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VIA E-MAIL

Office of the Secretary
U. S. Securities and Exchange Commission
100 F Street NE
Washington DC 20549

RE: File No. SR-CBOE-2014-017 and File No. SR-ISE- 2014-10

Dear Sir or Madam,

The NYSE Inc. ("NYSE"), operator of two options exchanges, NYSE Amex Options (the options business of NYSE MKT) and NYSE Arca Inc., appreciates the opportunity to comment on the recent filings of the Chicago Board Options Exchange, Incorporated ("CBOE") and the International Securities Exchange, LLC ("ISE") proposing changes to their respective rules with regard to trading of certain complex orders. NYSE supports these exchanges' proposals, and recommends that the Commission approve them.

Background

In the U.S. options markets, liquidity providers, including Market Makers with quoting obligations, provide displayed liquidity by disseminating continuously updated bids and offers across a wide range of options. These displayed quotes and orders provide investors with an unparalleled array of choices, often with attractive bid-ask spreads and significant displayed size, making the U.S. options marketplace the fairest and most transparent in the world. However, Market Makers and other participants who contribute to price discovery by posting displayed bids and offers incur significant risk of taking on large options positions on the same side of the market, potentially causing a liquidity provider to accumulate unacceptable risk very quickly.

For this reason, options exchanges make available to their market makers and other participants risk protection tools that restrict the amount of risk a liquidity provider can accumulate per unit time before his or her quotes or orders are disabled. Absent these protections, to offset the risk of losses due to rapid accumulation of adverse positions, market makers would reduce their risk by displaying wider quotes, resulting in worse prices for investors in the displayed marketplace.

The CBOE and ISE Filings

In their respective filings, CBOE and ISE propose to address the risk to market makers of components of complex orders trading against market makers' displayed quotes.

In the last ten years, the options industry has seen various innovations designed to allow investors to minimize investment risk through the execution of multi-legged options strategies entered as complex orders, composed of various numbers of options on one or both sides of the market. Among other things, these innovations have increased the efficiency of executing complex orders by allowing such orders to trade electronically. Generally, these multi-legged orders are "self-hedged," *i.e.*, comprising one or more "long" sides offset by one or more "short" sides. For example, a calendar spread or a butterfly spread are complex orders that represent less risk executed together than the components separately represent. Other complex orders, however, may include several legs on the same side of the market; for example, a strategy may consist of buying call options at five consecutive strike prices. These strategies can represent significantly more risk than trading any one of the legs in isolation, and may "leg out," or trade, against displayed electronic bids and offers for multiple individual options simultaneously. Because the execution of a multi-legged complex order is a single transaction, comprising discrete legs that must all trade simultaneously, the Exchange risk control mechanisms described above do not protect Market Makers against the risk of trading many options on one side of a market; instead, exchange risk protections are only triggered after *the entire package* has traded.

This situation greatly reduces the ability of market participants, particularly Market Makers with quoting obligations, to mitigate risk. The Exchange believes that CBOE's and ISE's proposed changes to their complex order rules are a reasonable response to this concern, allowing exchanges to continue to offer members the ability to enter complex orders electronically and provide Market Makers with the tools to manage the risks associated with trading with such Orders.

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The CBOE and ISE proposals seek to address this significant issue with solutions crafted for their particular markets. NYSE Group commends their efforts, and urges the Commission to approve the two subject filings without undue delay.

Very truly yours,

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