

Required fields are shown with yellow backgrounds and asterisks.

Page 1 of * 40	SECURITIES AND EXCHANGE COMMISSION WASHINGTON, D.C. 20549 Form 19b-4	File No.* SR - 2018 - * 05	Amendment No. (req. for Amendments *) 1
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Filing by NYSE American LLC  
Pursuant to Rule 19b-4 under the Securities Exchange Act of 1934

Initial * <input type="checkbox"/>	Amendment * <input checked="" type="checkbox"/>	Withdrawal <input type="checkbox"/>	Section 19(b)(2) * <input checked="" type="checkbox"/>	Section 19(b)(3)(A) * <input type="checkbox"/>	Section 19(b)(3)(B) * <input type="checkbox"/>
			Rule		
Pilot <input type="checkbox"/>	Extension of Time Period for Commission Action * <input type="checkbox"/>	Date Expires * <input type="text"/>	<input type="checkbox"/> 19b-4(f)(1)	<input type="checkbox"/> 19b-4(f)(4)	
			<input type="checkbox"/> 19b-4(f)(2)	<input type="checkbox"/> 19b-4(f)(5)	
			<input type="checkbox"/> 19b-4(f)(3)	<input 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 806(e)(2) * <input type="checkbox"/>
Section 3C(b)(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 new Rule 971.2NY for an electronic price improvement auction for complex orders

**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 \* Kathleen Last Name \* Murphy

Title \* Counsel NYSE Group Inc

E-mail \* Kathleen.Murphy@theice.com

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**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 05/15/2018 Senior Counsel

By David De Gregorio

(Name \*)

David DeGregorio,

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.

SECURITIES AND EXCHANGE COMMISSION  
WASHINGTON, D.C. 20549

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

**Form 19b-4 Information \***

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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 \***

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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 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**

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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**

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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.

SR-NYSEAMER-2018-05, Partial Amendment No. 1

NYSE American, LLC (the “Exchange”) hereby submits this partial amendment to SR-NYSEAMER-2018-05 (the “Filing”) in connection with the proposed new Rule 971.2NY (Complex Electronic Cross Transactions) to adopt an electronic price improvement auction for Complex Orders (the “Complex CUBE Auction”). The Exchange proposes the following amendments to the Filing:

1. **Insert the underlined text in the first sentence of the last paragraph under the heading “Definitions” on page 7 of the Filing and on page 44 of the Exhibit 1:**

To effect this change, the Exchange proposes to amend current Rule 900.2NY(7)(b) to provide that a Complex BBO means complex orders with the lowest-priced (i.e., most aggressive) net debit/credit price on each side of the Consolidated Book for the same complex order strategy.<sup>fn</sup>

2. **Delete the bracketed text in footnote 15 on page 8 of the Filing and footnote 16 on page 46 of the Exhibit 1:**

See proposed Rule 980NY(e)(2), (e)(3)(ii), (e)(6)(A)(i), (ii) and (iii), (e)(6)(B)(ii) and (iii), (e)(6)(C)(i) – (iv), and (e)(6)(7)(A), and Commentary .02 [and .05(a)] to Rule 980NY.

3. **Insert the underlined text in the last two bullet points on page 9 of the Filing and on page 47 of the Exhibit 1:**

- Interest *crosses* when it would be priced lower than the exact inverse price of any contra-side interest. For example a complex order entered with a price of -\$1.00 (net debit), will cross the same complex order strategy that is subsequently entered with a price of \$0.99 (net credit) or lower, and is therefore executable against such interest.
- A Complex Order would be *executable* against contra-side interest price at the exact inverse value or lower. For example, a Complex Order with a debit price of -\$1.00 would be executable against a Complex Order with a credit price of \$1.00 or lower, and vice versa.

4. **Insert the underlined text in the first sentence of the second paragraph under the heading “Criteria for Starting a Complex CUBE Auction” (including in footnote 16) on page 9 of the Filing and (including in footnote 17) on pages 47-48 of the Exhibit 1:**

Proposed Rule 971.2NY(a)(1) would provide that the Initiating Participant would guarantee the execution of the Complex CUBE Order by submitting a contra-side order (“Complex Contra Order”) representing principal interest or non-Customer interest it has solicited to trade solely with the Complex CUBE Order at either (A)

a specified price (“single stop price”) (as described below in proposed Rule 971.2NY(b)(1)(A)), or (B) an auto-match limit price (as described below in proposed Rule 971.2NY(b)(1)(B)).<sup>16/17</sup>

<sup>16/17</sup>Each Complex Contra Order is submitted on behalf of a single entity and is guaranteed to trade with at least 40% of the Complex CUBE Order if RFR Responses do not improve the guaranteed price(s). Customer interest on the Exchange is afforded first priority at a price, and therefore allowing Customer interest on the Complex Contra order would disrupt this allocation methodology because the Complex Contra Order would be entitled to 100% of the Complex CUBE Order rather than 40% of the Complex CUBE Order. Allowing customer interest on the Complex Contra Order also could reduce competition in the Auction if other market participants chose not to participate in the Auction because they believe it is unlikely that they would receive an allocation in the Auction, thereby undermining the price improvement aim of the Auction. The Exchange understands that other exchanges offer customer-to-customer cross mechanisms. See, e.g., PHLX Rule 1087 (f) (describing customer-to-customer crossing). The Exchange will file a proposed rule change if it intends to file a customer-to-customer cross mechanism in the future. The Exchange previously filed a proposed rule change that it would issue guidance advising ATP Holders that Contra Orders for the account of a Customer may not be entered into a Single-Leg CUBE Auction. See Securities Exchange Act Release No. 72389 (June 13, 2014), 79 FR 35201, 35203 (SR-NYSEMKT-2014-51). The Exchange proposes to amend Rule 971.1NY(a) relating to Single-Leg CUBE and to include in proposed Rule 971.2NY the requirement that any solicited interest included in the Contra Order be non-Customer interest. The Exchange proposes to likewise make clear that the Contra Order in a Single-Leg CUBE trades “solely” with the CUBE Order. See proposed Rule 971.1NY(a).

5. **Insert the underlined text in the third paragraph under the heading “Criteria for Starting a Complex CUBE Auction” on page 10 of the Filing and pages 48-49 of the Exhibit 1:**

Proposed Rule 971.2NY(a)(2) would define the term “CUBE BBO,” which would be determined upon entry of a CUBE Order in the System, and is the more aggressive of (i) the Complex BBO improved by \$0.01, or (ii) the Derived BBO improved by: \$0.01 multiplied by the smallest leg of the complex order strategy.<sup>fn</sup> As described below, the Exchange would use the CUBE BBO both for purposes of determining whether an Auction may begin or if an Auction must conclude early. Put another way, in order to initiate an Auction, the Complex CUBE Order must be priced better than the interest resting on the Consolidated Book, i.e., the CUBE BBO, which ensures that price-time priority is respected. This proposed Rule would also provide that the CUBE BBO may be updated during the Auction

based on arriving interest, pursuant to proposed Rule 971.2NY(a)(4) (which is discussed below). Accordingly, the Exchange proposes to embed within the definition of CUBE BBO the requirement for price improvement, which concept is described for the Single-Leg CUBE for CUBE Orders for fewer than 50 contracts in Rules 971.1NY(b)(1)(B) and (b)(6).

**6. Delete the bracketed text in the first sentence of footnote 19 on page 11 of the Filing and footnote 20 on page 49 of the Exhibit 1:**

Pursuant to Rule 991NY(b)(7), option transactions effected as part of a Complex Trade are exempt from NBBO trade through liability and therefore an individual leg [market] of a Complex Order may trade at or between the [Exchange] Exchange's best bid /offer, without regard to the NBBO.

**7. Insert the underlined text in the first two full paragraphs (including in footnote 22) on pages 13-14 of the Filing and the first full paragraph (including in footnote 23) on each of pages 53-54 of the Exhibit 1:**

Pursuant to proposed Rule 971.2NY(b)(1)(A), a "single stop price" is the price at which the Initiating Participant guarantees the Complex CUBE Order and, if the Initiating Participant specifies a single stop price, the stop price must be executable against the initiating price of the auction.<sup>fn</sup> When an Initiating Participant elects a single stop price, this would be the price at which the Complex Contra Order would trade with the Complex CUBE Order, pursuant to paragraph (c)(4) of this proposed Rule, as discussed below. As further proposed, if a stop price crosses the same-side CUBE BBO (i.e., would be priced outside the permissible range of executions), the Complex CUBE Order would not be eligible to initiate an Auction and would be rejected along with the Complex Contra Order. Thus, using the information in the above Example, the CUBE BBO is - \$4.02 to \$4.04 and a Complex CUBE Order to buy starts an Auction with an initiating price of -\$4.04, a stop price of \$4.01 would be rejected because it crosses the same-side CUBE BBO (of -\$4.02). The proposal to allow a Complex CUBE to be guaranteed by a single stop price is based in part on how the single-stop price feature operates with the Single-Leg CUBE, but with differences to reflect the permissible range of executions for a Complex CUBE Order.<sup>22/23</sup>

Rather than opt for a single stop price, an Initiating Participant may, pursuant to proposed Rule 971.2NY(b)(1)(B), elect the "auto-match limit price" alternative, which is the most aggressive price at which the Initiating Participant is willing to trade with the Complex CUBE Order and which price must be executable against the initiating price of the Auction.<sup>fn</sup> As further proposed, the Complex Contra Order may trade with the Complex CUBE Order at prices that are better than or equal to the initiating price up to the auto-match limit price, if applicable, pursuant to paragraph (c)(4) of this proposed Rule.<sup>fn</sup> Accordingly, a Complex Contra Order with an auto-match limit price is eligible to trade at all prices within

the range of permissible executions for such Auction, subject to the specified limit price.

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<sup>22/23</sup>See Rule 971.1NY(c)(1)(A). The Exchange notes, however, that [it] in the Single-Leg CUBE, the Exchange would re-price a single stop price [to] that would trade through the NBB or NBO as applicable so that the stop price would be within the range of permissible executions on the Single-Leg CUBE[, which feature the] The Exchange does not [allow] employ this feature in the Complex CUBE Auction, in part, because unlike options transactions on Single-Leg series, options transactions effected as part of a Complex Trade are exempt from NBBO trade through liability and therefore an individual leg of a Complex Order may trade at or between the Exchange's best bid /offer, without regard to the NBBO. See supra n. 19/20; Rule 991NY(b)(7).

8. **Insert the underlined text in and after the first paragraph under the heading “Complex CUBE Auction Process: RFRs, RTI and Responses” on page 16 of the Filing and page 58 of the Exhibit 1:**

Proposed Rule 971.2NY(c) sets forth the Auction process, which is substantially similar to the Single-Leg CUBE. Proposed Rule 971.2NY(c), which is based on Rule 971.1NY(c), would provide that the time at which the Auction is initiated would be considered the time of execution for the Complex CUBE Order.<sup>fn</sup> As further proposed, only one Complex CUBE Auction may be conducted at a time in any given complex order strategy and, once commenced, the Complex CUBE Order, as well as the Complex Contra Order, may not be cancelled or modified. This functionality is consistent with the Single-Leg CUBE as well as rules of other options exchanges that operate electronic price improvement auctions for complex orders.<sup>fn</sup>

Although only one Complex CUBE Auction in a given complex strategy can occur at a time, the Exchange will accept a Single-Leg CUBE Order in an option series even if that series is a component of a Complex CUBE Auction in progress. The Exchange would likewise accept a Complex CUBE Order that includes an option series that is subject to a Single-Leg CUBE Auction in progress. To the extent there are concurrent auctions, each auction (which is subject to a random timer) would be processed sequentially, based on the time the auction commenced. At the time each CUBE auction concludes, including when it concludes early, it would be processed pursuant to Rule 971.1NY(c)(5) or proposed Rule 971.2NY(c)(4) (discussed below) as applicable. The Exchange proposes to codify this functionality in Commentary .01 to Rule 971.1NY (currently held as “Reserved”) and in new Commentary .03 to Rule 971.2NY.

**9. Insert the underlined text and delete the bracketed text in the paragraph under the heading “Conclusion of the Complex CUBE Auction” on page 20 of the Filing and pages 63-64 of the Exhibit 1:**

As proposed in Rule 971.2NY(c)(2), just as with the Single-Leg CUBE, the Complex CUBE Auction would conclude at the end of the RTI.<sup>fn</sup> This proposed functionality is similar to the operation of electronic price improvement mechanisms for complex orders offered by other exchanges.<sup>fn</sup> Consistent with the Single-Leg CUBE and the rules of other exchanges that operate electronic price improvement auctions for complex orders, this rule would further provide that an Auction would conclude in the event of a trading halt in any of the component series<sup>fn</sup> and the Complex CUBE Order would be executed per proposed Rule 971.2NY(c)(4).<sup>fn</sup> As described in proposed Rule 971.2NY(c)(3) (and discussed below), specified additional events may result in the early conclusion of the Auction. Proposed Rule 971.2NY(c)(2) would further provide that after the Complex CUBE Order has been filled, any RFR Responses (including Complex GTX Orders) may trade with Complex Orders on the same side of the market as the Complex CUBE Order [any RFR Responses that do not execute in the Auction would execute] in accordance with Rule 980NY, Complex Order Trading[, and]. A[a]ny remaining balance of Complex GTX Orders would cancel, because such orders have a time-in-force for the duration of the Auction.

**10. Insert the underlined text in the third and fourth bullet points under the heading “Early Conclusion of a Complex CUBE Auction” on page 22 of the Filing and pages 66-67 of the Exhibit 1:**

- Third, pursuant to proposed Rule 971.2NY(c)(3)(C), an Auction would conclude early if, during the RTI, the Exchange receives any interest that adjusts the same-side CUBE BBO to cross any RFR Responses. The Exchange proposes to conclude the Auction early in such circumstance to honor the priority of the Consolidated Book (i.e., to allow the incoming interest that ended the Auction to execute immediately following the execution of the CUBE Order (which has priority)). This early conclusion scenario is based in part on Rule 971.1NY(c)(4)(B) for Single-Leg CUBE in that the interest would be on the same side as the Complex CUBE Order and would be marketable against RFR Responses, but uses Complex CUBE terminology.
- Fourth, pursuant to proposed Rule 971.2NY(c)(3)(D), an Auction would conclude early if, during the RTI, the Exchange receives any interest that adjusts the same-side CUBE BBO to cross the single stop price specified by the Initiating Participant. This early end scenario would not apply to instances where the Initiating Participant specified an auto-match limit price because the auto-match limit price would be adjusted (see proposed Rule 971.2NY(b)(1)(B)). The Exchange proposes to conclude the Auction early in such circumstances because the single stop price (which is not adjusted) would not be eligible to trade as part of an updated CUBE BBO.

Accordingly, to preserve priority, the Exchange proposes to conclude such Auction early and execute the Complex CUBE Order ahead of the incoming interest as provided for in proposed Rule 971.2NY(c)(4).

**11. Insert the underlined text and delete the text in, and after, the last bullet point on page 26 of the Filing and page 73 of the Exhibit 1:**

- If there are no RFR Responses, the Complex CUBE Order would execute against the Complex Contra Order at the initiating price. Proposed Rule 971.2NY(c)(4)(B)(ii)(c) is based on Rule 971.1NY(c)(5)(B)(ii)(c), without any substantive differences.

**Example: Allocation of a Complex CUBE Order Guaranteed with an Auto-match Limit Price Executions (proposed Rule 971.2NY(c)(4)(B)(ii))**

LMM Oct 45 C 100 x 8.40 – 8.70 x 100

LMM Oct 50 C 100 x 5.50 – 5.55 x 100

Derived BBO for {S 1 Oct 45 C/ B 2 Oct 50 C} = \$2.70 to -\$2.30

Complex BBO for {S1 Oct 45 C/ B 2 Oct 50 C} = N/A (no complex orders on book)

Complex CUBE Order: Cust1 {S 1 Oct 45 C/ B 2 Oct 50 C} x 100 -\$2.69

Complex Contra Order: Firm2 {B 1 Oct 45 C/ S 2 Oct 50 C} x 100 \$2.67

Auto-match limit price

CUBE BBO: \$2.69 to -\$2.31

RFR sent identifying the complex order strategy, side and size, with initiating price of -\$2.69

Permissible range of executions = -\$2.31 to -\$2.69

(Auction starts)

MM2 {B 1 Oct 45 C/ S 2 Oct 50 C} x 20 \$2.68

MM3 {B 1 Oct 45 C/ S 2 Mar 50 C} x 10 \$2.67

Complex CUBE Order trades as follows:

10 with Firm2 (Complex Contra Order) @ \$2.67

10 with MM3 @ \$2.67

20 with Firm2 (Complex Contra Order) @ \$2.68

20 with MM2 @ \$2.68

40 with Firm2 (Complex Contra Order) @ \$2.69

[As noted above, certain unrelated orders may be considered RFR Responses and may interact with the Complex CUBE Order (thus maximizing opportunities for price improvement) and any portion of these unrelated orders remaining thereafter



would be processed in accordance with Rule 980NY, Electronic Order Trading. Proposed Rule 971.2NY(c)(4)(C) is based on Rule 971.1NY(c)(5)(C) without any substantive differences.]

Finally, proposed Rule 971.2NY(c)(4)[(D)](C) would provide that a single RFR Response would not be allocated a volume that is greater than its size. This proposed rule text is based on Rule 971.1NY(c)(4) [(D)](C) without any substantive differences.

**12. Insert the underlined text and delete the bracketed text in the paragraph under the heading “Modification to Complex Order Trading Rule regarding COA” (including in footnote 50) on page 28 of the Filing and (including in footnote 51) on page 76 of the Exhibit 1.**

[Consistent with the principle that the Exchange would only conduct one auction in a given complex order strategy at a time, the Exchange proposes to amend Rule 980NY(e)(6) to make clear that a COA in progress would end upon receipt of a better-priced Complex CUBE Order received during the COA.]The Exchange proposes to modify Rule 980NY(e)(6)(A) and (B) to make clear that incoming Complex CUBE Orders are included in the category of “[i]ncoming Electronic Complex Orders” that may cause the COA in progress to end early if the incoming Complex CUBE Order satisfies the conditions set forth in Rule 980NY(e)(6)(A)(i) or (B)(i).<sup>50/51</sup>This functionality also is consistent with the principle that the Exchange would only conduct one auction in a given complex order strategy at a time, per proposed Rule 971.2NY(c) and Rule 980NY(e)(3).

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<sup>50/51</sup>[See proposed Rule 980NY(e)(6)(A),(B) (making clear that Complex CUBE Orders are included in the category of “[i]ncoming Electronic Complex Orders” that may cause the COA in progress to end early”).] See proposed Rule 980NY(e)(6)(A) and(B). See also Securities Exchange Act Release No. 82027 (November 7, 2017), 82 FR 52749, 52751-52 (November 14, 2017) (SR-NYSEAMER-2017-15) (“COA Approval Order”) (order approving modifications to complex order trading rule and the COA process, which specifically addressed when incoming trading interest would cause a COA in progress to end early).

**13. Insert the underlined text and delete the bracketed text in the first paragraph under the heading “Section 11(a) of the Exchange Act” on pages 28-29 of the Filing and on pages 76-77 of the Exhibit 1.**

Section 11(a) of the Exchange Act prohibits any member of a national securities exchange from effecting transactions on that exchange for its own account, the account of an associated person, or an account over which it or its associated persons exercises discretion (“covered accounts”), unless, as discussed below, an exception applies.<sup>fn</sup> The Commission, in its order to approve the Single-Leg

CUBE, determined [that orders effected utilizing this mechanism complied]the Single-Leg CUBE rules were consistent with the requirements of Section 11(a).<sup>fn</sup> As noted herein, the Complex CUBE Auction operates in a manner substantially similar to the Single-Leg CUBE and the argument supporting the Exchange's position that the proposed Complex CUBE Auction is consistent with the requirements of Section 11(a) and the rules thereunder mirror those made (and accepted by the Commission) in regards to the Single-Leg CUBE.

**14. Insert the underlined text and delete the bracketed text in footnote 56 on page 30 of the Filing and footnote 57 on page 78 of the Exhibit 1:**

In the alternative, orders for a covered account may be sent by an off-floor ATP Holder to an unaffiliated Floor Broker for entry into the Complex CUBE Auction mechanism. The Exchange notes that at the current time, Exchange-sponsored Floor Broker systems are not enabled to accept orders into the CUBE Auction mechanism from Floor Brokers. The Exchange further notes that if a Floor Broker were to gain access to the CUBE Auction mechanism via a third-party system, that Floor Broker may not rely on any exceptions found in Section 11(a) of the Act or rules thereunder to enter [Floor Brokers, however, may not enter] orders for their own covered accounts into the Auction mechanism from on the floor, or transmit such orders from on the floor to off of the floor for entry into the Complex CUBE Auction mechanism.

**15. Insert the underlined text in the last paragraph of "Section 11(a) of the Exchange Act" on pages 31-32 of the Filing and on page 81 of the Exhibit 1:**

For all of the foregoing reasons, like the Single-Leg CUBE, the Exchange believes the Complex CUBE Auction promotes just and equitable principles of trade and is consistent with the [general policy objectives]requirements of Section 11(a) of the Act and the rules thereunder.

**16. Insert the underlined text and delete the bracketed text in the second full paragraph (including footnote 66) on page 34 of the Filing and (including footnote 67) on pages 84-85 of the Exhibit 1:**

Upon adoption of the proposal, the Exchange would operate price improvement auctions in both single-leg options series and Complex Orders.<sup>66/67</sup> As with the Single-Leg CUBE, the Exchange will not operate multiple, [simultaneous]concurrent Complex CUBE Auctions on the same complex order strategy. However, the Exchange proposes that it would accept orders designated for the CUBE on a single option series where a Complex CUBE on a Complex Order strategy that includes such series may be in progress. The Exchange would also accept Complex Orders designated for the Complex CUBE where a Single-Leg CUBE on [either]any of the component series may be in progress. The Exchange sees no reason to limit the ability for such auctions to occur at the same time. The Exchange believes this [simultaneous]concurrent price improvement

auction functionality would encourage participants to utilize the Single-Leg and Complex CUBE mechanisms and reduce the potential of such auctions being terminated early by other incoming orders designated for CUBE in the same single options series which may, in turn, reduce order cancelation and, thereby remove impediments to, and perfect the mechanism of, a free and open market and a national market system.

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<sup>66/67</sup> Exchange rules governing events occurring during permitted, [simultaneous]concurrent auctions are clear. See proposed Rules 971.1NY, Commentary .01 and 971.2NY, Commentary .03. See also Rules 964NY(b) (regarding the priority and execution of single-leg orders and quotes) and 980NY(b), (c) (regarding the priority and execution of Complex Orders). Processes on the Exchange System are sequential, which prevents any two orders (including CUBE Orders and Complex CUBE Orders) from having the same time stamp. [Each order is processed in accordance with Exchange rules without race conditions.]

**17. Insert the underlined text and delete the bracketed text in the first full paragraph on page 35 of the Filing and on page 86 of the Exhibit 1:**

The proposed changes to Rule 980NY(e)(6) [that make clear that a COA in progress would end upon receipt of a better-priced Complex CUBE Order received during the COA] would add clarity, transparency and internal consistency to Exchange rules and thereby remove impediments to, and perfect the mechanism of, a free and open market and a national market system by making clear that Complex CUBE Orders, like other interest that arrives during a COA, may cause a COA in progress to end early provided the order meets the conditions in Rule 980NY(e)(6)(A)(i) or (B)(i) (see supra note 50/51) and would also ensure that only one auction in a complex order strategy is conducted at a time consistent with proposed Rule 971.2NY(c) and Rule 980NY(e)(3).

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Additionally, the Exchange requests the Commission to find good cause to grant accelerated approval of NYSEAmer-2018-05, as amended, pursuant to Section 19(b)(2) of the Act. The Exchange's Filing to adopt a Complex CUBE Auction through new 971.2NY (Complex Electronic Cross Transactions), was published in the Federal Register on April 24, 2018 and, as of the date of this Amendment No. 1, no comments regarding the original Filing were submitted. Accelerated approval would allow the Exchange to implement, without delay, the proposed modifications at the same time that the Filing goes into effect, which would not only provide additional clarity and reduce any potential ambiguity regarding the how the Complex CUBE operates, accelerated approval would also enable the Exchange to compete with options exchanges that already offer price improvement mechanisms similar to the Complex CUBE, which is not a new or novel concept for the Commission. The Amendment is designed to make clear that the

Complex CUBE Auction is an extension of the electronic crossing mechanism that the Exchange offers with its Single-Leg CUBE and the proposed Complex CUBE Auction would operate in a manner substantially similar to the Single-Leg CUBE, with differences to account for different processing of and priority rules for Complex Orders. Where applicable, the Amendment provides additional details and clarifies the text of the proposed rules, thereby helping to assure the accuracy of the proposed rules.

Specifically, Partial Amendment No. 1 clarifies that the Exchange can operate concurrent Single-Leg and Complex CUBE Auctions involving the same option series and makes clear how orders processed in such concurrent auctions would be handled. The Exchange believes the rule text to describe this proposed (sequential) processing, which was not in the original Filing, is consistent with the handling by Cboe EDGX Exchange, Inc. (“EDGX”) of orders executed in concurrent complex order auctions that occur in the same complex order strategy. Although the EDGX complex order auction is distinct from CUBE Auctions in that it is not a paired auction, the Exchange believes that the proposed amendment to specify this processing has previously been considered by the Commission and therefore does not raise any new or novel regulatory issues. The Exchange further believes that there is good cause to grant accelerated approval of this Amendment because it would promote transparency and clarity in Exchange rules to specify this processing.

The Amendment also clarifies the operation of, and adds specificity to the concepts used in connection with, the Complex CUBE, including the restrictions that the Complex Contra Order be on behalf of a non-Customer and interact solely with the Complex CUBE Order; the functioning of a single stop price versus an auto-match limit price (including an example detailing a Complex CUBE Order allocation when the latter auto-match limit price is utilized); the rationale for ending the Complex CUBE early (to preserve priority) based on certain interest that arrives during the Auction; the impact of a Complex CUBE Order that arrives during a COA in progress; the allocation of orders (or the remaining balance of such orders) after the Complex CUBE Order is filled; and clarifying how the Complex CUBE would meet Section 11(a) of the Securities Exchange Act. Each of the foregoing proposed modifications, set forth in the Amendment, clarify and amplify the original Filing and details how this Complex CUBE functionality is consistent with (or operates in conjunction with) the Single-Leg CUBE and the Exchange’s Customer and price/time priority model. None of the proposed changes alter the functionality of the proposed Complex CUBE mechanism (or Single-Leg CUBE), as described in the original Filing, but rather, provides additional details regarding the operation of the proposed Complex CUBE (and, in some cases, the Single-Leg CUBE). The Exchange notes that certain other changes in the proposed Amendment are designed to provide additional clarity and specificity to, or examples of, the proposed rule text without making any substantive changes to the proposed rule. The Exchange believes that proposed Amendment No. 1 does not introduce material, new, or novel concepts and does not alter the proposed functionality of the Complex CUBE mechanism, and therefore there is good cause to approve this Amendment on an accelerated basis.

\*\*\*\*\*



**Text of the Proposed Rule Change:<sup>1</sup>**

**NYSE AMERICAN RULES**

\* \* \* \* \*

**Trading of Option Contracts**

\* \* \* \* \*

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

\* \* \* \* \*

**Rule 900.2NY. Definitions**

\* \* \* \* \*

(7) (a) *BBO*. The term “BBO” shall refer to the best bid or offer on the System.

(b) Complex BBO. The “Complex BBO” [shall refer to the BBO for a given complex order strategy as derived from the best bid on OX and best offer on OX for each individual component series of a Complex Order] means the complex orders with the lowest-priced (*i.e., the most aggressive*) net debit/credit price on each side of the Consolidated Book for the same complex order strategy.

(c) Derived BBO. The “Derived BBO” is calculated using the BBO from the Consolidated Book for each of the options series comprising a given complex order strategy.

\* \* \* \* \*

(18A) *Professional Customer*. The term “Professional Customer” means individual or organization that (i) is not a Broker/Dealer in securities, and (ii) places more than 390 orders in listed options per day on average during a calendar month for its own beneficial account(s). A Professional Customer will be treated in the same manner as a Broker/Dealer (or non-Customer) in securities for the purposes of Rules 900.3NY(j)(Facilitation Order), 904G(f) (FLEX Trading Procedures and Principles - Crossing Limitations), 934NY(Crossing), 934.1NY (Facilitation Cross Transactions), 934.2NY(At-Risk Cross Transactions), 934.3NY(Solicitation), 963NY(Priority and Order Allocation Procedures - Open Outcry), 964NY (Display, Priority and Order Allocation - Trading Systems), 964.2NY(b)(1)(iii)(Participation Entitlement of Specialists and e-Specialists), 964.2NY(b)(3)(B)(Allocation Of Participation Entitlement Amongst Specialist Pool), 971.1NY (Single-Leg Electronic Cross Transactions), 971.2NY (Complex Electronic Cross Transactions), 975NY(b)(1) (Obvious Errors and Catastrophic Errors), and 980NY(b) (Electronic Complex Order Trading).

<sup>1</sup> For changes made pursuant to the original filing, new text is underscored and deleted text is in brackets; for changes made pursuant to the first partial amendment, new text is italicized in bold and deleted text is struck-through.

\* \* \* \* \*

**Rule 935NY. Order Exposure Requirements**

With respect to orders routed to the System, Users may not execute as principal orders they represent as agent unless (i) agency orders are first exposed on the Exchange for at least one (1) second; (ii) the User has been bidding or offering on the Exchange for at least one (1) second prior to receiving an agency order that is executable against such bid or offer; (iii) the User utilizes the Customer Best Execution Auction (“CUBE Auction”) pursuant to Rules 971.1NY or 971.2NY; or (iv) the User utilizes the Complex Order Auction Process (“COA”) pursuant to Rule 980NY(e).

\* \* \* \* \*

**Rule 971.1NY. Single-Leg Electronic Cross Transactions**

(a) An ATP Holder (“Initiating Participant”) may electronically submit for execution into the Customer Best Execution Auction (“CUBE Auction” or “Auction”) a limit order it represents as agent on behalf of a public customer, broker dealer, or any other entity (“CUBE Order”) provided that the Initiating Participant guarantees the execution of the CUBE Order by submitting a contra-side order (“Contra Order”) representing principal interest or non-Customer interest it has solicited to trade *solely* with the CUBE Order at a specified price (“stop price”) or by utilizing auto-match or auto-match limit features as described in paragraphs (c)(1)(B) and (c)(1)(C) of this Rule. The stop price and any use of auto-match or auto-match limit are not displayed. An Auction begins with an “initiating price,” which for a CUBE Order to buy (sell) shall be the lower (higher) of the CUBE Order's limit price or the National Best Offer (“NBO”) (National Best Bid (“NBB”)), except as provided for in paragraph (b)(1)(B) of this Rule. At the conclusion of the Auction, the CUBE Order may execute at multiple prices within a permissible range, as specified in paragraph (b)(1) of this Rule.

(b) CUBE Auction Eligibility Requirements. All options traded on the Exchange are eligible for the CUBE Auction. For purposes of determining whether a CUBE Order is eligible to initiate an Auction, references to the National Best Bid or Offer (“NBBO”) or Exchange Best Bid or Offer (“BBO”) refer to the quoted market at the time the Auction is initiated. The time at which the Auction is initiated shall also be considered the time of execution for the CUBE Order and the execution of orders in the Auction shall qualify as exceptions to Trade-Through Liability, pursuant to Rule 991NY(b)(5) and (9). An Initiating Participant may initiate a CUBE Auction provided all of the following are met:

- (1) Range of Permissible Executions. A CUBE Order to buy (sell) may execute at prices equal to or between the initiating price as the upper (lower) bound and the NBB (NBO) as the lower (upper) bound, provided that:

\* \* \* \* \*

(10) CUBE Orders submitted during a trading halt are not eligible to initiate an Auction and will be rejected, along with the Contra Order.

\* \* \* \* \*

(c) Auction Process. Only one Auction may be conducted at a time in any given series. Once commenced, the CUBE Order (as well as the Contra Order) may not be cancelled or modified, and shall proceed as follows:

(1) *Initiation of Auction.* To initiate the CUBE Auction, the Initiating Participant must mark the CUBE Order for Auction processing, and specify one of the following means of guaranteeing the execution of the CUBE Order:

(A) A single stop price. For a CUBE Order to buy (sell), an Initiating Participant may specify a single stop price that is equal to[at] or below (above) the initiating price of the Auction. A stop price specified for a CUBE Order to buy (sell) that is below (above) the lower (upper) bound of the range of permissible executions will be repriced to the lower (upper) bound. A stop price specified for a CUBE Order to buy (sell) that is above (below) the initiating price is not eligible to initiate an Auction and both the CUBE Order and the Contra Order shall be rejected; or

(B) Auto-match. For a CUBE Order to buy (sell), the Initiating Participant will automatically match [as principal or as agent on behalf of a Contra Order] the price and size of all RFR Responses that are lower (higher) than the initiating price and within the range of permissible executions; or

(C) Auto-match limit. For a CUBE Order to buy (sell), the Initiating Participant may specify an “auto match limit price” that is equal to or below (above) the initiating price of the Auction, and the Contra Order may trade with the CUBE Order at prices[will automatically match as principal or as agent on behalf of a Contra Order the price and size of all responses to the CUBE Auction Request for Responses (as described in paragraph (c)(2) of this Rule)] that are lower (higher) than the initiating price down (up) to [a specified limit price (the “] *the* auto-match limit price[“)]. An auto-match limit price specified for a CUBE Order to buy (sell) that is below (above) the lower (upper) bound of the range of permissible executions will be repriced to the lower (upper) bound.

(2) *CUBE Auction Request for Responses (“RFR”) and Response Time Interval*

\* \* \* \* \*

(i) GTX Order - A GTX Order is a non-routable order with a time-in-force contingency for the Response Time Interval and must specify price, size and side of the market.

\* \* \* \* \*



(d) GTX Orders may be cancelled or modified.

\* \* \* \* \*

**Commentary:**

~~.01 Reserved.~~ ***Concurrent Single-Leg and Complex CUBE Auctions involving the same option series. A single-leg CUBE Auction for a series and a Complex CUBE Auction pursuant to Rule 971.2NY (Complex Electronic Cross Transactions) for a Complex Order that includes the same option series may occur concurrently. To the extent that such CUBE Auctions occur concurrently, each CUBE Auction will be processed sequentially based on the time each CUBE Auction commenced. At the time each CUBE Auction concludes, including when it concludes early, it will be processed pursuant to Rule 971.1NY(c)(5) or Rule 971.2NY(c)(4) as applicable.***

.02 The following conduct shall be considered conduct inconsistent with just and equitable principles of trade:

\* \* \* \* \*

(b) Engaging in a pattern and practice of trading or quoting activity for the purpose of causing a CUBE Auction to conclude before the end of the Response Interval Time.

\* \* \* \* \*

**Rule 971.2NY. Complex Electronic Cross Transactions**

(a) Complex CUBE Order. A Complex CUBE Order is a Complex Order, as defined in Rule 900.3NY(e), submitted electronically by an ATP Holder (“Initiating Participant”) into the Complex Customer Best Execution Auction (“Complex CUBE Auction” or “Auction”) that the Initiating Participant represents as agent on behalf of a public customer, broker dealer, or any other entity.

(1) The Initiating Participant guarantees the execution of such Complex CUBE Order by submitting a contra-side order (“Complex Contra Order”) representing principal interest or non-Customer interest it has solicited to trade *solely* with the Complex CUBE Order at either:

(A) a specified price (“*single* stop price”) as described in paragraph (b)(1)(A) of this Rule; or

(B) an auto-match limit price as described in paragraph (b)(1)(B) of this Rule.

(2) The “CUBE BBO” is determined upon entry of a CUBE Order into the System and is the more aggressive of (i) the Complex BBO improved by \$0.01, or (ii) the Derived BBO improved by: \$0.01 multiplied by the smallest leg of the complex

order strategy. The “same-side CUBE BBO” and “contra-side CUBE BBO” refer to the CUBE BBO on the same or opposite side of the market as the Complex CUBE Order, respectively. *The CUBE BBO may be updated during the Auction pursuant to paragraph (a)(4) of this Rule.*

(3) The “initiating price” for a Complex CUBE Order is the less aggressive of the net debit/credit price of such order or the price that locks the contra-side CUBE BBO.

(4) The “range of permissible executions” of a Complex CUBE Order is all prices equal to or between the initiating price and the same-side CUBE BBO.

(A) If the CUBE BBO updates during the Auction (the “updated CUBE BBO”), the range of permissible executions will adjust in accordance with the updated CUBE BBO, unless the interest that updated the CUBE BBO would cause the Auction to conclude early pursuant to paragraph (c)(3) of this Rule.

(b) *Complex CUBE Auction Eligibility Requirements.* All options traded on the Exchange are eligible to be part of a Complex CUBE Order. An Auction will be initiated provided all of the following conditions are met:

(1) The Initiating Participant marks the Complex CUBE Order for Auction processing, and specifies one of the following means of guaranteeing the execution of the Complex CUBE Order:

(A) A single stop price. *The “single stop price” is the price at which the Initiating Participant guarantees the Complex CUBE Order.* If an Initiating Participant specifies a single stop price, the stop price must be executable against the initiating price of the Auction. The Complex Contra Order may trade with the Complex CUBE Order at the stop price, pursuant to paragraph (c)(4) of this Rule. If the stop price crosses the same-side CUBE BBO, the Complex CUBE Order is not eligible to initiate an Auction and will be rejected along with the Complex Contra Order; or

(B) Auto-match limit price. *The “auto-match limit price” is the most aggressive price at which the Initiating Participant is willing to trade with the Complex CUBE Order.* If an Initiating Participant specifies an “auto-match limit price,” this price must be executable against the initiating price of the Auction. The Complex Contra Order may trade with the Complex CUBE Order at prices that are better than or equal to the initiating price until trading at the auto-match limit price, if applicable, pursuant to paragraph (c)(4) of this Rule. If the auto-match limit price crosses the same-side CUBE BBO, the Complex Contra Order will be priced back to lock the same-side CUBE BBO.

(2) A Complex CUBE Order that does not have a net debit/credit price that is equal to or better than the same-side CUBE BBO is not eligible to initiate an Auction and will be rejected, along with the Complex Contra Order.

(3) Complex CUBE Orders submitted before the opening of trading are not eligible to initiate an Auction and will be rejected, along with the Complex Contra Order.

(4) Complex CUBE Orders submitted during the final second of the trading session in the component series are not eligible to initiate an Auction and will be rejected, along with the Complex Contra Order.

(5) Complex CUBE Orders submitted during a trading halt are not eligible to initiate an Auction and will be rejected, along with the Complex Contra Order.

(c) Auction Process. The time at which the Auction is initiated will also be considered the time of execution for the Complex CUBE Order. Only one **Complex CUBE Auction** may be conducted at a time in any given complex order strategy and, once commenced, the Complex CUBE Order (as well as the Complex Contra Order) may not be cancelled or modified.

(1) *Complex CUBE Auction Request for Responses (“RFR”) and Response Time Interval*

(A) Upon receipt of a Complex CUBE Order, the Exchange will send an RFR to all ATP Holders who subscribe to receive RFR messages. The RFR will identify the complex order strategy, the side and size of the Complex CUBE Order, and the initiating price.

(B) The “Response Time Interval” means the period of time during which responses to the RFR may be entered. The Response Time Interval will last for a random period of time within parameters determined by the Exchange and announced by Trader Update. The minimum/maximum parameters for the Response Time Interval will be no less than 100 milliseconds and no more than one (1) second.

(C) Any ATP Holder may respond to the RFR, provided such response is properly marked specifying price, size and side of the market (“RFR Response”). Any RFR Response that crosses the same-side CUBE BBO will be eligible to trade in the Auction at a price that locks the same-side CUBE BBO. The Auction will accept RFR Responses as follows:

(i) Complex GTX Order - A Complex GTX Order is an Electronic Complex Order, as defined in Rule 980NY, with a time-in-force contingency for the Response Time Interval, which must specify price, size and side of the market.

(a) Complex GTX Orders will not be displayed on the Consolidated Book or disseminated to any participants. A Complex GTX Order that is not fully executed as provided for in paragraphs (c)(3) and (4) of this Rule will be cancelled at the conclusion of the Auction.

(b) GTX Orders with a size greater than the size of the Complex CUBE Order will be capped at the size of the Complex CUBE Order.

(c) Complex GTX Orders may be cancelled or modified.

(d) Complex GTX Orders on the same side of the market as the Complex CUBE Order will be rejected.

(ii) Unrelated Electronic Complex Orders - Electronic Complex Orders, as defined in Rule 980NY (including if designated as COA-eligible orders), on the opposite side of the market as the Complex CUBE Order that are received during the Response Time Interval will be considered RFR Responses (even though not marked as Complex GTX Orders), provided such orders can participate within the range of permissible executions specified for the Auction pursuant to paragraph (a)(4) of this Rule.

(2) Conclusion of Auction. The Auction will conclude at the end of the Response Time Interval. The Auction will conclude earlier than the end of the Response Time Interval if there is a trading halt in any of the component series or if there is an early conclusion event pursuant to paragraph (c)(3) of this Rule. If there is a trading halt in any of the component series, the Complex CUBE Order will execute pursuant to paragraph (c)(4) of this Rule. **After the Complex CUBE Order has been filled, any RFR Responses (including Complex GTX Orders) may trade with Complex Orders on the same side of the market as the Complex CUBE Order** ~~Any RFR Responses that do not execute in the Auction will execute in accordance with Rule 980NY, Complex Order Trading, and~~ **Subsequently, any remaining balance of Complex GTX Orders will cancel.**

(3) Early Conclusion of Auction. An Auction will conclude before the end of the Response Time Interval as described in paragraphs (c)(3)(A)-(F) of this Rule. When the Auction concludes, the Complex CUBE Order will execute pursuant to paragraph (c)(4) of this Rule. An Auction will conclude early if, during the Response Time Interval, the Exchange receives:

(A) A new Complex CUBE Order in the same complex order strategy that meets the conditions of paragraph (b) of this Rule;

(B) Any interest that adjusts the same-side CUBE BBO to be better than the initiating price;

(C) Any interest that adjusts the same-side CUBE BBO to cross any RFR Response(s);

(D) Any interest that adjusts the same-side CUBE BBO to cross the single stop price specified by the Initiating Participant.

(E) Any interest that crosses the same-side CUBE BBO.

(F) Interest in the leg market that causes the contra-side CUBE BBO to be better than the stop price or auto-match limit price.

(4) Order Allocation. When the Auction concludes, any RFR Response that exceeds the size of the Complex CUBE Order will be capped at the Complex CUBE Order size for purposes of size pro rata allocation of the Complex CUBE Order per Rule 964NY(b)(3), and the Complex CUBE Order will be allocated at the best price(s) as follows:

(A) At each price level, any Customer orders that arrived during the Auction as RFR Responses will have first priority to execute and be allocated on a size pro rata allocation pursuant to Rule 964NY(b)(3).

(B) After Customer interest at a particular price level has been satisfied, any remaining size will be allocated among the Complex Contra Order and RFR Responses as follows:

(i) Single stop price: A Complex CUBE Order for which an Initiating Participant specifies a single stop price will trade with interest received during the Auction as follows:

(a) First to RFR Responses priced better than the stop price, beginning with the most aggressive price within the range of permissible executions, pursuant to the size pro rata algorithm set forth in Rule 964NY(b)(3) at each price point.

(b) Any remaining size of the Complex CUBE Order will execute at the stop price. At the stop price, if there is sufficient size of the Complex CUBE Order still available after executing at prices better than the stop price or against Customer interest, the Complex Contra Order will receive an allocation of the greater of 40% of the original Complex CUBE Order size or one contract (or the greater of 50% of the original Complex CUBE Order size or one contract if there is only one RFR Response). Any remaining size of the Complex CUBE Order at the stop price will be allocated among remaining RFR Responses pursuant to the size pro rata algorithm set forth in Rule 964NY(b)(3). If all RFR Responses are filled, any remaining size of the Complex CUBE Order will be allocated to the Complex Contra Order.

(c) If there are no RFR Responses, the Complex CUBE Order will execute against the Complex Contra Order at the stop price.

(ii) Auto-match limit price: A Complex CUBE Order for which an Initiating Participant specifies an “auto-match limit price” will trade with interest received during the Auction as follows:

- (a) First, to RFR Responses at each price level priced better than the auto-match limit price (if any) within the range of permissible executions, beginning with the most aggressive price, pursuant to the size pro rata algorithm set forth in Rule 964NY(b)(3) at each price point.
- (b) Next, to RFR Responses at a price equal to the price of the Complex Contra Order's auto-match limit price, and if volume remains, to prices worse than the auto-match limit price. At each price point equal to or worse than the auto-match limit price, the Complex Contra Order will receive an allocation equal to the aggregate size of all other RFR Responses starting with the best price at which an execution against an RFR Response occurs within the range of permissible executions until a price point is reached where the balance of the CUBE Order can be fully executed (the "clean-up price"). At the clean-up price, if there is sufficient size of the Complex CUBE Order still available after executing at better prices or against Customer interest, the Complex Contra Order will be allocated additional volume required to achieve an allocation of the greater of 40% of the original Complex CUBE Order size or one contract (or the greater of 50% of the original Complex CUBE Order size or one contract if there is only one RFR Response). If the Complex Contra Order meets its allocation guarantee at a price better than the clean-up price, it will cease matching RFR Responses that may be priced worse than the price at which the Complex Contra Order received its allocation guarantee. If there are other RFR Responses at the clean-up price, the remaining size of the Complex CUBE Order will be allocated to such interest pursuant to the size pro rata algorithm set forth in Rule 964NY(b)(3). Any remaining portion of the Complex CUBE Order will be allocated to the Complex Contra Order at the initiating price.
- (c) If there are no RFR Responses, the Complex CUBE Order will execute against the Complex Contra Order at the initiating price.

~~(C) After the Complex CUBE Order has been executed, any remaining RFR Responses not marked Complex GTX will be processed in accordance with Rule 980NY, Electronic Complex Order Trading.~~

~~(D) A single RFR Response will not be allocated a volume that is greater than its size.~~

**Commentary:**

.01 The following conduct will be considered conduct inconsistent with just and equitable principles of trade:

- (a) An ATP Holder entering RFR Responses to an Auction for which the ATP Holder is the Initiating Participant.

(b) Engaging in a pattern and practice of trading or quoting activity for the purpose of causing an Auction to conclude before the end of the Response Interval Time.

(c) An Initiating Participant that breaks up an agency order into separate Complex CUBE Orders for the purpose of gaining a higher allocation percentage than the Initiating Participant would have otherwise received in accordance with the allocation procedures contained in paragraph (c)(5) of this Rule.

(d) Engaging in a pattern and practice of sending multiple RFR Responses at the same price that in the aggregate exceed the size of the Complex CUBE Order.

.02 Definitions. For purposes of this Rule, the following terms mean:

(a) *Better-priced or more aggressive interest* means lower-priced net debit/credit interest on each side of the Consolidated Book for the same complex order strategy. Inversely, higher-priced interest is *worse-priced or less aggressive than lower-priced interest.* For example, a complex order entered with a price of *-\$4.00 (net debit)*, indicating the sender is willing to pay out up to \$4.00 when the order trades, is more aggressively priced than a complex order entered with a price of *-\$3.00*, indicating the sender is only willing to pay out up to \$3.00 when the order trades.

(b) Interest *improves the BBO* if it is priced lower than either the same-side Complex or Derived BBO.

(c) Interest *locks* when it is priced at the exact inverse price of any contra-side interest.

(d) Interest *crosses* when it is priced lower than the exact inverse price of any contra-side interest. For example a complex order entered with a price of *-\$1.00 (net debit)*, crosses the same complex order strategy that is entered with a price of *\$0.99 (net credit) or lower*, and is therefore executable against such interest.

(e) A Complex Order is *executable* against contra-side interest priced at the exact inverse value or lower. For example, a Complex Order with a price of *-\$1.00 (net debit)* would be executable against a Complex Order with a price of *\$1.00 (net credit) or lower*, and vice versa.

***.03 Concurrent Single-Leg and Complex CUBE Auctions involving the same option series. A Complex CUBE Auction for a Complex Order that includes a certain option series may occur concurrently with a single-leg CUBE Auction for the same series pursuant to Rule 971.1NY (Single-Leg Electronic Cross Transactions). To the extent that such CUBE Auctions occur concurrently, each CUBE Auction will be processed sequentially based on the time each CUBE Auction commenced. At the time each CUBE Auction concludes, including when it concludes early, it will be processed pursuant to Rule 971.1NY(c)(5) or Rule 971.2NY(c)(4) as applicable.***

\* \* \* \* \*

### **Rule 980NY. Electronic Complex Order Trading**

For purposes of this Rule, an “Electronic Complex Order” means any Complex Order as defined in Rule 900.3NY (e) that is entered into the System.

\* \* \* \* \*

(e) *Electronic Complex Order Auction (“COA”) Process.* Upon entry into the System, Electronic Complex Orders may be immediately executed, in full (or in a permissible ratio), as provided in paragraph (c)(ii) above, or may be subject to a COA as described below.

\* \* \* \* \*

(2) Immediate Execution of COA-eligible orders. Upon entry of a COA-eligible order into the System, it will trade immediately, in full (or in a permissible ratio), with any Electronic Complex Orders resting in the Consolidated Book that are priced better than the contra-side Complex BBO. The COA-eligible order may trade with any Electronic Complex Orders resting in the Consolidated Book priced equal to the contra-side [Complex]Derived BBO, unless each leg of the contra-side [Complex]Derived BBO includes Customer interest. Any portion of the COA-eligible order that does not trade immediately upon entry into the System may start a COA.

(3) Initiation of a COA. Any portion of the COA-eligible order that does not execute immediately pursuant to paragraph (e)(2) of this Rule, will start a COA, provided the limit price of the COA-eligible order to buy (sell):

\* \* \* \* \*

(ii) is within a given number of ticks away from the current, contra-side market as determined by the Exchange.

A COA-eligible order will reside on the Consolidate Book until it meets the requirements of paragraph (3)(i)-(ii) and can initiate a COA. The Exchange will initiate the COA by sending a request for response (“RFR”) message to all ATP Holders that subscribe to RFR messages. RFR messages will identify the component series, the size and side of the market of the order and any contingencies. Only one COA may be conducted at a time in any given complex order strategy. At the time the COA is initiated, the Exchange will record the [Complex]Derived BBO (the “initial [Complex]Derived BBO”) for purposes of determining whether the COA should end early pursuant to paragraph (e)(6) of this Rule.

\* \* \* \* \*



(6) Impact of Electronic Complex Orders, COA-Eligible Orders and Updated Leg Markets Received During the Response Time Interval of a COA.

(A) Incoming Electronic Complex Orders (including Complex CUBE Orders) or COA-eligible orders on the Opposite Side of the Market as the initiating COA-eligible order.

- (i) Incoming Electronic Complex Orders or COA-eligible orders that lock or cross the initial [Complex]Derived BBO will cause the COA to end early. If such incoming Electronic Complex Order or COA-eligible order is also executable against the limit price of the initiating COA-eligible order, it will be ranked with RFR Responses to trade with the COA-eligible order pursuant to paragraph (e)(7) of this Rule.
- (ii) Incoming Electronic Complex Orders or COA-eligible orders that are executable against the limit price of the COA-eligible order, but do not lock or cross the initial [Complex]Derived BBO, will not cause the COA to end early and will be ranked with RFR Responses to trade with the COA-eligible order pursuant to paragraph (e)(7) of this Rule.
- (iii) Incoming Electronic Complex Orders or COA-eligible orders that are either not executable on arrival against the limit price of the initiating COA-eligible order or do not lock or cross the initial [Complex]Derived BBO will not cause the COA to end early.

\* \* \* \* \*

(B) Incoming Electronic Complex Orders (including Complex CUBE Orders) or COA-eligible orders on the Same Side of the Market as the initiating COA-eligible order. When a COA ends early, or at the end of the Response Time Interval, the initiating COA-eligible order will execute pursuant to paragraph (e)(7) of this Rule ahead of any interest that arrived during the COA.

\* \* \* \* \*

- (ii) An incoming Electronic Complex Order or COA-eligible order that is priced equal to or lower (higher) than the initiating COA-eligible order to buy (sell), and also locks or crosses the contra-side initial [Complex]Derived BBO, will cause the COA to end early.
- (iii) Incoming Electronic Complex Orders or COA-eligible orders that are priced equal to or lower (higher) than the initiating COA-eligible order to buy (sell), but do not lock or cross the contra-side initial [Complex]Derived BBO, will not cause the COA to end early.

\* \* \* \* \*

(C) Updated Leg Markets on the Same or Opposite Side of the Market as the initiating COA-eligible order.

(i) Updates to the leg markets that cause the same-side [Complex]Derived BBO to lock or cross any RFR Response(s) and/or Electronic Complex Order(s) received during the Response Time Interval, or any Electronic Complex Order(s) resting in the Consolidated Book, will cause the COA to end early.

(ii) Updates to the leg markets that cause the same-side [Complex]Derived BBO to be priced higher (lower) than the COA-eligible order to buy (sell), but do not lock or cross any RFR Response(s) and/or Electronic Complex Order(s) received during the Response Time Interval, or any Electronic Complex Order(s) resting in the Consolidated Book, will not cause the COA to end early.

(iii) Updates to the leg markets that cause the contra-side Complex BBO to lock or cross the same-side initial [Complex]Derived BBO will cause the COA to end early.

(iv) Updates to the leg markets that cause the contra-side Complex BB (BO) to improve (i.e., become higher (lower)), but not lock or cross the same-side initial [Complex]Derived BBO, will not cause the COA to end early.

(7) Allocation of COA-Eligible Orders: When a COA ends early or at the end of the Response Time Interval, a COA-eligible order will be executed against the contra-side interest received during the COA as described below, and any unexecuted portion of the COA-eligible order will be ranked in the Consolidated Book pursuant to (b) above:

(A) RFR Responses and Electronic Complex Orders to buy (sell) that are priced higher (lower) than the initial [Complex]Derived BBO will be eligible to trade first with the COA-eligible order, beginning with the highest (lowest), at each price point, on a Size Pro Rata basis pursuant to Rule 964NY(b)(3), provided that Electronic Complex Orders on behalf of Customers will have priority over same priced Electronic Complex Orders for non-Customers.

\* \* \* \* \*

**Commentary:**

\* \* \* \* \*

**.02 Electronic Complex Order Priority.** When executing an Electronic Complex Order, if each leg of the contra-side [Complex]Derived BBO for the components of the Electronic Complex Order includes Customer interest, the price of at least one leg of the order must:

\* \* \* \* \*

**EXHIBIT 5**

Additions underlined  
 Deletions [bracketed]

**NYSE AMERICAN RULES**

\* \* \* \* \*

**Trading of Option Contracts**

\* \* \* \* \*

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

\* \* \* \* \*

**Rule 900.2NY. Definitions**

\* \* \* \* \*

(7) (a) *BBO*. The term “BBO” shall refer to the best bid or offer on the System.

(b) Complex BBO. The “Complex BBO” [shall refer to the BBO for a given complex order strategy as derived from the best bid on OX and best offer on OX for each individual component series of a Complex Order]means the complex orders with the lowest-priced (i.e., the most aggressive) net debit/credit price on each side of the Consolidated Book for the same complex order strategy.

(c) Derived BBO. The “Derived BBO” is calculated using the BBO from the Consolidated Book for each of the options series comprising a given complex order strategy.

\* \* \* \* \*

(18A) *Professional Customer*. The term “Professional Customer” means individual or organization that (i) is not a Broker/Dealer in securities, and (ii) places more than 390 orders in listed options per day on average during a calendar month for its own beneficial account(s). A Professional Customer will be treated in the same manner as a Broker/Dealer (or non-Customer) in securities for the purposes of Rules 900.3NY(j)(Facilitation Order), 904G(f) (FLEX Trading Procedures and Principles - Crossing Limitations), 934NY(Crossing), 934.1NY (Facilitation Cross Transactions), 934.2NY(At-Risk Cross Transactions), 934.3NY(Solicitation), 963NY(Priority and Order Allocation Procedures - Open Outcry), 964NY (Display, Priority and Order Allocation - Trading Systems), 964.2NY(b)(1)(iii)(Participation Entitlement of Specialists and e-Specialists), 964.2NY(b)(3)(B)(Allocation Of Participation Entitlement Amongst Specialist Pool), 971.1NY (Single-Leg Electronic Cross Transactions), 971.2NY (Complex Electronic Cross Transactions), 975NY(b)(1) (Obvious Errors and Catastrophic Errors), and 980NY(b) (Electronic Complex Order Trading).

\* \* \* \* \*

**Rule 935NY. Order Exposure Requirements**

With respect to orders routed to the System, Users may not execute as principal orders they represent as agent unless (i) agency orders are first exposed on the Exchange for at least one (1) second; (ii) the User has been bidding or offering on the Exchange for at least one (1) second prior to receiving an agency order that is executable against such bid or offer; (iii) the User utilizes the Customer Best Execution Auction (“CUBE Auction”) pursuant to Rules 971.1NY or 971.2NY; or (iv) the User utilizes the Complex Order Auction Process (“COA”) pursuant to Rule 980NY(e).

\* \* \* \* \*

**Rule 971.1NY. Single-Leg Electronic Cross Transactions**

(a) An ATP Holder (“Initiating Participant”) may electronically submit for execution into the Customer Best Execution Auction (“CUBE Auction” or “Auction”) a limit order it represents as agent on behalf of a public customer, broker dealer, or any other entity (“CUBE Order”) provided that the Initiating Participant guarantees the execution of the CUBE Order by submitting a contra-side order (“Contra Order”) representing principal interest or non-Customer interest it has solicited to trade solely with the CUBE Order at a specified price (“stop price”) or by utilizing auto-match or auto-match limit features as described in paragraphs (c)(1)(B) and (c)(1)(C) of this Rule. The stop price and any use of auto-match or auto-match limit are not displayed. An Auction begins with an “initiating price,” which for a CUBE Order to buy (sell) shall be the lower (higher) of the CUBE Order's limit price or the National Best Offer (“NBO”) (National Best Bid (“NBB”)), except as provided for in paragraph (b)(1)(B) of this Rule. At the conclusion of the Auction, the CUBE Order may execute at multiple prices within a permissible range, as specified in paragraph (b)(1) of this Rule.

(b) CUBE Auction Eligibility Requirements. All options traded on the Exchange are eligible for the CUBE Auction. For purposes of determining whether a CUBE Order is eligible to initiate an Auction, references to the National Best Bid or Offer (“NBBO”) or Exchange Best Bid or Offer (“BBO”) refer to the quoted market at the time the Auction is initiated. The time at which the Auction is initiated shall also be considered the time of execution for the CUBE Order and the execution of orders in the Auction shall qualify as exceptions to Trade-Through Liability, pursuant to Rule 991NY(b)(5) and (9). An Initiating Participant may initiate a CUBE Auction provided all of the following are met:

- (1) Range of Permissible Executions. A CUBE Order to buy (sell) may execute at prices equal to or between the initiating price as the upper (lower) bound and the NBB (NBO) as the lower (upper) bound, provided that:

\* \* \* \* \*

(10) CUBE Orders submitted during a trading halt are not eligible to initiate an Auction and will be rejected, along with the Contra Order.

\* \* \* \* \*

(c) Auction Process. Only one Auction may be conducted at a time in any given series. Once commenced, the CUBE Order (as well as the Contra Order) may not be cancelled or modified, and shall proceed as follows:

(1) *Initiation of Auction.* To initiate the CUBE Auction, the Initiating Participant must mark the CUBE Order for Auction processing, and specify one of the following means of guaranteeing the execution of the CUBE Order:

(A) A single stop price. For a CUBE Order to buy (sell), an Initiating Participant may specify a single stop price that is equal to[at] or below (above) the initiating price of the Auction. A stop price specified for a CUBE Order to buy (sell) that is below (above) the lower (upper) bound of the range of permissible executions will be repriced to the lower (upper) bound. A stop price specified for a CUBE Order to buy (sell) that is above (below) the initiating price is not eligible to initiate an Auction and both the CUBE Order and the Contra Order shall be rejected; or

(B) Auto-match. For a CUBE Order to buy (sell), the Initiating Participant will automatically match [as principal or as agent on behalf of a Contra Order] the price and size of all RFR Responses that are lower (higher) than the initiating price and within the range of permissible executions; or

(C) Auto-match limit. For a CUBE Order to buy (sell), the Initiating Participant may specify an “auto match limit price” that is equal to or below (above) the initiating price of the Auction, and the Contra Order may trade with the CUBE Order at prices[will automatically match as principal or as agent on behalf of a Contra Order the price and size of all responses to the CUBE Auction Request for Responses (as described in paragraph (c)(2) of this Rule)] that are lower (higher) than the initiating price down (up) to [a specified limit price (the “[u] the auto-match limit price[“]). An auto-match limit price specified for a CUBE Order to buy (sell) that is below (above) the lower (upper) bound of the range of permissible executions will be repriced to the lower (upper) bound.

(2) *CUBE Auction Request for Responses (“RFR”) and Response Time Interval*

\* \* \* \* \*

(i) GTX Order - A GTX Order is a non-routable order with a time-in-force contingency for the Response Time Interval and must specify price, size and side of the market.

\* \* \* \* \*

(d) GTX Orders may be cancelled or modified.

\* \* \* \* \*

**Commentary:**

.01 [Reserved.] Concurrent Single-Leg and Complex CUBE Auctions involving the same option series. A single-leg CUBE Auction for a series and a Complex CUBE Auction pursuant to Rule 971.2NY (Complex Electronic Cross Transactions) for a Complex Order that includes the same option series may occur concurrently. To the extent there are concurrent CUBE Auctions for a specific option series, each CUBE Auction will be processed sequentially based on the time each CUBE Auction commenced. At the time each CUBE Auction concludes, including when it concludes early, it will be processed pursuant to Rule 971.1NY(c)(5) or Rule 971.2NY(c)(4) as applicable.

.02 The following conduct shall be considered conduct inconsistent with just and equitable principles of trade:

\* \* \* \* \*

(b) Engaging in a pattern and practice of trading or quoting activity for the purpose of causing a CUBE Auction to conclude before the end of the Response Interval Time.

\* \* \* \* \*

**Rule 971.2NY. Complex Electronic Cross Transactions**

(a) Complex CUBE Order. A Complex CUBE Order is a Complex Order, as defined in Rule 900.3NY(e), submitted electronically by an ATP Holder (“Initiating Participant”) into the Complex Customer Best Execution Auction (“Complex CUBE Auction” or “Auction”) that the Initiating Participant represents as agent on behalf of a public customer, broker dealer, or any other entity.

(1) The Initiating Participant guarantees the execution of such Complex CUBE Order by submitting a contra-side order (“Complex Contra Order”) representing principal interest or non-Customer interest it has solicited to trade solely with the Complex CUBE Order at either:

(A) a specified price (“single stop price”) as described in paragraph (b)(1)(A) of this Rule; or

(B) an auto-match limit price as described in paragraph (b)(1)(B) of this Rule.

(2) The “CUBE BBO” is determined upon entry of a CUBE Order into the System and is the more aggressive of (i) the Complex BBO improved by \$0.01, or (ii) the Derived BBO improved by: \$0.01 multiplied by the smallest leg of the complex

order strategy. The “same-side CUBE BBO” and “contra-side CUBE BBO” refer to the CUBE BBO on the same or opposite side of the market as the Complex CUBE Order, respectively. The CUBE BBO may be updated during the Auction pursuant to paragraph (a)(4) of this Rule.

(3) The “initiating price” for a Complex CUBE Order is the less aggressive of the net debit/credit price of such order or the price that locks the contra-side CUBE BBO.

(4) The “range of permissible executions” of a Complex CUBE Order is all prices equal to or between the initiating price and the same-side CUBE BBO.

(A) If the CUBE BBO updates during the Auction (the “updated CUBE BBO”), the range of permissible executions will adjust in accordance with the updated CUBE BBO, unless the interest that updated the CUBE BBO would cause the Auction to conclude early pursuant to paragraph (c)(3) of this Rule.

(b) *Complex CUBE Auction Eligibility Requirements.* All options traded on the Exchange are eligible to be part of a Complex CUBE Order. An Auction will be initiated provided all of the following conditions are met:

(1) The Initiating Participant marks the Complex CUBE Order for Auction processing, and specifies one of the following means of guaranteeing the execution of the Complex CUBE Order:

(A) A single stop price. The single “stop price” is the price at which the Initiating Participant guarantees the Complex CUBE Order. If an Initiating Participant specifies a single stop price, the stop price must be executable against the initiating price of the Auction. The Complex Contra Order may trade with the Complex CUBE Order at the stop price, pursuant to paragraph (c)(4) of this Rule. If the stop price crosses the same-side CUBE BBO, the Complex CUBE Order is not eligible to initiate an Auction and will be rejected along with the Complex Contra Order; or

(B) Auto-match limit price. The “auto-match limit price” is the most aggressive price at which the Initiating Participant is willing to trade with the Complex CUBE Order. If an Initiating Participant specifies an “auto-match limit price,” this price must be executable against the initiating price of the Auction. The Complex Contra Order may trade with the Complex CUBE Order at prices that are better than or equal to the initiating price until trading at the auto-match limit price, if applicable, pursuant to paragraph (c)(4) of this Rule. If the auto-match limit price crosses the same-side CUBE BBO, the Complex Contra Order will be priced back to lock the same-side CUBE BBO.

(2) A Complex CUBE Order that does not have a net debit/credit price that is equal to or better than the same-side CUBE BBO is not eligible to initiate an Auction and will be rejected, along with the Complex Contra Order.



(3) Complex CUBE Orders submitted before the opening of trading are not eligible to initiate an Auction and will be rejected, along with the Complex Contra Order.

(4) Complex CUBE Orders submitted during the final second of the trading session in the component series are not eligible to initiate an Auction and will be rejected, along with the Complex Contra Order.

(5) Complex CUBE Orders submitted during a trading halt are not eligible to initiate an Auction and will be rejected, along with the Complex Contra Order.

(c) Auction Process. The time at which the Auction is initiated will also be considered the time of execution for the Complex CUBE Order. Only one Complex CUBE Auction may be conducted at a time in any given complex order strategy and, once commenced, the Complex CUBE Order (as well as the Complex Contra Order) may not be cancelled or modified.

(1) *Complex CUBE Auction Request for Responses (“RFR”) and Response Time Interval*

(A) Upon receipt of a Complex CUBE Order, the Exchange will send an RFR to all ATP Holders who subscribe to receive RFR messages. The RFR will identify the complex order strategy, the side and size of the Complex CUBE Order, and the initiating price.

(B) The “Response Time Interval” means the period of time during which responses to the RFR may be entered. The Response Time Interval will last for a random period of time within parameters determined by the Exchange and announced by Trader Update. The minimum/maximum parameters for the Response Time Interval will be no less than 100 milliseconds and no more than one (1) second.

(C) Any ATP Holder may respond to the RFR, provided such response is properly marked specifying price, size and side of the market (“RFR Response”). Any RFR Response that crosses the same-side CUBE BBO will be eligible to trade in the Auction at a price that locks the same-side CUBE BBO. The Auction will accept RFR Responses as follows:

(i) Complex GTX Order - A Complex GTX Order is an Electronic Complex Order, as defined in Rule 980NY, with a time-in-force contingency for the Response Time Interval, which must specify price, size and side of the market.

(a) Complex GTX Orders will not be displayed on the Consolidated Book or disseminated to any participants. A Complex GTX Order that is not fully executed as provided for in paragraphs (c)(3) and (4) of this Rule will be cancelled at the conclusion of the Auction.

(b) GTX Orders with a size greater than the size of the Complex CUBE Order will be capped at the size of the Complex CUBE Order.

(c) Complex GTX Orders may be cancelled or modified.

(d) Complex GTX Orders on the same side of the market as the Complex CUBE Order will be rejected.

(ii) Unrelated Electronic Complex Orders - Electronic Complex Orders, as defined in Rule 980NY (including if designated as COA-eligible orders), on the opposite side of the market as the Complex CUBE Order that are received during the Response Time Interval will be considered RFR Responses (even though not marked as Complex GTX Orders), provided such orders can participate within the range of permissible executions specified for the Auction pursuant to paragraph (a)(4) of this Rule.

(2) Conclusion of Auction. The Auction will conclude at the end of the Response Time Interval. The Auction will conclude earlier than the end of the Response Time Interval if there is a trading halt in any of the component series or if there is an early conclusion event pursuant to paragraph (c)(3) of this Rule. If there is a trading halt in any of the component series, the Complex CUBE Order will execute pursuant to paragraph (c)(4) of this Rule. After the Complex CUBE Order has been filled, any RFR Responses (including Complex GTX Orders) may trade with Complex Orders on the same side of the market as the Complex CUBE Order in accordance with Rule 980NY, Complex Order Trading. Subsequently, any remaining balance of Complex GTX Orders will cancel.

(3) Early Conclusion of Auction. An Auction will conclude before the end of the Response Time Interval as described in paragraphs (c)(3)(A)-(F) of this Rule. When the Auction concludes, the Complex CUBE Order will execute pursuant to paragraph (c)(4) of this Rule. An Auction will conclude early if, during the Response Time Interval, the Exchange receives:

(A) A new Complex CUBE Order in the same complex order strategy that meets the conditions of paragraph (b) of this Rule;

(B) Any interest that adjusts the same-side CUBE BBO to be better than the initiating price;

(C) Any interest that adjusts the same-side CUBE BBO to cross any RFR Response(s);

(D) Any interest that adjusts the same-side CUBE BBO to cross the single stop price specified by the Initiating Participant.

(E) Any interest that crosses the same-side CUBE BBO.

(F) Interest in the leg market that causes the contra-side CUBE BBO to be better than the stop price or auto-match limit price.

(4) Order Allocation. When the Auction concludes, any RFR Response that exceeds the size of the Complex CUBE Order will be capped at the Complex CUBE Order size for purposes of size pro rata allocation of the Complex CUBE Order per Rule 964NY(b)(3), and the Complex CUBE Order will be allocated at the best price(s) as follows:

(A) At each price level, any Customer orders that arrived during the Auction as RFR Responses will have first priority to execute and be allocated on a size pro rata allocation pursuant to Rule 964NY(b)(3).

(B) After Customer interest at a particular price level has been satisfied, any remaining size will be allocated among the Complex Contra Order and RFR Responses as follows:

(i) Single stop price: A Complex CUBE Order for which an Initiating Participant specifies a single stop price will trade with interest received during the Auction as follows:

(a) First to RFR Responses priced better than the stop price, beginning with the most aggressive price within the range of permissible executions, pursuant to the size pro rata algorithm set forth in Rule 964NY(b)(3) at each price point.

(b) Any remaining size of the Complex CUBE Order will execute at the stop price. At the stop price, if there is sufficient size of the Complex CUBE Order still available after executing at prices better than the stop price or against Customer interest, the Complex Contra Order will receive an allocation of the greater of 40% of the original Complex CUBE Order size or one contract (or the greater of 50% of the original Complex CUBE Order size or one contract if there is only one RFR Response). Any remaining size of the Complex CUBE Order at the stop price will be allocated among remaining RFR Responses pursuant to the size pro rata algorithm set forth in Rule 964NY(b)(3). If all RFR Responses are filled, any remaining size of the Complex CUBE Order will be allocated to the Complex Contra Order.

(c) If there are no RFR Responses, the Complex CUBE Order will execute against the Complex Contra Order at the stop price.

(ii) Auto-match limit price: A Complex CUBE Order for which an Initiating Participant specifies an “auto-match limit price” will trade with interest received during the Auction as follows:

(a) First, to RFR Responses at each price level priced better than the auto-match limit price (if any) within the range of permissible executions,

beginning with the most aggressive price, pursuant to the size pro rata algorithm set forth in Rule 964NY(b)(3) at each price point.

(b) Next, to RFR Responses at a price equal to the price of the Complex Contra Order's auto-match limit price, and if volume remains, to prices worse than the auto-match limit price. At each price point equal to or worse than the auto-match limit price, the Complex Contra Order will receive an allocation equal to the aggregate size of all other RFR Responses starting with the best price at which an execution against an RFR Response occurs within the range of permissible executions until a price point is reached where the balance of the CUBE Order can be fully executed (the "clean-up price"). At the clean-up price, if there is sufficient size of the Complex CUBE Order still available after executing at better prices or against Customer interest, the Complex Contra Order will be allocated additional volume required to achieve an allocation of the greater of 40% of the original Complex CUBE Order size or one contract (or the greater of 50% of the original Complex CUBE Order size or one contract if there is only one RFR Response). If the Complex Contra Order meets its allocation guarantee at a price better than the clean-up price, it will cease matching RFR Responses that may be priced worse than the price at which the Complex Contra Order received its allocation guarantee. If there are other RFR Responses at the clean-up price, the remaining size of the Complex CUBE Order will be allocated to such interest pursuant to the size pro rata algorithm set forth in Rule 964NY(b)(3). Any remaining portion of the Complex CUBE Order will be allocated to the Complex Contra Order at the initiating price.

(c) If there are no RFR Responses, the Complex CUBE Order will execute against the Complex Contra Order at the initiating price.

(C) A single RFR Response will not be allocated a volume that is greater than its size.

**Commentary:**

.01 The following conduct will be considered conduct inconsistent with just and equitable principles of trade:

(a) An ATP Holder entering RFR Responses to an Auction for which the ATP Holder is the Initiating Participant.

(b) Engaging in a pattern and practice of trading or quoting activity for the purpose of causing an Auction to conclude before the end of the Response Interval Time.

(c) An Initiating Participant that breaks up an agency order into separate Complex CUBE Orders for the purpose of gaining a higher allocation percentage than the

Initiating Participant would have otherwise received in accordance with the allocation procedures contained in paragraph (c)(5) of this Rule.

(d) Engaging in a pattern and practice of sending multiple RFR Responses at the same price that in the aggregate exceed the size of the Complex CUBE Order.

.02 Definitions. For purposes of this Rule, the following terms mean:

(a) *Better-priced or more aggressive* interest means lower-priced net debit/credit interest on each side of the Consolidated Book for the same complex order strategy. Inversely, higher-priced interest is *worse-priced* or *less aggressive* than lower-priced interest. For example, a complex order entered with a price of -\$4.00 (net debit), indicating the sender is willing to pay out up to \$4.00 when the order trades, is more aggressively priced than a complex order entered with a price of -\$3.00, indicating the sender is only willing to pay out up to \$3.00 when the order trades.

(b) Interest *improves the BBO* if it is priced lower than either the same-side Complex or Derived BBO.

(c) Interest *locks* when it is priced at the exact inverse price of any contra-side interest.

(d) Interest *crosses* when it is priced lower than the exact inverse price of any contra-side interest. For example a complex order entered with a price of -\$1.00 (net debit), crosses the same complex order strategy that is entered with a price of \$0.99 (net credit) or lower, and is therefore executable against such interest.

(e) A Complex Order is *executable* against contra-side interest priced at the exact inverse value or lower. For example, a Complex Order with a price of -\$1.00 (net debit) would be executable against a Complex Order with a price of \$1.00 (net credit) or lower, and vice versa.

.03 Concurrent Single-Leg and Complex CUBE Auctions involving the same option series. A Complex CUBE Auction for a Complex Order that includes a certain option series may occur concurrently with a single-leg CUBE auction for the same series pursuant to Rule 971.1NY (Single-Leg Electronic Cross Transactions). To the extent there are concurrent CUBE Auctions for a specific option series, each CUBE Auction will be processed sequentially based on the time each CUBE Auction commenced. At the time each CUBE Auction concludes, including when it concludes early, it will be processed pursuant to Rule 971.1NY(c)(5) or Rule 971.2NY(c)(4) as applicable.\* \* \* \* \*

### **Rule 980NY. Electronic Complex Order Trading**

For purposes of this Rule, an “Electronic Complex Order” means any Complex Order as defined in Rule 900.3NY (e) that is entered into the System.

(e) *Electronic Complex Order Auction (“COA”) Process.* Upon entry into the System, Electronic Complex Orders may be immediately executed, in full (or in a permissible ratio), as provided in paragraph (c)(ii) above, or may be subject to a COA as described below.

\* \* \* \* \*

(2) Immediate Execution of COA-eligible orders. Upon entry of a COA-eligible order into the System, it will trade immediately, in full (or in a permissible ratio), with any Electronic Complex Orders resting in the Consolidated Book that are priced better than the contra-side Complex BBO. The COA-eligible order may trade with any Electronic Complex Orders resting in the Consolidated Book priced equal to the contra-side [Complex]Derived BBO, unless each leg of the contra-side [Complex]Derived BBO includes Customer interest. Any portion of the COA-eligible order that does not trade immediately upon entry into the System may start a COA.

(3) Initiation of a COA. Any portion of the COA-eligible order that does not execute immediately pursuant to paragraph (e)(2) of this Rule, will start a COA, provided the limit price of the COA-eligible order to buy (sell):

\* \* \* \* \*

(ii) is within a given number of ticks away from the current, contra-side market as determined by the Exchange.

A COA-eligible order will reside on the Consolidate Book until it meets the requirements of paragraph (3)(i)-(ii) and can initiate a COA. The Exchange will initiate the COA by sending a request for response (“RFR”) message to all ATP Holders that subscribe to RFR messages. RFR messages will identify the component series, the size and side of the market of the order and any contingencies. Only one COA may be conducted at a time in any given complex order strategy. At the time the COA is initiated, the Exchange will record the [Complex]Derived BBO (the “initial [Complex]Derived BBO”) for purposes of determining whether the COA should end early pursuant to paragraph (e)(6) of this Rule.

\* \* \* \* \*

(6) Impact of Electronic Complex Orders, COA-Eligible Orders and Updated Leg Markets Received During the Response Time Interval of a COA.

(A) Incoming Electronic Complex Orders (including Complex CUBE Orders) or COA-eligible orders on the Opposite Side of the Market as the initiating COA-eligible order.

- (i) Incoming Electronic Complex Orders or COA-eligible orders that lock or cross the initial [Complex]Derived BBO will cause the COA to end early. If such incoming Electronic Complex Order or COA-eligible order is also executable against the limit price of the initiating COA-eligible order, it will be ranked with RFR Responses to trade with the COA-eligible order pursuant to paragraph (e)(7) of this Rule.
- (ii) Incoming Electronic Complex Orders or COA-eligible orders that are executable against the limit price of the COA-eligible order, but do not lock or cross the initial [Complex]Derived BBO, will not cause the COA to end early and will be ranked with RFR Responses to trade with the COA-eligible order pursuant to paragraph (e)(7) of this Rule.
- (iii) Incoming Electronic Complex Orders or COA-eligible orders that are either not executable on arrival against the limit price of the initiating COA-eligible order or do not lock or cross the initial [Complex]Derived BBO will not cause the COA to end early.

\* \* \* \* \*

- (B) Incoming Electronic Complex Orders (including Complex CUBE Orders) or COA-eligible orders on the Same Side of the Market as the initiating COA-eligible order. When a COA ends early, or at the end of the Response Time Interval, the initiating COA-eligible order will execute pursuant to paragraph (e)(7) of this Rule ahead of any interest that arrived during the COA.

\* \* \* \* \*

- (ii) An incoming Electronic Complex Order or COA-eligible order that is priced equal to or lower (higher) than the initiating COA-eligible order to buy (sell), and also locks or crosses the contra-side initial [Complex]Derived BBO, will cause the COA to end early.
- (iii) Incoming Electronic Complex Orders or COA-eligible orders that are priced equal to or lower (higher) than the initiating COA-eligible order to buy (sell), but do not lock or cross the contra-side initial [Complex]Derived BBO, will not cause the COA to end early.

\* \* \* \* \*

- (C) Updated Leg Markets on the Same or Opposite Side of the Market as the initiating COA-eligible order.

- (i) Updates to the leg markets that cause the same-side [Complex]Derived BBO to lock or cross any RFR Response(s) and/or Electronic Complex Order(s)

received during the Response Time Interval, or any Electronic Complex Order(s) resting in the Consolidated Book, will cause the COA to end early.

(ii) Updates to the leg markets that cause the same-side [Complex]Derived BBO to be priced higher (lower) than the COA-eligible order to buy (sell), but do not lock or cross any RFR Response(s) and/or Electronic Complex Order(s) received during the Response Time Interval, or any Electronic Complex Order(s) resting in the Consolidated Book, will not cause the COA to end early.

(iii) Updates to the leg markets that cause the contra-side Complex BBO to lock or cross the same-side initial [Complex]Derived BBO will cause the COA to end early.

(iv) Updates to the leg markets that cause the contra-side Complex BB (BO) to improve (i.e., become higher (lower)), but not lock or cross the same-side initial [Complex]Derived BBO, will not cause the COA to end early.

(7) Allocation of COA-Eligible Orders: When a COA ends early or at the end of the Response Time Interval, a COA-eligible order will be executed against the contra-side interest received during the COA as described below, and any unexecuted portion of the COA-eligible order will be ranked in the Consolidated Book pursuant to (b) above:

(A) RFR Responses and Electronic Complex Orders to buy (sell) that are priced higher (lower) than the initial [Complex]Derived BBO will be eligible to trade first with the COA-eligible order, beginning with the highest (lowest), at each price point, on a Size Pro Rata basis pursuant to Rule 964NY(b)(3), provided that Electronic Complex Orders on behalf of Customers will have priority over same priced Electronic Complex Orders for non-Customers.

\* \* \* \* \*

**Commentary:**

\* \* \* \* \*

**.02 Electronic Complex Order Priority.** When executing an Electronic Complex Order, if each leg of the contra-side [Complex]Derived BBO for the components of the Electronic Complex Order includes Customer interest, the price of at least one leg of the order must:

\* \* \* \* \*