



NYSE Arca Options

Market Maker
Orientation Manual

Market Making

Appointment of Market Makers

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, the Exchange will consider financial resources, experience, and past performance in making markets and operational capability. The Exchange may appoint an unlimited number of Market Makers in each class. The Exchange reserves the right to limit the number of Market Makers appointed to a particular option class due to system constraints.

The number of issues a Market Maker or Lead Market Maker (LMM) can trade is determined by the number of Option Trading Permits (OTPs) acquired.

OTPs	Issues
1	100
2	250
3	750
4	All issues

Market Makers may change the option issues that are included in their Appointment periodically, subject to the approval of the Exchange. The OTP Firm has full discretion in distributing issues among its Authorized Traders and Market Makers. However, Market Makers, Lead Market Makers registered on the same OTP are not allowed to trade the same issue simultaneously.

Market Makers may withdraw from trading an option issue that is within their Appointment by providing the Exchange with a three business day written notice of such withdrawal. Market Makers who fail to give an advance written notice of withdrawal to the Exchange may be subject to disciplinary action.

Quoting Obligations

Within Market Maker Appointment

All Market Makers must contribute to the maintenance of a fair and orderly market. Market Makers must honor the number of contracts entered into the system in all series of options classes within their Appointment. Any change to a quote (including reduction of volume) causes the quote to lose priority. The minimum size is one contract. Neither LMMs or MMs are required to quote on the Opening Auction.

Lead Market Makers

Lead Market Maker must provide continuous two-sided quotes 90% of the time during which the Exchange is open for trading in each of their appointed issues. Lead Market Makers can operate from on or off the trading floor. 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 monthly basis. The Exchange will not consider the duration of any periods where a technical failure on the part of the Exchange prevents the LMM from providing continuous quotations. Also, the Exchange retains the discretion to consider other exceptions to this continuous electronic quote obligation based on demonstrated legal or regulatory requirements or other mitigating circumstances.

Market Makers

Market Makers must provide continuous two-sided quotations 60% of all times during which the Exchange is open in each of their appointed issues.. These obligations are applied collectively to all series for each issue in the Market Maker's Appointment. Although Market Makers are not required to quote in each series, the amount of time a Market Maker provides quotes in all series will be aggregated to determine compliance with the quoting obligation requirement. Additionally, compliance with the 60% quoting obligation is measured on a per-calendar-quarter basis.

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 it is deemed that it is necessary to do so in the interest of maintaining a fair and orderly market.

Quote Width

With the exception of the Opening Auction, the spread differential (difference between the bid and offer) of Market Maker quotes may not exceed \$5. During the Opening Auction, spread differentials shall be as follows:

Bid Price	Maximum Range
0 to \$1.99	\$0.25
\$2.00 to \$5.00	\$0.40
\$5.01 – \$10.00	\$0.50
\$10.01 – \$20.00	\$0.80
\$20.01 or greater	\$1.00

Trading Obligations

At least 75% of the trading activity of a Lead Market Maker and/or a Market Maker (measured in terms of contract volume per quarter) must be in classes within the Market Maker's Appointment.

Market Makers and Lead Market Makers cannot stream quotes in issues outside their Appointment. Market Makers who wish to trade outside their Appointment may do so by entering an order. Market Makers should consult their Clearing Firm for information related to margin treatment of orders vs. quotes.

When trading in issues outside 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 with respect to the classes in their Appointment. Additionally, Market Makers should not individually (or as a group) intentionally or unintentionally, dominate the market in option contracts of a particular class.

Lead Market Maker Guarantees

LMMs will be allocated 40% participation (or such lesser percentage as the Exchange may establish as a condition in allocating an issue to an LMM) when quoting at the top of the Book and the NBBO prior to order entry. LMMs will be entitled to their 40% 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.”

Market Maker Risk Limitation (MMRL)

NYSE Arca will maintain a “trade counter” for each Market Maker in each class within the Market Maker’s Primary Appointment. The trade counter will be incremented by one every time the Market Maker executes a trade on any series in the appointed class. The MMRL is configurable by the Market Maker and will be activated when the trade counter has reached “n” executions within one second. This counter applies to trades against Market Maker quotes only; it does not apply to trades against Market Maker orders. However, once the threshold has been met, *both quotes and orders* will be cancelled. The minimum setting is 5 executions per second and the maximum is 100. The Exchange will automatically default the “n” setting to 50 executions per second if the Market Maker does not submit a setting.

When the threshold is met, the trading engine will automatically cancel all quotes posted by the Market Maker in that class by generating a “bulk cancel” message. The bulk cancel message will be processed in time priority with any other quote or order message received by NYSE Arca. Any orders or quotes that are matched with the Market Maker’s quote and were received by the system prior to the receipt of the bulk cancel message will be executed. Orders or quotes received by NYSE Arca after receipt of the bulk cancel message will not be executed against the Market Maker. Once the MMRL has been activated for an option class, any bulk quote messages sent by the Market Maker on that class will be rejected until the Market Maker submits a system message to enable new quotes.

In the event that there are no Market Makers quoting in the issue, the best bids and offers of orders residing in the Book will be disseminated as the BBO. If there are no Market Maker quotes and no orders in the book, the Exchange will disseminate a bid of zero and an offer of zero.

Inter-Market Linkage/Private Routing

The U.S. Options Exchanges are linked together on a real-time basis through a network capable of transporting certain orders to and from each Exchange. The network, known as Linkage, is a centralized order routing hub operated by the Options Clearing Corporation (“OCC”) on behalf of the Exchanges. Linkage was designed to provide a mechanism to reach the NBBO price on behalf of Customer orders when the price was only available at an away market.

The NYSE Arca trading system will automatically route orders to other Exchanges if the NBBO is not available on NYSE Arca. Unlike other markets, however, NYSE Arca primarily uses Archipelago Securities and private routing brokers to route orders to other Market Centers based on preset parameters in its automated routing algorithm. This allows NYSE Arca to route regardless of order capacity (Customer, Firm, Customer Broker/Dealer, Market Maker). If private routing is not available, NYSE Arca will use the OCC Linkage hub as a back-up system to route on behalf of Customer orders.

Consistent with the Options Linkage Plan, locked and crossed markets are to be avoided. If a Market Maker’s quote should lock or cross another market center’s quote, the MM should either (a) promptly unlock or uncross the market, or (b) cause an order to be sent to the away exchange in order to move the market. This may be done through a MM’s own order entry system directly to the away market, or by submitting an order to NYSE Arca to route to any markets at the NBBO. A NOW order submitted to NYSE Arca will route to any markets at the NBBO, but will not rest in the NYSE Arca book if not filled.

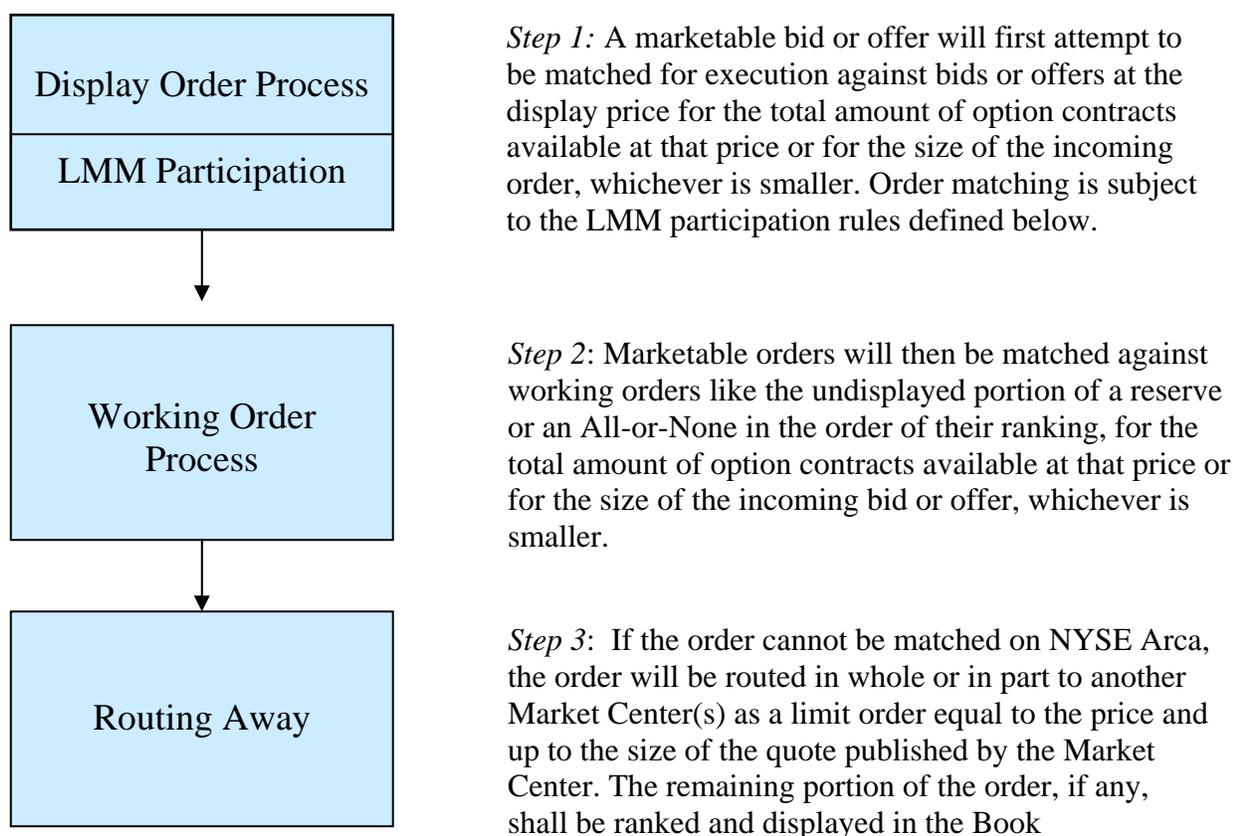
For a complete description of the rules governing Linkage, review NYSE Arca Rules 6.92 through 6.96 at <http://www.optionsclearing.com/initiatives/ola/ola.jsp>

Trade Allocation

Order/Quote Ranking

Orders and quotes are treated equally and maintained in the NYSE Arca Book according to price-time priority. The Book (except for certain working orders with conditional prices or sizes) will be displayed to all Users. Market orders and/or marketable limit orders will be matched for execution using the following algorithm. All orders executed in Step 1 or 2 must achieve the NBBO, or be routed according to Step 3.

Diagram 1: Order Matching Process



If there are no LMMs 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 price-time rankings. Example:

Market order for 500 entered.

Submitter Ranked in Time of Entry	Price	Size	Execution
Broker Dealer 1 order	1.00	200	200
Customer 1 order	1.00	200	200
Market Maker 1 quote	1.00	300	100
Customer order	1.00	1,000	0
Market Maker 2 quote	1.00	400	0

- (1) Broker Dealer 1 order buys 200 (leaves 300 on incoming order) – price time
- (2) Customer 1 order buys 200 (leaves 100 on incoming order) – price time
- (3) Market Maker 1 quote buys 100 (incoming order filled) – price time

LMM Participation in the Display Order Process

If there is an LMM quoting at the best price in the option series, an incoming marketable bid or offer will be matched against all customer orders ranked ahead of the LMM, provided that the execution(s) must occur at a price equal to or better than the NBBO. The remaining balance of the incoming marketable bid or offer will be matched against the quote of the LMM for either an amount equal to 40% of the remaining balance of the incoming bid or offer up to the LMM’s disseminated quote size; or the LMM’s share in the order of ranking, whichever is greater. 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.

Market order for 500 entered

Submitter Ranked in Time of Entry	Price	Size	Execution
Broker Dealer 1 order	1.00	200	180
Customer 1 order	1.00	200	200
Market Maker 1 quote	1.00	300	0
Lead Market Maker	1.00	300	120
Customer 2 order	1.00	1,000	0
Market Maker 2 quote	1.00	400	0

- (1) Customer 1 order buys 200 (leaves 300 on incoming order) – Customer 1 priority ahead of LMM in price time
- (2) Lead Market Maker buys 120 (leaves 180 on incoming order) – LMM guarantee, 40% of volume remaining (300) after Customer 1 allocation
- (3) Broker Dealer 1 order buys 180 (incoming order filled) – price time

Open Outcry – Priority and Order Allocation

The trading floor in San Francisco will be available for consummation of trades that are not eligible for electronic trading or orders that a customer wishes to have negotiated. However, in order to reward fully disclosed trading interest, the NYSE Arca book, including any orders and quotes, will have priority over same price trading interest on the floor.

A Floor Broker who wishes to cross orders at the Book price must trade against all NYSE Arca interest at the price before crossing. Additionally, once the book has been satisfied, the crowd may not join or match the book price unless the order has not been filled in its entirety. Crosses within the electronic market's quotes will continue to be conducted as they have traditionally.

Locked or Crossed Markets

Internally locked or crossed quotes trade immediately with orders or other quotes on NYSE Arca when executions are possible. The system will not delay or prevent Market Maker quotes from trading with orders or other Market Maker quotes. NYSE Arca posts and disseminates quotes that lock or cross the quotes of other options exchanges. Individual market makers are responsible for taking appropriate actions to avoid locking or crossing other exchange's markets as required by Linkage rules.

Open Outcry Floor-Based Crossing

Four manual crossing scenarios are available: Non Facilitation, Facilitation, Solicitation and Mid-point. All scenarios require that the Agency Order is executed at a price equal to or better than the NBBO, and the Floor Broker may not trade through any orders on the Book.

Non-Facilitation (Regular Way) Crosses

A Floor Broker who is holding orders to buy and sell the same option contract may cross such orders, provided that he/she proceeds in the following manner:

- (1) Both orders must be entered into The Electronic Order Capture system (EOC) or the Electronic Tablet.
- (2) Request bids and offers and make the trading crowd and the Trading Official aware of the request for a market via open outcry.
- (3) Bid above the highest bid or offer below the lowest offer in the crowd by at least the MPV and give a corresponding offer at the same price or at prices differing by the MPV.
- (4) If such higher bid or lower offer is not taken by members of the trading crowd, the Floor Broker may, after satisfying any orders that may be at the same price in the consolidated book, cross the orders (or any part remaining unexecuted) by announcing it via open outcry.

Facilitation Crosses

Floor Brokers holding a customer order ("Agency Order") and an order of 50 contracts or more for the proprietary account of an OTP Holder/Firm or an organization under common control with a Market

Maker that is representing that customer (the “Facilitation Order”) may cross those orders. The proprietary account must be willing to facilitate the entire size of the Agency Order.

- (1) Both the Facilitation Order and the Agency Order must be entered into EOC or the Electronic Tablet.
- (2) The Agency Order must be represented in the trading crowd by public outcry. Members of the trading crowd will be given a reasonable time to respond.
- (3) If there are members of the trading crowd willing to execute the *entire size* of the Agency Order at an improved price, the Facilitation Order may participate in at least 40% of the Agency Order at the improved price. Thereafter, the trading crowd members may participate in the balance of the Agency Order based upon price-time priority.
- (4) If the entire Agency Order cannot be executed with the available size in the trading crowd at an improved price, the Agency Order will be executed against the Facilitation Order.
- (5) If, at the time of execution, there is sufficient size to execute the entire Agency Order at an improved price, the Agency Order will be executed at the improved price. Customer orders will be executed first, followed by Non-Customer orders in time priority.

The availability of the Facilitation Procedure does not alter an OTP Firm’s best execution duty. Should a firm cancel a Facilitation Order when there was a superior price available on the Exchange and subsequently re-enter the Facilitation Order at the same price after the better price was no longer available, there would be a presumption that the Firm did so to avoid execution of its Customer Order at the better price.

Solicited Order Crosses

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. The Original Order must remain active in the trading crowd during the entire solicitation process. 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.
- (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
- (4) If at the time of execution there is sufficient size on the Exchange to execute the entire Original Order at an improved price (or prices), the Original Order will be executed at the improved price(s), provided the execution price is equal to or better than the best bid or offer on the Exchange, 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.

Opening Auction

Description

At 3:30 a.m. Eastern Time, the system will begin accepting quotes and orders for inclusion in the Opening Auction process. The Opening Auction is a process whereby trading is initiated in each series. Contingency Orders will not participate in the Auction Process. Any eligible open orders residing in the Book from the previous trading session (GTC's) will be included in the Opening Auction. After the primary market for the underlying security disseminates the opening trade and a logical bid/ask market, the related option series will be opened automatically based on the following:

1. Time is equal to or greater than 9:30 a.m. Eastern Time.
2. At least one legal width NYSE Arca Market Maker quote that has made a round trip to OPRA or a legal-width away exchange market quote is present and includes an offer.

Once these requirements have been met, the system will determine the price at which a particular option series will be opened. For the purposes of auction only, orders will have priority over Market Maker quotes. Orders and quotes in the system will be matched up with one another based on price-time priority

To determine the opening price in a series, upon receipt of the first consolidated trade of the underlying security, the system will check for an OPRA NBBO market or an NYSE Arca BBO. If OPRA NBBO market is present, NYSE Arca will base the opening auction price on the better of the OPRA NBBO market or the internal NYSE Arca BBO. NYSE Arca will generate an opening trade if possible or open a series on the quoted market. NYSE Arca then will send the BBO quote to OPRA.

The opening price is determined as the price at which the most volume can be traded, within the auction parameter.

1. The opening prices must be within a configurable parameter based on:
The Best Bid (MM quotes only) or National Best Bid
The Best Offer (MM quotes only) or National Best Offer
2. In the case of crossed markets on NYSE Arca and no OPRA, parameter to either side of *the inverted market* will be used. e.g. 1.20 - 1.00 yields parameter based on 1.20 for buy imbalances and 1.00 for sell imbalances. If no auction occurs, no opening trade will be reported to OPRA.

For cases when no buy or sell imbalance exists, the opening price of a series will be the price at which the greatest number of contracts will trade at or nearest to the midpoint of the initial NBBO disseminated by OPRA, if any, or the midpoint of the best quoted bids and offers in the Book. The same process will be followed to reopen an option class after a trading halt.

Unmatched orders and Market Maker quotes that are marketable against the initial NBBO will "sweep" through the Book and be executed in price/time priority. If the best price is at an away Market Center(s), orders will be routed away to the relevant Market Center(s). Orders in the Book that were

not executed during the Auction Process will be eligible for the Core Trading Session immediately after the conclusion of the Auction Process.

Unmatched orders and Marker Maker quotes that are marketable against the initial NBBO will “sweep” through the Book, with collar protection in place to prevent executions based on wide quotes, and be executed in price/time priority. If the best price is at an away Market Center(s), orders will be routed away to the relevant Market Center(s). Orders in the Book that were not executed during the Auction Process will be eligible for the Core Trading Session immediately after the conclusion of the Auction Process.

Penny Pilot Trading

Introduction

The Penny Pilot was approved by the Securities and Exchange Commission and launched on January 26, 2007. It provides for trading options in penny increments in certain issues, previously only nickel increments were allowed. With the introduction of this trading increment, NYSE Arca introduced changes to its market and pricing models.

Post/Take Pricing

The Post/Take pricing model in Penny Pilot issues is designed to reward liquidity providers and tighten spreads. Those who provide liquidity (resting quotes or orders that are filled) receive a credit; those who take liquidity pay a transaction fee. These rates apply to electronic trades only and no other transaction or marketing fees are applied.

Execution Type	Post	Take
Customer	\$0.25 credit	\$0.45
Broker Dealer	\$0.25 credit	\$0.45
Market Maker	\$0.30 credit	\$0.45

Currently, there is no Lead Market Maker or LMM in QQQQ or IWM. Thus, execution priority is based strictly on price and time priority, there is not LMM guarantee.

Quote Mitigation

NYSE Arca's quote mitigation policy is based on the premise that quotes in inactive series are less valuable than those in active series. Active options series are defined as the following:

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

Series that fall outside of these categories are deemed inactive, and the Exchange does not disseminate quotes to OPRA. If the series trades on any exchange or if NYSE Arca receives an order or request for a quote, then the series is activated and quote dissemination is resumed. This policy applies to all issues listed on the Exchange, not just issues included in the Pilot Program. Additional details on the mitigation plan can be found at <http://www.nysearca.com/regulation/filings.asp>

Obvious Errors

Description

The Exchange shall either bust a transaction or adjust the execution price of a transaction that results from an Obvious Error, as defined herein. 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

The Theoretical Price of an option is determined as follows:

- (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, disseminated by the competing options exchange that has the most liquidity in that option; or
- (B) if there are not quotes for comparison purposes, as determined by designated personnel of the Exchange.

If a Market Maker believes that it participated in a transaction that was the result of an Obvious Error, it must notify the Exchange within five minutes of the execution. If an OTP Holder or OTP Firm not serving as a Market Maker believes that an order it executed on the Exchange was the result of an Obvious Error, it must notify the Exchange within twenty minutes of the execution. With few exceptions, the Exchange will not grant relief unless notification is made within the prescribed time periods.

Customers must notify the Exchange within 20 minutes of the trade if they believe an execution was part of an obvious error. They have until 4:30 PM Eastern time to notify the Exchange of possible obvious errors on the opening auction.

If it is determined that an Obvious Error has occurred, the Exchange shall promptly notify both parties to the trade. When each party to the transaction is a Market Maker, the execution price of the transaction will be adjusted by the Exchange to the prices described below unless both parties agree to adjust the transaction to a different price or agree to bust the trade within ten minutes of being notified by the Exchange of the Obvious Error.

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.

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.

When at least one party to the transaction is not a Market Maker, the trade will be busted unless both parties agree to an adjustment price for the transaction within thirty minutes of being notified by the Exchange of the Obvious Error.

Review Procedures – Parties to obvious errors may request that the Obvious Error Panel ("OE Panel") review decisions made by the Exchange including whether an obvious error occurred and whether the correct action was implemented. The OE Panel will be comprised of the NYSE Arca Chief Regulatory Officer ("CRO"), or a designee, and a representative from two (2) different OTP Firms. One representative on the OE Panel will be from a Market Maker Firm and one representative will be from a public customer order sending Firm. The OE Panel may overturn or modify an action taken by the Exchange under this Rule and all determinations shall constitute final action. If the OE Panel votes to uphold the decision the Exchange will assess a \$500.00 fee against the party or parties who initiated the request for appeal.

Order Types

NYSE Arca unique order types

Order Type	Descriptions
NOW	A Market or Limit Order that is to be immediately executed in whole or in part on NYSE Arca while any unexecuted portion will be routed to other exchanges for immediate execution. Any portion not immediately executed by the other exchange shall be cancelled. NOW orders never rest on the book. If a NOW Order is not marketable on any exchange when it is submitted to NYSE Arca, it will be cancelled. Similar to an Immediate or Cancel (IOC), a NOW order will not only trade against available volume at a price on NYSE Arca, but has the added benefit of also immediately routing to access all available liquidity on any exchange prior to cancelling. Users access all available volume across all exchanges at your price on an immediate or cancel basis.
Post No Preference (PNP)	A Limit Order that is to be executed in whole or in part on NYSE Arca with no possibility of exposure to routing away from NYSE Arca. Any portion not executed is posted in the NYSE Arca Book unless another exchange is at a better price.. PNP Orders that would lock or cross the National Best Bid and Offer (NBBO) will be cancelled. PNP orders are most commonly used in Post/Take pricing issues, giving users greater control in achieving or maintaining eligibility for the posting credit.
Reserve	A Limit Order with a portion of the size displayed and with a reserve portion of the size that is not displayed on NYSE Arca. This allows users to maintain a presence in the market without repeatedly entering orders, allowing them to incrementally work large orders on a completely electronic basis.

Industry standard order types

All or None (AON)	A Limit Order that is to be executed in its entirety or not at all. Non-marketable AON orders will rest in the working book but not be displayed. AON orders will not route to other exchanges.
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.
Fill or Kill (FOK)	A Market or Limit Order that is to be executed in its entirety on NYSE Arca as soon as the order is received, and if not so executed is to be cancelled. FOK orders will not route to other exchanges.
Good till Cancelled Order (GTC)	An order to buy or sell that remains in force until the order is filled, cancelled or the option contract expires. GTC Orders will be cancelled in the event of a corporate action that results in an adjustment to the terms of the option contract.

Immediate or Cancel (IOC)	A Market or Limit Order immediately executed, in whole or part on NYSE Arca, with the unexecuted amount cancelled. IOC orders are not routed to other exchanges.
Limit	Limit Orders that cannot be filled in their entirety at the NBBO on NYSE Arca will be routed to other exchanges. 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 NYSE Arca Book.
Market	An order to buy or sell a stated number of contracts that is to be executed at the best price obtainable when the order reaches NYSE Arca. If the order cannot achieve the NBBO on NYSE Arca, it will be routed to other exchanges.
Stop	A Stop Order becomes an active Market Order when the stop price is reached. A Stop Order to buy is triggered when the option is 1) bid on NYSE Arca or 2) trades on NYSE Arca or any exchange at or above the specified stop price. A Stop Order to sell is activated when the option is 1) offered on NYSE Arca or 2) trades on NYSE Arca or any exchange at or below the specified stop price. Order execution is fully automated.
Stop Limit	A Stop Limit Order becomes an active Limit Order when the stop price is reached. A Stop Limit Order to buy is triggered when the option is 1) bid on NYSE Arca or 2) trades on NYSE Arca or any exchange at or above the specified stop limit price. A Stop Limit Order to sell is activated when the option is 1) offered on NYSE Arca or 2) trades on NYSE Arca or any exchange at or below the specified stop limit price. Order execution is fully automated. If the active limit order is not marketable it will post in the NYSE Arca Book.

Option Trading Permits

Description

Trading rights are granted through Options Trading Permits (OTPs); market participants are not required to purchase or lease seats. These permits entitle holders of OTPs to trade options on the options trading facilities of the Exchange, including the electronic platform and the physical trading floor. The NYSE Arca platform provides for four types of Market Participants: Lead Market Makers, Market Makers, Authorized Traders and Order Flow Providers.

Market Makers

A Market Maker is an OTP Holder or OTP Firm registered with the Exchange for the purpose of submitting quotes electronically and making transactions as a dealer-specialist. Market Makers can operate on or off the Exchange trading floor.

Lead Market Makers

Lead Market Makers (“LMMs”) are approved Market Makers deemed qualified by the Exchange for acting in such capacity. LMMs quoting obligations are more stringent than Market Makers and they receive participation guarantees in some cases. Lead Market Makers can operate on or off the Exchange trading floor and perform Floor Broker functions if specific requirements are met. Any OTP Holder/Firm registered as a Market Maker may apply to become a LMM. LMMs must maintain specified cash or liquid assets based upon the number of issues traded.

Market Maker Authorized Traders

Market Maker Authorized Traders (MMATs) shall be an individual OTP Holder or officer, partner, employee or associated person of the OTP firm authorized to enter quotes and orders on the Exchange for the account of a registered Market Maker firm. MMATs must register with the Exchange and pass the appropriate Market Maker exam.

Order Flow Providers

If your firm currently enters option orders on the Exchange, no additional OTPs or changes are required. Current ETP Holders on the NYSE Arca equity platform that want to start trading options must either acquire an OTP or become a “Sponsored Participant” by entering into an agreement with an approved OTP Holder (“Sponsoring OTP”). Sponsoring OTP Holders are broker-dealers that have been designated by a Sponsored Participant to execute, clear and settle transactions on NYSE Arca on their behalf. Authorized Traders (ATs) are individuals designated by the OTP Holders and/or Sponsored Participants to enter orders on their behalf.