



Rule 975NY. Obvious Errors and Catastrophic Errors

(a) Obvious Error Trade Nullification and Price Adjustment Procedures.

The Exchange shall either bust a transaction or adjust the execution price of a transaction that results from an Obvious Error as provided in this rule.

(1) Definition of Obvious Error. For purposes of this rule only, an Obvious Error will be deemed to have occurred when the execution price of a transaction is higher or lower than the Theoretical Price for the series by an amount equal to at least the amount shown below:

Theoretical Price	Minimum Amount
Below \$2	.25
\$2 to \$5	.40
Above \$5 to \$10	.50
Above \$10 to \$20	.80
Above \$20	1.00

(2) Definition of Theoretical Price. For purposes of this rule only, the Theoretical Price of an option is:

(A) if the series is traded on at least one other options exchange, the last bid price with respect to an erroneous sell transaction and the last offer price with respect to an erroneous buy transaction, just prior to the trade, that comprise the National Best Bid/Offer ("NBBO") as disseminated by the Options Price Reporting Authority ("OPRA"); or

(B) if there are not quotes for comparison purposes, as determined by designated Trading Official.

(3) Obvious Error Procedure. The Exchange shall administer the application of this Rule as follows:

(A) Notification. If a Market Maker believes that it participated in a transaction that may be subject to adjustment or nullification pursuant to subsections (a)(1)-(5) of this Rule, it must notify the Exchange within five (5) minutes of the execution. If an ATP Holder not serving as a Market Maker believes that an order it executed may be subject to adjustment or nullification pursuant to subsections (a)(1)-(5) of this Rule, it must notify the Exchange within twenty (20) minutes of the execution. Except where noted in section (B), (C)(iii) or (C)(iv) of this rule, or absent unusual circumstances, the Exchange will not grant relief under this Rule unless notification is made within the prescribed time periods.

(B) Procedures for Reviewing Trades on Exchange Motion. In the interest of maintaining a fair and orderly market and for the protection of investors, the Chief Executive Officer of NYSE Amex Inc. ("CEO") or designee thereof, who is an officer of the Exchange (collectively "Exchange officer"), may, on his or her own motion or upon request, determine to review any transaction occurring on the Exchange that is believed to be erroneous. A transaction reviewed pursuant to this new provision may be nullified or adjusted only if it is determined by the Exchange officer that the transaction is erroneous as provided in Rule 975NY(a)(1)-(5), or Commentary .04 thereof. A transaction would be adjusted or nullified in accordance with the provision under which it is deemed

an erroneous transaction. The Exchange officer may be assisted by a Trading Official in reviewing a transaction.

The Exchange officer shall act pursuant to this paragraph as soon as possible after receiving notification of the transaction, and ordinarily would be expected to act on the same day as the transaction occurred. In no event shall the Exchange officer act later than 9:30 a.m. (ET) on the next trading day following the date of the transaction in question. An ATP Holder affected by a determination to nullify or adjust a transaction pursuant to this subsection (B) may appeal such determination in accordance with Rule 975NY(a)(6); however, a determination by an Exchange officer not to review a transaction, or a determination not to nullify or adjust a transaction for which a review was requested or conducted, is not appealable. If a transaction is reviewed and a determination is rendered pursuant to Rules 975NY(a)(1)-(5), or Commentary .04 thereof, no additional relief may be granted under this new provision.

(C) *Adjust or Bust.* The Exchange will determine whether there was an Obvious Error as defined above. If it is determined that an Obvious Error has occurred, the Exchange shall take one of the following actions listed below. Upon taking final action, the Exchange shall promptly notify both parties to the trade.

(i) *Where each party to the transaction is a Market Maker* The execution price of the transaction will be adjusted by the Exchange to the prices provided in paragraphs (aa) and (bb) below unless both parties agree to adjust the transaction to a different price or agree to bust the trade within ten (10) minutes of being notified by the Exchange of the Obvious Error.

(a) Erroneous buy transactions will be adjusted to their Theoretical Price: plus \$.15 if the Theoretical Price is under \$3 and plus \$.30 if the Theoretical Price is at or above \$3.

(b) Erroneous sell transactions will be adjusted to their Theoretical Price: minus \$.15 if the Theoretical Price is under \$3 and minus \$.30 if the Theoretical Price is at or above \$3.

(ii) *Where at least one party to the Obvious Error is not a Market Maker.* The trade will be busted by the Exchange unless both parties agree to an adjustment price for the transaction within thirty (30) minutes of being notified by the Exchange of the Obvious Error.

(iii) *Obvious Errors occurring on the opening between a Market Maker and a Customer.* After the twenty minute notification period as described in (3)(A) above and until 4:30 p.m. eastern time ("ET") on the subject trade date, a Customer who is party to an Obvious Error transaction may request review of the subject transaction, and the execution price of the transaction will be adjusted (provided the adjustment does not violate the Customer limit price) by Trading Officials to the prices provided in Paragraphs (aa) and (bb) above, without the adjustment penalty, unless both parties agree to adjust the transaction to a different price or agree to bust the trade within thirty (30) minutes of being notified by Trading Officials of the Obvious Error. The option contract quantity of any adjustment with respect to an erroneous sell (buy) transaction shall not exceed the disseminated bid (offer) size by the competing options exchange(s) that comprise the National Best Bid (Offer) as disseminated by OPRA at the time of the Obvious Error.

(iv) *Transactions occurring on the opening between a Customer and a non-Market Maker:* After the twenty minute notification period as described in (3)(A) above and until 4:30 p.m. ET on the subject trade date, where parties to the transaction are a Customer and a non-Market-Maker(s), the Customer may request review of the subject transaction and, the execution price of the transaction will be adjusted (provided the adjustment does not violate the non-Market Maker's limit price) by Trading Officials to the prices provided in Paragraphs (aa) and (bb) above, without

the adjustment penalty, unless both parties agree to adjust the transaction to a different price or agree to bust the trade within thirty (30) minutes of being notified by Trading Officials of the Obvious Error. The option contract quantity of any adjustment with respect to an erroneous sell (buy) transaction shall not exceed the disseminated bid (offer) size by the competing options exchange(s) that comprise the National Best Bid (Offer) as disseminated by the OPRA at the time of the Obvious Error.

(4) **Erroneous Print in Underlying:** An electronic trade resulting from an erroneous print disseminated by the underlying market which is later cancelled or corrected by that underlying market may be nullified. In order to be nullified, however, the trade must be the result of an erroneous print that is higher or lower than the average trade in the underlying security during a two-minute period before and after the erroneous print by an amount at least five times greater than the average quote width for such underlying security during the same period.

For purposes of this Rule, the average trade in the underlying security shall be determined by adding the prices of each trade during the four minute time period referenced above (excluding the trade in question) and dividing by the number of trades during such time period (excluding the trade in question). For purposes of this Rule, the average quote width shall be determined by adding the quote widths of each separate quote during the four minute time period referenced above (excluding the quote in question) and dividing by the number of quotes during such time period (excluding the quote in question).

(5) **Erroneous Quote in Underlying:** Electronic trades (this provision has no applicability to trades executed in open outcry) resulting from an erroneous quote in the underlying security may be adjusted or nullified as set forth in paragraph (a)(3) above. An erroneous quote occurs when the underlying security has a width of at least \$1.00 and has a width at least five times greater than the average quote width for such underlying security on the primary market (as defined in Rule 900.2NY(62)) during the time period encompassing two minutes before and after the dissemination of such quote. For purposes of this Rule, the average quote width shall be determined by adding the quote widths of each separate quote during the four minute time period referenced above (excluding the quote in question) and dividing by the number of quotes during such time period (excluding the quote in question).

(6) **Review Procedures.**

(A) If a party to an obvious error determination pursuant to subsection (3) of this Rule requests within the time permitted below, the Obvious Error Panel ("OE Panel") will review decisions made by the Exchange under this subsection (4), including whether an obvious error occurred and whether the correct action was made pursuant to subsection (3).

(i) The OE Panel will be comprised of the NYSE Amex LLC Chief Regulatory Officer ("CRO"), or a designee of the CRO, and a representative from two (2) different ATP Holders. One representative on the OE Panel will be from an ATP Holder directly engaged in market making activities and one representative on the OE Panel will be from an ATP Holder directly engaged in the handling of options orders for Customers.

(ii) The Exchange shall designate at least ten (10) ATP Holder representatives to be called upon to serve on the OE Panel as needed. In no case shall an OE Panel include a person related to a party to the trade in question. To the extent reasonably possible, the Exchange shall call upon the designated representatives to participate in an OE Panel on an equally frequent basis.

(B) A request for review on appeal must be made via facsimile or e-mail within thirty (30) minutes after the party making the appeal is given notification of the initial determination being appealed. The OE Panel shall review the facts and render a decision within the time frame prescribed by the Exchange.

(C) The OE Panel may overturn or modify an action taken by the Exchange under this Rule. All determinations by the OE Panel shall constitute final action by the Exchange on the matter at issue.

(D) If the OE Panel votes to uphold the decision made pursuant to Rule 975NY(a)(3), the Exchange will assess a \$500.00 fee against the party or parties who initiated the request for appeal.

(b) Catastrophic Error Price Adjustment Procedures

The Exchange shall adjust the execution price of a transaction that results from a Catastrophic Error as provided in this rule.

(1) *Catastrophic Error*. For purposes of Rule 975NY, a Catastrophic Error will be deemed to have occurred when the execution price of a transaction is higher or lower than the Theoretical Price for the series by an amount equal to at least the minimum amount shown below:

Theoretical Price	Minimum Amount
Below \$2	\$1
\$2 to \$5	\$2
Above \$5 to \$10	\$5
Above \$10 to \$50	\$10
Above \$50 to \$100	\$20
Above \$100	\$30

(2) *Theoretical Price*. For purposes of Rule 975NY, the Theoretical Price of an option is:

(A) if the series is traded on at least one other options exchange, the last bid price with respect to an erroneous sell transaction and the last offer price with respect to an erroneous buy transaction, just prior to the trade, that comprise the National Best Bid/Offer ("NBBO") as disseminated by the Options Price Reporting Authority ("OPRA"); or

(B) if there are not quotes for comparison purposes, as determined by a designated Trading Official.

(3) *Catastrophic Error Procedure*. The Exchange shall administer the application of Rule 975NY as follows:

(A) *Notification*. If an ATP Holder believes that it participated in a transaction that qualifies as a Catastrophic Error pursuant to paragraph (b) above, it must notify the Exchange by 8:30 am ET, on the first trading day following the date of the Catastrophic Error. For such transactions in an expiring options series that take place on an expiration day, an ATP Holder must notify the Exchange by 5:00 pm ET that same day. Relief will not be granted under this paragraph: (i) unless notification is made within the prescribed time period; and (ii) if an Obvious Error Panel has previously rendered a decision with respect to the transaction in question pursuant to Rule 975NY.

(B) Catastrophic Error Determination. A Catastrophic Error Review Panel (Panel) will determine whether the transaction(s) qualify as a Catastrophic Error. If it is determined that a Catastrophic Error has occurred, the Panel will instruct the Exchange to adjust the execution price(s) of the transaction(s) according to subparagraph (D) below. If it is determined that a Catastrophic Error has not occurred, the ATP Holder will be subject to a charge of \$5,000. All determinations by the Catastrophic Error Review Panel shall constitute final Exchange action on the matter at issue.

(C) Catastrophic Error Review Panel. The Panel shall be comprised of the NYSE Amex LLC Chief Regulatory Officer ("CRO"), or a designee of the CRO, and a representative from two (2) different ATP Holders. One representative on the Panel will always be from an ATP Holder directly engaged in market making activities and one representative on the Panel will always be from an ATP Holder directly engaged in the handling of options orders for Customers.

The Exchange shall designate at least ten (10) ATP Holder representatives to be called upon to serve on the Panel as needed. In no case shall a Panel include a person related to a party to the trade in question. To the extent reasonably possible, the Exchange shall call upon the designated representatives to participate in a Panel on an equally frequent basis.

(D) Adjustment. If it is determined that a Catastrophic Error has occurred, unless both (all) parties agree to adjust the transaction to a different price, the execution price(s) of the transaction(s) will be adjusted to the theoretical price, (i) plus the adjustment value provided below for erroneous buy transactions, and (ii) minus the adjustment value provided for erroneous sell transactions.

Theoretical Price	Adjustment Amount
Below \$2	\$1
\$2 to \$5	\$2
Above \$5 to \$10	\$3
Above \$10 to \$50	\$5
Above \$50 to \$100	\$7
Above \$100	\$10

Commentary: .01 All determinations made by the Exchange under subsection (a)(3) or (b)(3) will be rendered without prejudice as to the rights of the parties to the transaction to submit a dispute to arbitration.

.02 For purposes of this rule an "erroneous sell transaction" is one in which the price received by the person selling the option is erroneously low by amounts at least equal to the minimum amount described in subsection (a)(1) for Obvious Errors and subsection (b)(1) for Catastrophic Errors. An "erroneous buy transaction" is one in which the price paid by the person buying the option is erroneously high by amounts at least equal to the minimum amount described in subsection (a)(1) for Obvious Errors and subsection (b)(1) for Catastrophic Errors.

.03 When the Exchange determines that an Obvious Error or Catastrophic Error has occurred and action is warranted under Rule 975NY(a)(3)(B) or Rule 975NY(b)(3) above, the identity of the parties to the trade will be disclosed to each other in order to encourage conflict resolution.

.04 Buyers of options with a zero bid may request that their execution be busted if at least one strike below (for calls) or above (for puts) in the same options class was quoted with a zero bid at the time of the execution. Such buyers must follow the procedures of Rule 975NY(a)(3) above.

.05 For the purposes of Rule 975NY, the term Market Maker shall mean an ATP Holder acting as a Market Maker on NYSE Amex pursuant to Rule 920NY.

.06 For the purposes of Rule 975NY, the term Customer, as defined in Rule 900.2NY(18), shall not include a broker or dealer.