**NYSE Amex Options**

**Trading Priority for electronically routed order flow**

The highest bid has priority over all other bids, and the lowest offer has priority over all other offers. Multiple bids or offers at the same price are afforded priority in the following manner:

**Customer Allocation**

Bids and offers in the Consolidated Book for Public Customer accounts have first priority over all other trading interest at a price. If there are multiple customer orders at the same price, they will be ranked based on time of entry. Customer priority will be awarded at each price break. Priority among customers will be determined by price/time priority.

**Specialist Allocation**

Specialists have a 90% quoting requirement (time in the market). Specialists will be allocated up to a total of 40% of each incoming order, if they are quoting at the NBBO at time of order receipt.

Specialist bids and offers have second priority if quoting at the NBBO trade price prior to incoming order arrival. They receive guaranteed % participation based on the remaining order quantity following execution of all Public Customer orders.

Specialists will be allocated the greater of:

- Their guaranteed participation (currently a pro rata allocation of 40%), or
- Their Size Pro Rata allocation of the total incoming order, whichever is greater.

If the guaranteed percentage allocation is greater, the Specialist quote will be blocked from the proceeding pro rata pool.

Specialists who are quoting at the NBBO at time of order receipt will be allocated 100% of the incoming order if the order is 5 contracts or fewer, following the execution of all Public Customer orders.

**Directed Order Recipient Allocation**

Directed Order recipient Market Maker (DMM) bids and offers will have second priority if quoting at the NBBO trade price prior to incoming order arrival, where the incoming order has been flagged as a Directed Order. DMMs must provide continuous two-sided quotations throughout the trading day in issues for which it receives Directed Orders for 90% of the time the Exchange is open for trading in each issue. These obligations will collectively apply to all series in the issues for which the Directed Market Maker receives directed orders, rather than on an issue-by-issue basis. The DMM will receive a guaranteed % participation based on a percentage of the remaining order quantity
following execution of all Public Customer orders. DMMs will be allocated the greater of:

- Their guaranteed participation (currently 40%), or
- Their Size Pro Rata allocation whichever is greater.

If percentage guarantee is greater, any remainder of the DMM quote will be blocked from the proceeding pro rata pool.

Upon receipt of a Directed Order, if the DMM is quoting at the NBBO, the Specialist % guarantee is overwritten and does not apply. If the DMM is not quoting at the NBBO, the incoming order will trade based on standard order processing (i.e. check for Specialists quoting at NBBO and allocate according to % guarantee or size pro rata, or, if no Specialist is quoting at the NBBO then straight pro rata allocation will be used). Under no circumstances will a DMM % guarantee and the Specialist % guarantee be in effect for the same trade.

Non Customer Orders and Market Maker quotes

Non-customer orders and Market Maker Quotes have third priority. If more than one highest bid or lowest offer is in the Consolidated Book, such bids and offers will be allocated on a “size pro rata” basis. If the Specialist (and/or the DMM, for directed orders) is/are not quoting at the NBBO when an order is received, and no customer orders are present at the NBBO, straight pro rata allocation will be used.

Pro Rata Calculation

Pro Rata is calculated using the formula below:

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\text{(Size of order to be allocated)} / \text{(Aggregated Quote Size)} \times \text{(Participant’s Quote or Order Size)} = \text{Size Pro Rata Allocation}
\]

- “Size of order to be allocated” is defined as the remaining size of the inbound order after any participant with Customer status, Directed Order Recipient, and/or Specialist guarantee has received an allocation. “Participant’s Quote Size” refers specifically to the individual Market Maker’s quote size or Non-customer order size. Finally, “Aggregated Quote Size” refers to the total size available in the Size Pro Rata pool.
- In this algorithm, priority is given to orders and quotes at the best price (highest for a bid, lowest for an offer). If there are several orders and/or quotes at this best price, equal priority is given to every order/quote at this price and incoming business is divided among these orders in proportion to their volume.
- Fractional allocations are rounded DOWN to the nearest whole number.
  - The result is rounded down (for example, 21.99999999 becomes 21) unless the result is less than 1, in which case it is rounded up to 1
• Remaining contracts are allocated, with no more than one contract going to each participant, based on the following priority:
  1. Largest remainders (highest fractional number) from original pro rata calculation
     o If #1 yields a tie, then
  2. Time priority