Option Class;

(ii) is logged on to participate in PCX Plus or OX in such Eligible Option Class; and

(iii) is in compliance with the requirements of Rule 6.95 (relating to limitation on principal order access).

(8) – (21) – No change.

Finally, satisfaction orders on OX will be handled in the same manner in which they currently are handled on PCX Plus.

* * *