

Date: February 25, 2009

Audience: NYSE Amex Options Specialists and Market Maker Firms

Subject: New Quote Mitigation

Summary

With the introduction of the NYSE Amex Trading System on Monday, March 2nd, the Exchange will also introduce a quote mitigation methodology that is intended to reduce the number of quotations generated by the Exchange for all option issues it trades. The Exchange plans to reduce the number of quote messages it sends to OPRA by only submitting quote messages for "active" options series. Active options series are defined as the following:

- i. the series has traded on any options exchange in the previous 14 calendar days; or,
- ii. the series is solely listed on NYSE Amex; or
- iii. the series has been trading 10 days or less; or
- iv. the Exchange has an order in the series.

For any options series that falls into (i) through (iv), NYSE Amex will submit quotes to OPRA as it currently does. Series that fall outside of the above categories will be deemed inactive, and the Exchange will not disseminate a quote to OPRA in an inactive series. Market Makers will still be required to meet quoting obligations in such series.

In addition, there are certain instances when a series would become active intraday. These instances include:

- i. the series trades at any options exchange;
- ii. the Exchange receives an order in the series; or
- iii. the Exchange receives a request for quote from a customer in that series.

When one of the above circumstances exists, the Exchange will immediately begin disseminating quotes to OPRA in that particular series and will continue to do so until the series falls outside of the active series definition. If the series does not trade, and there are no orders in the series the next day, the series will no longer be considered active.

Orders of ATP Holders will continue to receive the best price available in the national market system, regardless of the activity status of the series. NYSE Amex will continue to collect quotes from ATP Holders in inactive series, and upon receiving an order, the Exchange will either execute that order against any marketable quotes in the trading system, or will route the order to the away market displaying the NBBO in that series.

Based upon extensive analysis, the Exchange estimates it will reduce quote traffic by 15 -20% by limiting quote dissemination to solely active series as described above.

Contact Info

Inquiries regarding this memo may be directed to Trade Desk at (877) 729-7291

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