

Required fields are shown with yellow backgrounds and asterisks.

Filing by NYSE MKT LLC.
Pursuant to Rule 19b-4 under the Securities Exchange Act of 1934

Initial *	Amendment *	Withdrawal	Section 19(b)(2) *	Section 19(b)(3)(A) *	Section 19(b)(3)(B) *
<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Pilot <input type="checkbox"/>			Rule		
Extension of Time Period for Commission Action * <input type="checkbox"/>			<input type="checkbox"/> 19b-4(f)(1)	<input type="checkbox"/> 19b-4(f)(4)	
Date Expires * <input type="text"/>			<input type="checkbox"/> 19b-4(f)(2)	<input type="checkbox"/> 19b-4(f)(5)	
			<input type="checkbox"/> 19b-4(f)(3)	<input checked="" type="checkbox"/> 19b-4(f)(6)	

Notice of proposed change pursuant to the Payment, Clearing, and Settlement Act of 2010	Security-Based Swap Submission pursuant to the Securities Exchange Act of 1934
Section 806(e)(1) <input type="checkbox"/>	Section 3C(b)(2) <input type="checkbox"/>
Section 806(e)(2) <input type="checkbox"/>	

Exhibit 2 Sent As Paper Document <input type="checkbox"/>	Exhibit 3 Sent As Paper Document <input type="checkbox"/>
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Description

Provide a brief description of the action (limit 250 characters, required when Initial is checked *).

Proposal to list and trade option contracts overlying 10 shares of a security

Contact Information

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

First Name * Christopher Last Name * Twomey

Title * Senior Counsel NYSE Regulation Inc

E-mail * ctwomey@nyx.com

Telephone * (212) 656-5005 Fax (212) 656-2223

Signature

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

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

(Title *)

Date 03/05/2013 Corporate Secretary

By Janet McGinness

(Name *)

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

Janet McGinness, jmcginness@nyx.com

SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

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

Form 19b-4 Information *

Add Remove View

The self-regulatory organization must provide all required information, presented in a clear and comprehensible manner, to enable the public to provide meaningful comment on the proposal and for the Commission to determine whether the proposal is consistent with the Act and applicable rules and regulations under the Act.

Exhibit 1 - Notice of Proposed Rule Change *

Add Remove View

The Notice section of this Form 19b-4 must comply with the guidelines for publication in the Federal Register as well as any requirements for electronic filing as published by the Commission (if applicable). The Office of the Federal Register (OFR) offers guidance on Federal Register publication requirements in the Federal Register Document Drafting Handbook, October 1998 Revision. For example, all references to the federal securities laws must include the corresponding cite to the United States Code in a footnote. All references to SEC rules must include the corresponding cite to the Code of Federal Regulations in a footnote. All references to Securities Exchange Act Releases must include the release number, release date, Federal Register cite, Federal Register date, and corresponding file number (e.g., SR-[SRO]-xx-xx). A material failure to comply with these guidelines will result in the proposed rule change being deemed not properly filed. See also Rule 0-3 under the Act (17 CFR 240.0-3)

Exhibit 1A- Notice of Proposed Rule Change, Security-Based Swap Submission, or Advance Notice by Clearing Agencies

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The Notice section of this Form 19b-4 must comply with the guidelines for publication in the Federal Register as well as any requirements for electronic filing as published by the Commission (if applicable). The Office of the Federal Register (OFR) offers guidance on Federal Register publication requirements in the Federal Register Document Drafting Handbook, October 1998 Revision. For example, all references to the federal securities laws must include the corresponding cite to the United States Code in a footnote. All references to SEC rules must include the corresponding cite to the Code of Federal Regulations in a footnote. All references to Securities Exchange Act Releases must include the release number, release date, Federal Register cite, Federal Register date, and corresponding file number (e.g., SR-[SRO]-xx-xx). A material failure to comply with these guidelines will result in the proposed rule change, security-based swap submission, or advance notice being deemed not properly filed. See also Rule 0-3 under the Act (17 CFR 240.0-3)

Exhibit 2 - Notices, Written Comments, Transcripts, Other Communications

Add Remove View

Exhibit Sent As Paper Document

Copies of notices, written comments, transcripts, other communications. If such documents cannot be filed electronically in accordance with Instruction F, they shall be filed in accordance with Instruction G.

Exhibit 3 - Form, Report, or Questionnaire

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Exhibit Sent As Paper Document

Copies of any form, report, or questionnaire that the self-regulatory organization proposes to use to help implement or operate the proposed rule change, or that is referred to by the proposed rule change.

Exhibit 4 - Marked Copies

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The full text shall be marked, in any convenient manner, to indicate additions to and deletions from the immediately preceding filing. The purpose of Exhibit 4 is to permit the staff to identify immediately the changes made from the text of the rule with which it has been working.

Exhibit 5 - Proposed Rule Text

Add Remove View

The self-regulatory organization may choose to attach as Exhibit 5 proposed changes to rule text in place of providing it in Item I and which may otherwise be more easily readable if provided separately from Form 19b-4. Exhibit 5 shall be considered part of the proposed rule change.

Partial Amendment

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If the self-regulatory organization is amending only part of the text of a lengthy proposed rule change, it may, with the Commission's permission, file only those portions of the text of the proposed rule change in which changes are being made if the filing (i.e. partial amendment) is clearly understandable on its face. Such partial amendment shall be clearly identified and marked to show deletions and additions.

1. Text of the Proposed Rule Change

- (a) Pursuant to the provisions of Section 19(b)(1) of the Securities Exchange Act of 1934 (the “Act”)¹ and Rule 19b-4 thereunder,² NYSE MKT LLC (“NYSE MKT” or the “Exchange”), on behalf of NYSE Amex Options LLC (“NYSE Amex Options”), is proposing to list and trade option contracts overlying 10 shares of a security (“mini-options contracts”).

A notice of the proposed rule change for publication in the Federal Register is attached hereto as Exhibit 1 and the text of the proposed rule change is attached as Exhibit 5. A copy of this filing is available on the Exchange’s website at www.nyse.com, at the Exchange’s principal office, and at the Public Reference Room of the Securities and Exchange Commission (“Commission”).

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

2. Procedures of the Self-Regulatory Organization

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

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

Christopher Twomey
Senior Counsel
NYSE Regulation
(212) 656-5005

Peter G. Armstrong
Managing Director, Options
NYSE Euronext
(415) 393-4232

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

- (a) Purpose

The Exchange is proposing to list and trade option contracts overlying 10 shares of a security (“mini-options contracts”) and implement rule text necessary to

¹ 15 U.S.C. 78s(b)(1).

² 17 CFR 240.19b-4.

integrate mini-options contracts with contracts overlying 100 shares (“standard contracts”) of the same security. Whereas standard contracts represent a deliverable of 100 shares of an underlying security, mini-options contracts would represent a deliverable of 10 shares. The Exchange proposes to initially list and trade mini-options contracts overlying five high priced securities for which the standard contract overlying the same security exhibits significant liquidity.³ The Exchange believes that investors would benefit from the availability of mini-options contracts by making options overlying high priced securities more readily available as an investing tool and at more affordable and realistic prices, most notably for the average retail investor.

For example, with Apple Inc. (“AAPL”) trading at \$605.85 on March 21, 2012, (\$60,585 for 100 shares underlying a standard contract), the 605 level call expiring on March 23 was trading at \$7.65. The cost of the standard contract overlying 100 shares would be \$765, which is substantially higher in notional terms than the average equity option price of \$250.89.⁴ Proportionately equivalent mini-options contracts on AAPL would provide investors with the ability to manage and hedge their portfolio risk on their underlying investment, at a price of \$76.50 per contract. In addition, investors who hold a position in AAPL at less than the round lot size would still be able to avail themselves of options to manage their portfolio risk. For example, the holder of 50 shares of AAPL could write covered calls for five mini-options contracts. The table below demonstrates the proposed differences between a mini-options contract and a standard contract with a strike price of \$125 per share and a bid or offer of \$3.20 per share:

	Standard	Mini
Share Deliverable Upon Exercise	100 shares	10 shares
Strike Price	125	125
Bid/Offer	3.20	3.20

³ The Exchange proposes that mini-options contracts would be listed in only five issues, specifically SPDR S&P 500 (SPY), Apple, Inc. (AAPL), SPDR Gold Trust (GLD), Google Inc. (GOOG), and Amazon.com Inc. (AMZN). These issues were selected because they are priced greater than \$100 and are among the most actively traded issues, in that the standard contract exhibits average daily volume (“ADV”) over the previous three calendar months of at least 45,000 contracts, excluding LEAPS and FLEX series. The Exchange notes that any expansion of the program would require that a subsequent proposed rule change be submitted with the Commission.

⁴ A high priced underlying security may have relatively expensive options, because a low percentage move in the share price may mean a large movement in the options in terms of absolute dollars. Average non-FLEX equity option premium per contract January 1 – December 31, 2011. See <http://www.theocc.com/webapps/monthly-volume-reports?reportClass=equity>

Premium Multiplier	\$100	\$10
Total Value of Deliverable	\$12,500	\$1,250
Total Value of Contract	\$320	\$32

The Exchange currently lists and trades standardized option contracts on a number of equities and Exchange-Traded Funds (“ETFs”) each with a unit of trading of 100 shares. Except for the difference in the number of deliverable shares, the proposed mini-options contracts would have the same terms and contract characteristics as regular-sized equity and ETF options, including exercise style. All existing rules applicable to options on equities and ETFs would apply to mini-options contracts, except with respect to position and exercise limits and hedge exemptions to those position limits, which would be tailored for the smaller size. Pursuant to proposed amendments to Rule 904, position limits applicable to a regular-sized option contract would also apply to the mini-options contracts on the same underlying security, with 10 mini-options contracts counting as one regular-sized contract. Positions in both the regular-sized option contract and mini-options contracts on the same security will be combined for purposes of calculating positions.

Also, of note, the Commission has approved an earlier proposal of the Exchange to list and trade option contracts overlying a number of shares other than 100.⁵ Moreover, the concept of listing and trading parallel options products of reduced values and sizes on the same underlying security is not novel. For example, parallel product pairs on a full-value and reduced-value basis are currently listed on the S&P 500 Index (“SPX” and “XSP,” respectively), the Nasdaq 100 Index (“NDX” and “MNX,” respectively) and the Russell 2000 Index (“RUT” and “RMN,” respectively).

The Exchange believes that the proposal to list and trade mini-options contracts will not lead to investor confusion. There are two important distinctions between mini options and standard options that are designed to ease the likelihood of any investor confusion. First, the premium multiplier for the proposed mini-options contracts will be 10, rather than 100, to reflect the smaller unit of trading. To reflect this change, the Exchange proposes to add Rule 959NY(c) which notes that bids and offers for an option contract overlying 10 shares will be expressed in terms of dollars per 1/10th part of the total value of the contract. Thus, an offer of “.50” shall represent an offer of \$5.00 on an options contract having a unit of trading consisting of 10 shares. Additionally, the Exchange intends to designate mini-options contracts with different trading symbols than those designated for regular-sized contracts.⁶ Moreover, the Exchange believes that the terms of mini-

⁵ See Securities Exchange Act Release No.40157 (July 1, 1998), 63 FR 37426 (July 10, 1998) (SR-Amex-96-44).

⁶ OCC Symbology is structured for contracts with other than 100 shares to be designated with a numerical suffix to the standard trading symbol, i.e., AAPL8.

options contracts are consistent with the terms of the Options Disclosure Document.

The Exchange recognizes the need to differentiate mini-options contracts from standard options and therefore is proposing the following changes to its rules.

The Exchange proposes to add Commentary .01 to Rule 901 (Option Contracts to Be Traded) to reflect that, in addition to option contracts with a unit of trading of 100 shares, the Exchange may list option contracts overlying 10 shares of SPDR S&P 500 (SPY), Apple, Inc. (AAPL), SPDR Gold Trust (GLD), Google Inc. (GOOG), and Amazon.com Inc. (AMZN) for all expirations applicable to 100 share options on each underlying security. The Exchange believes that these five securities are appropriate because they are high priced securities for which there is already significant options liquidity and therefore significant customer demand.

The Exchange also proposes to add Commentary .15 to Rule 903 (Series of Options Open for Trading) to list series of mini-options provided that the underlying security has been designated as eligible under Rule 901, Commentary .01. Also, the Exchange proposes to not permit the listing of additional series of mini-options contracts if the underlying is trading at \$90 or less to limit the number of strikes once the underlying is no longer a high priced security. The Exchange proposes a \$90.01 minimum for continued qualification so that additional mini-options strikes may be added even though the underlying has fallen slightly below the initial qualification standard. In addition, the underlying security must be trading above \$90 for five consecutive days before the listing of mini-options contracts in a new expiration month. This restriction will allow the Exchange to list mini-options strikes without disruption when a new expiration month is added even if the underlying has had a minor decline in price.

The Exchange also proposes to add Commentary .14 to Rule 904 (Position Limits) to reflect that, for purposes of compliance with the Position Limits of Rules 904, ten mini-options contracts will equal one standard contract overlying 100 shares.

The Exchange also proposes to add subsection (c) to Rule 959NY (Meaning of Premium Bids and Offers) to extend the explanation of bids and offers with respect to mini-options contracts and also remove references to Exchange-Traded Fund Shares, because other types of underlying securities have options traded on them.

Mini-options with non-standard expiration dates (e.g., weekly series, quarterly option series and LEAPs) will be permitted under this proposal and in accordance with relevant Exchange rules. The Exchange may list mini-options on SPY, AAPL, GLD, GOOG and AMZN for all expirations applicable to 100-share options on the same underlying.⁷

⁷ See Securities Exchange Act Release No. 67948 (September 28, 2012) 77 FR

The Exchange's rules that apply to the trading of standard options would apply to mini-options and the Exchange's market maker quoting obligations would apply to mini-options.⁸ Intermarket trade-through protection would apply to mini-options; however, price protection would not apply across standard and mini-options on an intramarket basis.⁹

With regard to the impact of this proposal on system capacity, the Exchange has analyzed its capacity and represents that it and the Options Price Reporting Authority have the necessary systems capacity to handle the potential additional traffic associated with the listing and trading of mini-options contracts. The Exchange has further discussed the proposed listing and trading of mini-options contracts with the OCC, which has represented that it is able to accommodate the proposal.¹⁰

(b) Statutory Basis

The Exchange believes the proposed rule change is consistent with Section 6(b)¹¹ of the Securities Exchange Act of 1934 (the "Act"), in general, and furthers the objectives of Section 6(b)(5),¹² in particular, because it is designed to promote just and equitable principles of trade, to prevent fraudulent and manipulative acts, to remove impediments to and to perfect the mechanism for a free and open market and a national market system and, in general, to protect investors and the public interest. Specifically, the Exchange believes that investors would benefit from the availability of mini-options contracts by making options on high priced securities more readily available as an investing tool and at more affordable and realistic prices, most notably for the average retail investor. As described above, the proposal contains a number of features designed to protect investors by reducing investor confusion, such as the mini-options contracts being designated

60735 at 60737 (October 4, 2012) (Notice of Filing of Amendments No. 1 and Order Granting Accelerated Approval of Proposed Rule Changes as Modified by Amendments No. 1 to List and Trade Option Contracts Overlying 10 Shares of Certain Securities) (SR-NYSEArca-2012-64 and SR-ISE-2012-58).

⁸ See 77 FR at 60738.

⁹ See 77 FR at 60738.

¹⁰ The Exchange notes that the current schedule of Fees will not apply to the trading of mini-options contracts. The Exchange will not commence trading of mini-option contracts until specific fees for mini-options contracts trading have been filed with the Commission.

¹¹ 15 U.S.C. 78f(b).

¹² 15 U.S.C. 78f(b)(5).

by different trading symbols from their related standard contracts.¹³ Moreover, the proposal is designed to protect investors and the public interest by providing investors with an enhanced tool to reduce risk in high priced securities. In particular, the proposed contracts will provide retail customers who invest in high priced issues in lots of less than 100 shares with a means of protecting their investments that is presently only available to those who have positions of 100 shares or more. Further, the proposal currently is limited to five high priced securities for which there is already significant options liquidity, and therefore significant customer demand and trading volume.

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

This proposed rule change does not impose any burden on competition that is not necessary or appropriate in furtherance of the purposes of the Act. In this regard and as indicated below, the Exchange notes that the rule change is being proposed as a competitive response to recently approved rule amendments by other options exchanges. The Exchange believes this proposed rule change is necessary to permit fair competition among the options exchanges.

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

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

6. Extension of Time Period for Commission Action

Not applicable.

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

Pursuant to Section 19(b)(3)(A) of the Act¹⁴ and Rule 19b-4(f)(6)¹⁵ thereunder, the Exchange has designated this proposal as one that effects a change that: (i) does not significantly affect the protection of investors or the public interest; (ii) does not impose any significant burden on competition; and (iii) by its terms, does not become operative for 30 days after the date of the filing, or such shorter time as the Commission may designate if consistent with the protection of investors and the public interest. Mini-options contracts are currently approved to trade on the International Securities Exchange LLC ("ISE"), NYSE Arca, NASDAQ OMX PHLX LLC ("PHLX") and Chicago Board Options Exchange ("CBOE").¹⁶ The

¹³ See supra note 7.

¹⁴ 15 U.S.C. 78s(b)(3)(A).

¹⁵ 17 CFR 240.19b-4(f)(6).

¹⁶ See 77 FR 60735; No. 68132 (November 1, 2012), 77 FR 66904 (November 7,

Exchange would likewise desire to list and trade these products in order that investors will have multiple venues to transact mini-options contracts.

Rule 19b-4(f)(6) requires a self-regulatory organization to give the Commission written notice of its intent to file the proposed rule change at least five business days prior to the date of filing of the proposed rule change, or such shorter time as designated by the Commission. The Exchange has satisfied this requirement. Furthermore, a proposed rule change filed pursuant to Rule 19b-4(f)(6) under the Act¹⁷ normally does not become operative for 30 days after the date of its filing. However, Rule 19b-4(f)(6)¹⁸ permits the Commission to designate a shorter time if such action is consistent with the protection of investors and the public interest. The Exchange has requested that the Commission waive the 30-day operative delay and designate the proposed rule change to become operative upon filing. The Exchange believes that in order to remain competitive with ISE, NYSE Arca, PHLX and CBOE, the Exchange would need to also list and trade options contracts overlying 10 shares of certain securities as soon as it is able and therefore requests the waiver of the operative delay.

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

The proposed rule change is based on recently approved rule amendments by ISE, NYSE Arca, PHLX and CBOE.¹⁹

9 Security-Based Swap Submissions Filed Pursuant to Section 3C of the Act

Not applicable.

10. Advance Notices Filed Pursuant to Section 806(e) of the Payment, Clearing and Settlement Supervision Act

Not applicable.

11. Exhibits

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

2012) (SR-Phlx-2012-126); No. 68656 (January 15, 2013), 78 FR 4526 (January 22, 2013) (SR-CBOE-2013-001).

¹⁷ 17 CFR 240.19b-4(f)(6).

¹⁸ 17 CFR 240.19b-4(f)(6).

¹⁹ See Securities Exchange Act Release Nos. 67948 (September 28, 2012), 77 FR 60735 (October 4, 2012) (SR-NYSE-Arca-2012-64) (SR-ISE-2012-58); No. 68132 (November 1, 2012), 77 FR 66904 (November 7, 2012) (SR-Phlx-2012-126); No. 68656 (January 15, 2013), 78 FR 4526 (January 22, 2013) (SR-CBOE-2013-001).

Exhibit 5 – Proposed Rule Text

SECURITIES AND EXCHANGE COMMISSION
 (Release No. 34- ; File No. SR-NYSEMKT-2013-23)

[Date]

Self-Regulatory Organizations; NYSE MKT LLC; Notice of Filing and Immediate Effectiveness of Proposed Rule Change to List and Trade Option Contracts Overlying 10 Shares of a Security

Pursuant to Section 19(b)(1)¹ of the Securities Exchange Act of 1934 (the “Act”)² and Rule 19b-4 thereunder,³ notice is hereby given that on March 5, 2013, NYSE MKT LLC (the “Exchange” or “NYSE MKT”) filed with the Securities and Exchange Commission (the “Commission”) the proposed rule change as described in Items I, II, and III below, which Items have been prepared by the self-regulatory organization. The Commission is publishing this notice to solicit comments on the proposed rule change from interested persons.

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

The Exchange proposes to list and trade option contracts overlying 10 shares of a security (“mini-options contracts). The text of the proposed rule change is available on the Exchange’s website at www.nyse.com, at the principal office of the Exchange, and at the Commission’s Public Reference Room.

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

In its filing with the Commission, the self-regulatory organization included

¹ 15 U.S.C.78s(b)(1).

² 15 U.S.C. 78a.

³ 17 CFR 240.19b-4.

statements concerning the purpose of, and basis for, the proposed rule change and discussed any comments it received on the proposed rule change. The text of those statements may be examined at the places specified in Item IV below. The Exchange has prepared summaries, set forth in sections A, B, and C below, of the most significant parts of such statements.

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

1. Purpose

The Exchange is proposing to list and trade option contracts overlying 10 shares of a security ("mini-options contracts") and implement rule text necessary to integrate mini-options contracts with contracts overlying 100 shares ("standard contracts") of the same security. Whereas standard contracts represent a deliverable of 100 shares of an underlying security, mini-options contracts would represent a deliverable of 10 shares. The Exchange proposes to initially list and trade mini-options contracts overlying five high priced securities for which the standard contract overlying the same security exhibits significant liquidity.⁴ The Exchange believes that investors would benefit from the availability of mini-options contracts by making options overlying high priced securities more readily available as an investing tool and at more affordable and realistic prices, most notably for the average retail investor.

⁴ The Exchange proposes that mini-options contracts would be listed in only five issues, specifically SPDR S&P 500 (SPY), Apple, Inc. (AAPL), SPDR Gold Trust (GLD), Google Inc. (GOOG), and Amazon.com Inc. (AMZN). These issues were selected because they are priced greater than \$100 and are among the most actively traded issues, in that the standard contract exhibits average daily volume ("ADV") over the previous three calendar months of at least 45,000 contracts, excluding LEAPS and FLEX series. The Exchange notes that any expansion of the program would require that a subsequent proposed rule change be submitted with the Commission.

For example, with Apple Inc. (“AAPL”) trading at \$605.85 on March 21, 2012, (\$60,585 for 100 shares underlying a standard contract), the 605 level call expiring on March 23 was trading at \$7.65. The cost of the standard contract overlying 100 shares would be \$765, which is substantially higher in notional terms than the average equity option price of \$250.89.⁵ Proportionately equivalent mini-options contracts on AAPL would provide investors with the ability to manage and hedge their portfolio risk on their underlying investment, at a price of \$76.50 per contract. In addition, investors who hold a position in AAPL at less than the round lot size would still be able to avail themselves of options to manage their portfolio risk. For example, the holder of 50 shares of AAPL could write covered calls for five mini-options contracts. The table below demonstrates the proposed differences between a mini-options contract and a standard contract with a strike price of \$125 per share and a bid or offer of \$3.20 per share:

	Standard	Mini
Share Deliverable Upon Exercise	100 shares	10 shares
Strike Price	125	125
Bid/Offer	3.20	3.20
Premium Multiplier	\$100	\$10
Total Value of Deliverable	\$12,500	\$1,250
Total Value of Contract	\$320	\$32

The Exchange currently lists and trades standardized option contracts on a number of equities and Exchange-Traded Funds (“ETFs”) each with a unit of trading of 100 shares. Except for the difference in the number of deliverable shares, the proposed mini-options contracts would have the same terms and contract characteristics as regular-

⁵ A high priced underlying security may have relatively expensive options, because a low percentage move in the share price may mean a large movement in the options in terms of absolute dollars. Average non-FLEX equity option premium per contract January 1 – December 31, 2011. *See* <http://www.theocc.com/webapps/monthly-volume-reports?reportClass=equity>

sized equity and ETF options, including exercise style. All existing rules applicable to options on equities and ETFs would apply to mini-options contracts, except with respect to position and exercise limits and hedge exemptions to those position limits, which would be tailored for the smaller size. Pursuant to proposed amendments to Rule 904, position limits applicable to a regular-sized option contract would also apply to the mini-options contracts on the same underlying security, with 10 mini-options contracts counting as one regular-sized contract. Positions in both the regular-sized option contract and mini-options contracts on the same security will be combined for purposes of calculating positions.

Also, of note, the Commission has approved an earlier proposal of the Exchange to list and trade option contracts overlying a number of shares other than 100.⁶ Moreover, the concept of listing and trading parallel options products of reduced values and sizes on the same underlying security is not novel. For example, parallel product pairs on a full-value and reduced-value basis are currently listed on the S&P 500 Index (“SPX” and “XSP,” respectively), the Nasdaq 100 Index (“NDX” and “MNX,” respectively) and the Russell 2000 Index (“RUT” and “RMN,” respectively).

The Exchange believes that the proposal to list and trade mini-options contracts will not lead to investor confusion. There are two important distinctions between mini options and standard options that are designed to ease the likelihood of any investor confusion. First, the premium multiplier for the proposed mini-options contracts will be 10, rather than 100, to reflect the smaller unit of trading. To reflect this change, the Exchange proposes to add Rule 959NY(c) which notes that bids and offers for an option

⁶ See Securities Exchange Act Release No.40157 (July 1, 1998), 63 FR 37426 (July 10, 1998) (SR-Amex-96-44).

contract overlying 10 shares will be expressed in terms of dollars per 1/10th part of the total value of the contract. Thus, an offer of “.50” shall represent an offer of \$5.00 on an options contract having a unit of trading consisting of 10 shares. Additionally, the Exchange intends to designate mini-options contracts with different trading symbols than those designated for regular-sized contracts.⁷ Moreover, the Exchange believes that the terms of mini-options contracts are consistent with the terms of the Options Disclosure Document.

The Exchange recognizes the need to differentiate mini-options contracts from standard options and therefore is proposing the following changes to its rules.

The Exchange proposes to add Commentary .01 to Rule 901 (Option Contracts to Be Traded) to reflect that, in addition to option contracts with a unit of trading of 100 shares, the Exchange may list option contracts overlying 10 shares of SPDR S&P 500 (SPY), Apple, Inc. (AAPL), SPDR Gold Trust (GLD), Google Inc. (GOOG), and Amazon.com Inc. (AMZN) for all expirations applicable to 100 share options on each underlying security. The Exchange believes that these five securities are appropriate because they are high priced securities for which there is already significant options liquidity and therefore significant customer demand.

The Exchange also proposes to add Commentary .15 to Rule 903 (Series of Options Open for Trading) to list series of mini-options provided that the underlying security has been designated as eligible under Rule 901, Commentary .01. Also, the Exchange proposes to not permit the listing of additional series of mini-options contracts if the underlying is trading at \$90 or less to limit the number of strikes once the

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underlying is no longer a high priced security. The Exchange proposes a \$90.01 minimum for continued qualification so that additional mini-options strikes may be added even though the underlying has fallen slightly below the initial qualification standard. In addition, the underlying security must be trading above \$90 for five consecutive days before the listing of mini-options contracts in a new expiration month. This restriction will allow the Exchange to list mini-options strikes without disruption when a new expiration month is added even if the underlying has had a minor decline in price.

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The Exchange also proposes to add subsection (c) to Rule 959NY (Meaning of Premium Bids and Offers) to extend the explanation of bids and offers with respect to mini-options contracts and also remove references to Exchange-Traded Fund Shares, because other types of underlying securities have options traded on them.

Mini-options with non-standard expiration dates (e.g., weekly series, quarterly option series and LEAPs) will be permitted under this proposal and in accordance with relevant Exchange rules. The Exchange may list mini-options on SPY, AAPL, GLD, GOOG and AMZN for all expirations applicable to 100-share options on the same underlying.⁸

The Exchange's rules that apply to the trading of standard options would apply to

⁸ See Securities Exchange Act Release No. 67948 (September 28, 2012) 77 FR 60735 at 60737 (October 4, 2012) (Notice of Filing of Amendments No. 1 and Order Granting Accelerated Approval of Proposed Rule Changes as Modified by Amendments No. 1 to List and Trade Option Contracts Overlying 10 Shares of Certain Securities) (SR-NYSEArca-2012-64 and SR-ISE-2012-58).

mini-options and the Exchange's market maker quoting obligations would apply to mini-options.⁹ Intermarket trade-through protection would apply to mini-options; however, price protection would not apply across standard and mini-options on an intramarket basis.¹⁰

With regard to the impact of this proposal on system capacity, the Exchange has analyzed its capacity and represents that it and the Options Price Reporting Authority have the necessary systems capacity to handle the potential additional traffic associated with the listing and trading of mini-options contracts. The Exchange has further discussed the proposed listing and trading of mini-options contracts with the OCC, which has represented that it is able to accommodate the proposal.¹¹

2. Statutory Basis

The Exchange believes the proposed rule change is consistent with Section 6(b)¹² of the Securities Exchange Act of 1934 (the "Act"), in general, and furthers the objectives of Section 6(b)(5),¹³ in particular, because it is designed to promote just and equitable principles of trade, to prevent fraudulent and manipulative acts, to remove impediments to and to perfect the mechanism for a free and open market and a national market system and, in general, to protect investors and the public interest. Specifically, the Exchange believes that investors would benefit from the availability of mini-options contracts by

⁹ See 77 FR at 60738.

¹⁰ See 77 FR at 60738.

¹¹ The Exchange notes that the current schedule of Fees will not apply to the trading of mini-options contracts. The Exchange will not commence trading of mini-option contracts until specific fees for mini-options contracts trading have been filed with the Commission.

¹² 15 U.S.C. 78f(b).

¹³ 15 U.S.C. 78f(b)(5).

making options on high priced securities more readily available as an investing tool and at more affordable and realistic prices, most notably for the average retail investor. As described above, the proposal contains a number of features designed to protect investors by reducing investor confusion, such as the mini-options contracts being designated by different trading symbols from their related standard contracts.¹⁴ Moreover, the proposal is designed to protect investors and the public interest by providing investors with an enhanced tool to reduce risk in high priced securities. In particular, the proposed contracts will provide retail customers who invest in high priced issues in lots of less than 100 shares with a means of protecting their investments that is presently only available to those who have positions of 100 shares or more. Further, the proposal currently is limited to five high priced securities for which there is already significant options liquidity, and therefore significant customer demand and trading volume.

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

This proposed rule change does not impose any burden on competition that is not necessary or appropriate in furtherance of the purposes of the Act. In this regard and as indicated below, the Exchange notes that the rule change is being proposed as a competitive response to recently approved rule amendments by other options exchanges. The Exchange believes this proposed rule change is necessary to permit fair competition among the options exchanges.

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

No written comments were solicited or received with respect to the proposed rule change.

¹⁴ See supra note 8.

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

The Exchange has filed the proposed rule change pursuant to Section 19(b)(3)(A)(iii) of the Act¹⁵ and Rule 19b-4(f)(6) thereunder.¹⁶ Because the proposed rule change does not: (i) significantly affect the protection of investors or the public interest; (ii) impose any significant burden on competition; and (iii) become operative prior to 30 days from the date on which it was filed, or such shorter time as the Commission may designate, if consistent with the protection of investors and the public interest, the proposed rule change has become effective pursuant to Section 19(b)(3)(A) of the Act and Rule 19b-4(f)(6)(iii) thereunder.

A proposed rule change filed under Rule 19b-4(f)(6)¹⁷ normally does not become operative prior to 30 days after the date of the filing. However, pursuant to Rule 19b-4(f)(6)(iii),¹⁸ the Commission may designate a shorter time if such action is consistent with the protection of investors and the public interest. The Exchange has asked the Commission to waive the 30-day operative delay so that the proposal may become operative immediately upon filing.

At any time within 60 days of the filing of such proposed rule change, the Commission summarily may temporarily suspend such rule change if it appears to the Commission that such action is necessary or appropriate in the public interest, for the protection of investors, or otherwise in furtherance of the purposes of the Act. If the

¹⁵ 15 U.S.C. 78s(b)(3)(A)(iii).

¹⁶ 17 CFR 240.19b-4(f)(6).

¹⁷ 17 CFR 240.19b-4(f)(6).

¹⁸ 17 CFR 240.19b-4(f)(6)(iii).

Commission takes such action, the Commission shall institute proceedings under Section 19(b)(2)(B)¹⁹ of the Act to determine whether the proposed rule change should be approved or disapproved.

IV. Solicitation of Comments

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

Electronic comments:

- Use the Commission's Internet comment form (<http://www.sec.gov/rules/sro.shtml>); or
- Send an e-mail to rule-comments@sec.gov. Please include File Number SR-NYSEMKT-2013-23 on the subject line.

Paper comments:

- Send paper comments in triplicate to Elizabeth M. Murphy, Secretary, Securities and Exchange Commission, 100 F Street, NE, Washington, DC 20549-1090.

All submissions should refer to File Number SR-NYSEMKT-2013-23. This file number should be included on the subject line if e-mail is used. To help the Commission process and review your comments more efficiently, please use only one method. The Commission will post all comments on the Commission's Internet website (<http://www.sec.gov/rules/sro.shtml>). Copies of the submission, all subsequent amendments, all written statements with respect to the proposed rule change that are filed with the Commission, and all written communications relating to the proposed rule

¹⁹ 15 U.S.C. 78s(b)(2)(B).

change between the Commission and any person, other than those that may be withheld from the public in accordance with the provisions of 5 U.S.C. 552, will be available for website viewing and printing in the Commission's Public Reference Section, 100 F Street, NE, Washington, DC 20549-1090. Copies of the filing will also be available for inspection and copying at the NYSE's principal office and on its Internet website at www.nyse.com. All comments received will be posted without change; the Commission does not edit personal identifying information from submissions. You should submit only information that you wish to make available publicly. All submissions should refer to File Number SR-NYSEMKT-2013-23 and should be submitted on or before [insert date 21 days from publication in the Federal Register].

For the Commission, by the Division of Trading and Markets, pursuant to delegated authority.²⁰

Kevin M. O'Neill
Deputy Secretary

²⁰ 17 CFR 200.30-3(a)(12).

Text of the Proposed Rule Change:¹

NYSE MKT LLC Rules

Trading of Option Contracts

Section 1. General Rules Relating to Options

Rule 901. Option Contracts to Be Traded

No Change

Commentary:

.01 Mini-Options Contracts The Exchange may list mini-options contracts overlying 10 shares of SPDR S&P 500 (SPY), Apple, Inc. (AAPL), SPDR Gold Trust (GLD), Google Inc. (GOOG), and Amazon.com Inc. (AMZN) for all expirations applicable to 100 share options on each underlying security.

.02 Option contracts in respect of Treasury notes and Treasury bonds are designated by the maturity date of the underlying security (as opposed to the time to maturity) because the security to be delivered upon exercise of such an option contract would be required to have the specified maturity date; however, the time to maturity of such a security on the date of delivery following the exercise of an option would vary depending upon the date of exercise.

In comparison, option contracts in respect of Treasury bills are designated by the time to maturity of the underlying Treasury bills on the earliest possible date of delivery following exercise of such an option. This designation is used because the time to maturity on that date is the relevant factor identifying the securities which may be delivered; the specific maturity dates of securities underlying a particular option contract would vary depending upon the date on which the option was exercised.

Rule 903. Series of Options Open for Trading

(a) – (h) No Change

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

Commentary:

.01 - .14 No Change

.15 Mini-Options Contract Series

(a) Series of mini-options contracts overlying 10 shares of stocks, Exchange Traded Fund Shares, Trust Issued Receipts, Exchange Traded Notes, and other Index Linked Securities may be listed for all expirations applicable to 100 share options on each underlying security, provided the underlying security has been designated in Rule 901 Commentary .01.

(b) Strike prices for mini-options contracts overlying 10 shares shall be set at the same level as for regular options. For example, a call series strike price to deliver 10 shares of stock at \$125 per share has a total deliverable value of \$1250, and the strike price will be set at 125.

(c) No additional mini-options series may be added if the underlying security is trading at \$90 or less. The underlying security must trade above \$90 for five consecutive days prior to listing mini-options contracts in an additional expiration month.

Rule 904. Position Limits

(a) – (b) No Change

Commentary:

.01 - .13 No Change

.14 For purposes of determining compliance with the position limits under this Rule 904, ten mini-option contracts as defined in Rule 901 Commentary .01 shall equal one standard contract overlying 100 shares.

Section 900NY. Rules Principally Applicable to Trading of Option Contracts

Rule 959NY. Meaning of Premium Bids and Offers

(a) *General.* Except as provided in paragraph (b), bids and offers shall be expressed in terms of dollars per unit of the underlying security [or Exchange-Traded Fund Share].

(e.g., a bid of "7" shall represent a bid of \$700 for an option contract having a unit of trading consisting of 100 shares of an underlying security [or Exchange-Traded Fund Share], or a bid of \$770 for an option contract having a unit of trading consisting of 110 shares of an underlying security [or Exchange-Traded Fund Share].)

(b) *Special cases.* Bids and offers for an option contract for which the Exchange has established an adjusted unit of trading in accordance with Rule 903 shall be expressed in terms of dollars per 1/100 part of the total securities and/or other property constituting such adjusted unit of trading. (e.g., an offer of "6" shall represent an offer of \$600 on an option contract having a unit of trading consisting of 100 shares of an underlying security [or Exchange-Traded Fund Share] plus 10 rights.)

(c) *Mini-options contracts.* Bids and offers for an option contract overlying 10 shares, as permitted under Rule 901 Commentary .01, shall be expressed in terms of dollars per 1/10th part of the total value of the contract. An offer of "3.20" shall represent an offer of \$32 on an option contract having a unit of trading consisting of 10 Shares.

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