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RULES OF THE NYSE ARCA, INC.

RULE 5-O OPTION CONTRACTS TRADED ON THE EXCHANGE

Section 3. Stock Index Options

Rule 5.12-O. Designation of the Index Broad-Based Index Options

Commentary:

.01 Initial Listing Criteria for MSCI EAFE Index (EAFE) and MSCI Emerging Markets Index (EM) Index Options

(a) The Exchange may list EAFE options and EM options for trading if each of the following conditions is satisfied:

- (1) The index is broad-based, as defined in Rule 5.10-O(b)(23);
- (2) Options on the index are designated as P.M.-settled index options;
- (3) The index is capitalization-weighted, price-weighted, modified capitalization-weighted or equal dollar-weighted;
- (4) The index consists of 500 or more component securities;
- (5) All of the component securities of the index have a market capitalization of greater than \$100 million;
- (6) No single component security accounts for more than 15% of the weight of the index, and the five highest weighted component securities in the index do not, in the aggregate, account for more than 50% of the weight of the index;
- (7) Non-U.S. component securities (stocks or ADRs) that are not subject to comprehensive surveillance agreements do not, in the aggregate, represent more than: (i) 25% of the weight of the EAFE Index (for EAFE options), and (ii) 27.5% of the weight of the EM Index (for EM options);

(8) During the time options on the index are traded on the Exchange, the current index value is widely disseminated at least once every 15 seconds by one or more major market data vendors. However, the Exchange may continue to trade EAFE options after trading in all component securities has closed for the day and the index level is no longer widely disseminated at least once every 15 seconds by one or more major market data vendors, provided that EAFE futures contracts are trading and prices for those contracts may be used as a proxy for the current index value;

(9) The Exchange reasonably believes it has adequate system capacity to support the trading of options on the index, based on a calculation of the Exchange's current Independent System Capacity Advisor (ISCA) allocation and the number of new messages per second expected to be generated by options on such index; and

(10) The Exchange has written surveillance procedures in place with respect to surveillance of trading of options on the index.

(b) The following continued listing standards shall apply to each class of index options originally listed pursuant to Commentary .01(a).

(1) The conditions set forth in Commentary .01(a)(1), (2), (3), (4), (8), (9) and (10) must continue to be satisfied. The conditions set forth in Commentary .01(a)(5) and (6) must be satisfied only as of the first day of January and July in each year. The condition set forth in Commentary .01(a)(7) must be satisfied as of the first day of the month following the Reporting Authority's review of the weighting of the constituents in the applicable index but in no case less than a quarterly basis; and

(2) The total number of component securities in the index may not increase or decrease by more than 35% from the number of component securities in the index at the time of its initial listing, except for the EM Index, in which the total number of component securities in the EM Index may not increase or decrease by more than 10% over the last six-month period.

In the event a class of index options listed on the Exchange fails to satisfy the continued listing standards set forth herein, the Exchange shall not open for trading any additional series of options of that class unless the continued listing of that class of index options has been approved by the Commission under Section 19(b)(2) of the Exchange Act.

Rule 5.15-O. Position Limits for Broad-Based Index Options

(a) Rule 6.8-O generally shall govern position limits for broad-based index options, as modified by this Rule 5.15-O. Except otherwise indicated below, the position limit for a broad-based index option shall be 25,000 contracts on the same side of the market in the same underlying index. There may be no position limit for certain Specified (as provided in Rule 5.15-O(a)(1)) broad-based index option contracts. Reduced-value options on broad based security indexes for which full-value options have no position and exercise

limits will similarly have no position and exercise limits. All other broad-based index options contracts shall be subject to a contract limitation fixed by the Exchange, which shall not be larger than the limits provided in the chart below:

<i>Broad-Based Underlying Index</i>	<i>Standard Limit (on the same side of the market)</i>	<i>Restrictions</i>
Mini FTSE 100 Index	250,000 contracts	No more than 150,000 near-term
Mini FTSE 250 Index	250,000 contracts	No more than 150,000 near-term
<u>MSCI EAFE Index</u>	<u>50,000 contracts</u>	<u>None</u>
<u>MSCI Emerging Markets Index</u>	<u>50,000 contracts</u>	<u>None</u>

1. There shall be no position limits for option contracts (including reduced value contracts) on the following Specified broad-based index(es); Russell 2000 Index (RUT), NASDAQ-100 Index (NDX).
 - (b) Index option contracts shall not be aggregated with option contracts on any stocks whose price are the basis for calculation of the index.
 - (c) Positions in reduced-value index options shall be aggregated with positions in full-value index options. For such purposes, ten (10) reduced-value options shall equal one (1) full-value contract.
 - (d) Capped-style index options shall be aggregated with standard option contracts on the same stock index group.
 - (e) Positions in One Week Option Series and Quarterly Options Series shall be aggregated with positions in options contracts on the same index.

Rule 5.19-O. Terms of Index Option Contracts

(a) General

(1) *Meaning of Premium Bids and Offers.* Bids and offers shall be expressed in terms of dollars and cents per unit of the index.

(2) *Exercise Prices.* The Exchange shall determine fixed point intervals of exercise prices for call and put options.

(3) *Expiration Months.* Index Option contracts may expire at three (3) month intervals or in consecutive months. The Exchange may list up to six (6) months at any one time, but will not list index options that expire more than twelve (12) months out.

(A) Notwithstanding the restriction in section (a)(3) above, the Exchange may list up to seven expiration months at any one time for any broad-based security index option

contracts (e.g., NDX, RUT) upon which any exchange calculates a constant three-month volatility index, and up to twelve expiration months at any one time for EAFE options and EM options.

(B) - (C) No Change.

(4) *"European-Style Exercise."* [Specified] The following European-style index options, some of which may be A.M.-settled as provided in subsection (a)(7) below, may be approved for trading on the Exchange[.]:

(i) MSCI EAFE Index (P.M.-settled)

(ii) MSCI Emerging Markets Index (P.M.-settled)

(5) - (7) No Change.

(b) *Index LEAPS Options Series.*

(1) Notwithstanding the provisions of subsection (a)(3) above, the Exchange may list index LEAPS options series that expire from twelve (12) to [sixty (60)] one hundred-eighty (180) months from the date of issuance.

(A) Index LEAPS options series may be based on either the full or reduced value of the underlying index. There may be up to ten (10) expiration months, none further out than sixty (60) months. Strike price interval, bid/ask differential and continuity Rules shall not apply to such options series until the time to expiration is less than twelve (12) months.

(B) When a new Index LEAPS options series is listed, such series will be opened for trading either when there is buying or selling interest, or forty (40) minutes prior to the close, whichever occurs first. No quotations will be posted for such options series until they are open for trading.

(2) No Change.

(c) *Procedures for Adding and Deleting Strike Prices.* The procedures for adding and deleting strike prices for index options are provided in Rule 6.4-O, as amended by the following:

(1) The interval between strike prices will be no less than \$5.00; provided, that in the case of the certain specified classes of index options enumerated in Rule 5.19-O(c)(5), the interval between strike prices will be no less than \$2.50. The interval between strike prices on One Week Option Series shall be the same as the strike prices for series in that same index option class that expire in accordance with the normal monthly expiration cycle.

(A) The interval between strike prices of series of options on the KBW Bank Index (“BKX”) will be \$1.00 or greater, subject to the following conditions:

- (i) **Initial Series.** The Exchange may list series at \$1.00 or greater strike price intervals for BKX, if the strike price is less than \$200, and will list at least two strike prices above and two strike prices below the current value of the index at about the time a series is opened for trading on the Exchange. The Exchange shall list strike prices for the index that are within 5 points from the closing value of the index on the preceding day.
- (ii) **Additional Series.** Additional series of BKX may be opened for trading in the Exchange when the Exchange deems it necessary to maintain an orderly market, to meet customer demand, or when the underlying index moves substantially from the initial exercise price or prices. To the extent that any additional strike prices are listed by the Exchange, such additional strike prices shall be within thirty percent (30%) above or below the closing value of the index. The Exchange may also open additional strike prices that are more than 30% above or below the current index value provided that demonstrated customer interest exists for such series, as expressed by institutional, corporate, or individual customers or their brokers. Market Makers trading for their own account shall not be considered when determining customer interest under this provision. In addition to the initial listed series, the Exchange may list up to sixty (60) additional series per expiration month for each series on BKX. In all cases, however, \$1.00 strike price intervals may be listed on BKX only where the strike price is less than \$200.
- (iii) The Exchange shall not list LEAPS on BKX at intervals less than \$2.50.
- (iv) **Delisting Policy.** With respect to BKX, the Exchange will regularly review series that are outside a range of five (5) strikes above and five (5) strikes below the current value of BKX, and may delist series with no open interest in both the put and the call series having a: (a) strike higher than the highest strike price with open interest in the put and/or call series for a given expiration month, and (b) strike lower than the lowest strike price with open interest in the put and/or call series for a given expiration month.
- (v) Notwithstanding the above delisting policy, customer requests to add strikes and/or maintain strikes in BKX eligible for delisting may be granted.

- (2) Except as provided for in Rule 6.4-O Commentary .07, new series of index option contracts may be added up to, but not on or after, the fourth business day prior to expiration for an option contract expiring on a business day, or, in the case of an option contract expiring on a day that is not a business day, the fifth business day prior to expiration.
- (3) When a new series of index options with a new expiration date are opened for trading, or when additional series of index options in an existing expiration date are opened for trading as the current value of the underlying index to which such series relate moves substantially from the exercise prices of series already opened, the exercise prices of such new or additional series shall be reasonably related to the current value of the underlying index at the time such series are first opened for trading. In the case of all classes of index options, the term "reasonably related to the current value of the underlying index" shall have the meaning set forth in subsection (c)(4) below.
- (4) Notwithstanding any other provision of this subsection (c), the Exchange may open for trading additional series of the same class of index options as the current index value of the underlying index moves substantially from the exercise price of those index options that already have been opened for trading on the Exchange. The exercise price of each series of index options opened for trading on the Exchange shall be reasonably related to the current index value of the underlying index to which such series relates at or about the time such series of options is first opened for trading on the Exchange. The term "reasonably related to the current value of the underlying index" means that the exercise price is within thirty percent (30%) of the current index value. The Exchange may also open for trading additional series of index options that are more than thirty percent (30%) away from the current index value, provided that demonstrated customer interest exists for such series, as expressed by institutional, corporate, or individual customers or their broker. Market Makers trading for their own account shall not be considered when determining customer interest under this provision.
- (5) Notwithstanding Rule 5.19-O(c)(1), (c)(3) and (c)(4), the interval between strike prices for options on the following indexes will be no less than \$2.50:
- (i) MSCI EAFE Index, if the strike price is less than \$200.00
 - (ii) MSCI Emerging Markets Index, if the strike price is less than \$200.00
- (d) - (e) No Change.

Rule 5.20-O. Trading Sessions

- (a) *Days and Hours of Business.* The Board of Directors has resolved that, except as otherwise provided in this Rule or under unusual conditions as may be determined by the Board or its designee, transactions in index options may be effected on the Exchange between the hours of 6:30 a.m. and 1:15 p.m. Pacific time, except as

provided in Commentary .01. With respect to options on foreign indexes, the Board or its designee shall determine the days and hours of business.

Commentary:

.01 Transactions in MSCI EAFE Index options and MSCI Emerging Markets Index options may be effected on the Exchange between the hours of 9:30 a.m. and 4:00 p.m. New York Time.

.02 The last trading day for the following options will be the business day prior to the expiration date of the specific series:

MSCI EAFE Index options

MSCI Emerging Markets Index options

Rule 5.22-O. Disclaimers

(a) - (b) No Change.

Commentary:

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

Underlying Index	Reporting Authority
FTSE 100 Index	FTSE International Limited
FTSE 250 Index	FTSE International Limited
NASDAQ-100 Index	NASDAQ OMX Group, Inc.
Mini Nasdaq-100 Index	NASDAQ OMX Group, Inc.
<u>MSCI EAFE Index (EAFE)</u>	<u>MSCI, Inc.</u>
<u>MSCI Emerging Markets Index (EM)</u>	<u>MSCI, Inc.</u>

Section 4. Flexible Exchange (“FLEX”) Options

Rule 5.35-O. Position Limits for FLEX Options

(a) *FLEX Index Options.* (i) In determining compliance with Rule 5.16-O, FLEX Index Options shall be subject to FLEX contract position limitations fixed by the Exchange. In no event shall those limits exceed in the aggregate 200,000 contracts on the same side of the market.

(ii) At the close of trading two business days prior to the last day of trading of the calendar quarter, positions in p.m. settled FLEX Index Options (i.e., options having a settlement value that is determined by the level of the index at the close of trading on the last trading day before expiration) shall be aggregated with positions in Quarterly Index Options on the same index with the same expiration shall be subject to the position limits set forth in Rule 5.16-O(a).

(iii) Aggregation of Positions. Except as provided in Rule 5.35-O(a)(ii) above, and in (A) below, FLEX Option positions shall not be aggregated with positions in Non-FLEX Options, and positions in FLEX Index Options on a given index shall not be aggregated with options on any stocks included in the index or with FLEX Index Options positions on another index.

(A) As long as the options positions remain open, positions in FLEX Index Options that expire on a third Friday-of-the-month expiration day shall be aggregated with positions in Non-FLEX Index Options on the same underlying security ("comparable Non-FLEX Index Options") and shall be subject to the position limits set forth in Rule 5.15-O and 5.16-O, and the exercise limits set forth in Rule 5.18-O

(iv) The position limits for FLEX Index options on the MSCI EAFE Index and the MSCI Emerging Markets Index are equal to the position limits for Non-FLEX options on the MSCI EAFE Index and the MSCI Emerging Markets Index.

Rule 6-O OPTIONS TRADING

Rule 6.4-O. Series of Options Open for Trading

(a) - (e) No Change.

Commentary:

.01 - .06 No Change.

.07 Short Term Option Series Program.

(a) After an option class has been approved for listing and trading on the Exchange, the Exchange may open for trading on any Thursday or Friday that is a business day ("Short Term Option Opening Date") series of options on that class that expire on each of the next five Fridays that are business days and are not Fridays in which standard expiration options series, Monthly Options Series, or Quarterly Options Series expire ("Friday Short Term Option Expiration Dates"). The Exchange may have no more than a total of five Friday Short Term Option Expiration Dates ("Short Term Option Weekly Expirations"). If the Exchange is not open for business on the respective Thursday or Friday, the Short Term Option Opening Date for Short Term Option Weekly Expirations will be the first business day immediately prior to that respective Thursday or Friday. Similarly, if the Exchange is not open for business on the Friday of the following business week, the Short Term Option Expiration Date for Short Term Weekly Expirations will be the first business day immediately prior to that Friday. Short Term Option Series shall be P.M. settled, except for Short Term Option Series on indexes. Short Term Option Series on indexes shall be A.M. settled.

Notwithstanding the above, Short Term Option Series on the MSCI EAFE Index and the MSCI Emerging Markets Index will be P.M. settled, and the Exchange may have up to twelve (12) Short Term Option Weekly Expirations in such series.

For each option class eligible for participation in the Short Term Option Series Program, the Exchange may open up to 30 Short Term Option Series for each expiration date in that class. The Exchange may also open Short Term Option Series that are opened by other securities exchanges in option classes selected by such exchanges under their respective short term option rules.

No Short Term Option Series (with the exception of Short Term Option Daily Expirations) may expire in the same week in which standard expiration options series on the same class expire or, in the case of Monthly Options Series or Quarterly Options Series, on an expiration that coincides with an expiration of Monthly or Quarterly Option Series on the same class.
