



November 23, 2021

Ms. Vanessa Countryman
Secretary
Securities and Exchange Commission
100 F Street NE., Washington, DC 20549

Re: NYSE Arca, Inc.; Notice of Filing of Proposed Rule Change to Amend Rule 6.87-O (File No. SR-NYSEArca-2021-91)

Dear Ms. Countryman:

The Securities Industry and Financial Markets Association (“SIFMA”)¹ appreciates the opportunity to comment on the above-referenced rule proposal (the “Proposal”) submitted by NYSE, Arca Inc. (“Arca” or “Exchange”) with the Securities and Exchange Commission (“Commission”) under Section 19(b)(1) of the Securities Exchange Act of 1934 (“Exchange Act”).² The Proposal would amend Rule 6.87-O, “Nullification and Adjustment of Options Transactions including Obvious Errors” to (1) permit the Exchange to determine the Theoretical Price of a Customer options transaction in a wide market so long as a narrow market exists at any point during the 10- second period after an opening or re-opening; and (2) provide for the adjustment, rather than the nullification, of Customer transactions in Obvious Error situations, provided the adjustment does not violate the limit price.

The Proposal was developed following discussions with other exchanges and a cross-section of industry participants and in coordination with the Listed Options Market Structure Working Group (“LOMSWG”). SIFMA is a LOMSWG member and fully supports the Proposal. SIFMA therefore recommends that the Commission approve it.

The Proposal addresses situations where there is no 10-second period prior to a transaction, such as an opening or re-opening. Under the proposed rule, the Exchange would determine the Theoretical Price in a wide market so long as a narrow market exists at any point during the 10-second period after an opening or re-opening. Often, trading interest has not had a

¹ SIFMA is the leading trade association for broker-dealers, investment banks, and asset managers operating in the U.S. and global capital markets. On behalf of our industry’s nearly 1 million employees, we advocate for legislation, regulation and business policy, affecting retail and institutional investors, equity and fixed income markets and related products and services. We serve as an industry coordinating body to promote fair and orderly markets, informed regulatory compliance, and efficient market operations and resiliency. We also provide a forum for industry policy and professional development. SIFMA, with offices in New York and Washington, D.C., is the U.S. regional member of the Global Financial Markets Association (GFMA). For more information, visit <http://www.sifma.org>.

² See Release No. 34-93472 (October 29, 2021), 86 FR 60926 (November 4, 2021). Capitalized terms used in this letter have the same meaning as they do in the Proposal.

chance to enter the market immediately after the open or a re-opening. The dissemination of a narrow quote during this 10-second period demonstrates that there is trading interest in the market, making the determination of the Theoretical Price appropriate.

The Proposal also addresses the “Adjust or Bust” rule for Customer transactions, creating the ability to adjust, rather than nullify, Customer transactions in Obvious Error situations where the adjustment does not violate the Customer’s limit price. The ability to adjust currently exists in transactions involving non-Customers, but not for Customers. The Proposal would have the effect of harmonizing the treatment of Customer and non-Customer erroneous transactions.

SIFMA fully supports the Proposal, as it is designed to protect retail customers. SIFMA recognizes that Customer erroneous transactions occurring during the 10-second period immediately following an opening or re-opening are not afforded the same treatment as Customer erroneous transactions occurring outside of this timeframe. The Proposal is designed to provide a more uniform treatment of Customer’s erroneous transactions, enhancing the Customer experience in trading listed options. Further, allowing for Customer transaction adjustments in Obvious Error situations is designed to provide for uniform treatment of Customer and non-Customer erroneous transactions. Customers in the options market are more informed and educated than at any other time. Customer trading also has become more sophisticated due to the enhanced trading tools made available by retail broker-dealers. The Proposal reflects these changes in the options Customer dynamics, now extending the long-standing hedging protections for non-Customers to Customers by allowing them to maintain an options position at an adjusted price.

The Exchange notes that upon approval of the Proposal, other options exchanges will submit substantively identical proposals to the Commission. SIFMA fully supports uniformity among the options exchanges with regard to the rule changes subject to this Proposal. SIFMA strongly urges the other options exchanges to adopt similar rules expeditiously so that customers across the industry can benefit.

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SIFMA greatly appreciates the Commission’s consideration of the issues raised above and would be pleased to discuss these comments in greater detail. If you have any questions or need any additional information, please contact me [REDACTED].

Sincerely,



Ellen Greene
Managing Director
Equities & Options Market Structure