

May 22, 2014

**VIA E-MAIL**

Kevin M. O'Neill  
Deputy Secretary  
Securities and Exchange Commission  
100 F Street, N.E.  
Washington, DC 20549-1090

Re: Securities Exchange Act Rel. No. 34-71840 (SR-NYSEMKT-2014-21)

Dear Mr. O'Neill:

NYSE MKT LLC filed the attached Partial Amendment No. 1 to the above-referenced filing on May 22, 2014.

Sincerely,



Encl. (Partial Amendment No. 1 to SR-NYSEMKT-2014-21)

Required fields are shown with yellow backgrounds and asterisks

SECURITIES AND EXCHANGE COMMISSION  
WASHINGTON, D.C. 20549  
Form 19b-4

Filing by NYSE MKT LLC.

Pursuant to Rule 19b-4 under the Securities Exchange Act of 1934

Initial \*  Amendment \*  Withdrawal  Section 19(b)(2) \*  Section 19(b)(3)(A) \*  Section 19(b)(3)(B) \*

Pilot  Extension of Time Period for Commission Action \*

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

Description

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 \* Glenn Last Name \* Gsell  
Title \* Chief Counsel NYSE Regulation Inc  
E-mail \* ggsell@nyx.com  
Telephone \* (415) 835-4805 Fax (415) 393-7853

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

Date 05/22/2014  
By Sudhir Bhattacharyya  
(Name \*)

Vice President (Title \*)  
  
Sudhir Bhattacharyya,

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**



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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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 Sent As Paper Document

**Exhibit 3 - Form, Report, or Questionnaire**

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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 Sent As Paper Document

**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.

NYSE MKT, LLC (the "Exchange") hereby submits this Partial Amendment No. 1 to SR-NYSEMKT-2014-21 (the "Filing"). The Exchange seeks to submit an amended Exhibit 3.

**As part of SR-NYSEMKT-2014-21 the Exchange submitted a Pilot Program Report ("Report") in support of making permanent its Pilot Program regarding minimum value sizes for opening transactions in new series of FLEX Options. The Report was attached as Exhibit 3. The Exchange has amended the Report to correct the total contract volume of trades under 250 contracts, as shown in the second table on the first page of the Report, and correct the number of trades and total contract volume of Index Trades as shown in the third table on page 1 of the Report. Corresponding changes were made elsewhere in the Report to reflect this adjustment. In addition, the Exchange has made non-substantive changes to the descriptive language found in the Report to provide clarity into to the operation of the Pilot Program. The Exhibit 3 attached to this partial Amendment replaces the original Exhibit 3 in its entirety.**

Additionally, the Exchange requests the Commission to find good cause to grant accelerated approval of NYSEMKT-2014-21, as amended, pursuant to Section 19(b)(2) of the Act. Changes proposed by this Amendment No.1 are non-substantive to the Filing and the Report and do not alter the findings in the Report or in any way diminish the Exchange evaluation as to the success of the Pilot Program.



**EXHIBIT 3**

**Report In Support the Permanent Adoption of the Pilot Program Eliminating the Minimum Opening Transaction Size For New Series of FLEX Options**

NYSE MKT LLC (“NYSE MKT” or “Exchange”), on behalf NYSE Amex Options LLC (“NYSE Amex Options”) is submitting this report in support of adopting on a permanent basis, a Pilot Program that eliminates the minimum opening transaction size for new series of FLEX Equity Options and FLEX Index Options (“Pilot”). This Pilot was established on April 22, 2010 when NYSE Amex Options filed SR-NYSEAmex-2010-40, and was most recently extended to the earlier of July 31, 2014 or the date the Pilot is approved on a permanent basis with the filing of SR-NYSEMKT-2014-26. Prior to the creation of the Pilot, the minimum contract size for opening FLEX equity transactions without existing open interest was, under a previous Pilot program, the lesser of 150 contracts or the number of contracts overlying \$1 million in the underlying securities, and the minimum opening size for a FLEX Index Option was \$10 million Underlying Equivalent Value in the case of Broad Stock Index Group FLEX Index Options and \$5 million Underlying Equivalent Value in the case of Stock Index Industry Group FLEX Index Options.

As the Exchange is seeking to adopt the terms of the Pilot on a permanent basis we are submitting a report in support of that proposal. The report analyzes data related to volume and open interest in FLEX Equity Options that were opened with a minimum opening size of 1 to 249 contracts and less than \$1 million in underlying value, and FLEX Index Options that were opened with less than \$10 million underlying equivalent value. We have also analyzed the types of investors that initiated these transactions.

**NYSE Amex Options FLEX Minimum Size Pilot Report Data**

**Analysis of Contract Volume**

**January 1, 2013 - December 31, 2013**

Number of Opening FLEX Trades	688
Total FLEX Opening Contract Volume	684,760
Number of Opening Equity Trades	683
Total Equity FLEX Opening Contract Volume	675,378
Number of Opening Index Trades	5
Total Index FLEX Opening Contract Volume	9,382
Number of Equity Trades < 250 Contracts	315
High net worth	4
Institutional	25
Retail	286
Total Contract Volume under Pilot	22,311
Number of Index Trades <\$10 million	0
High net worth	0
Institutional	0



Retail	0
Total Contract Volume under Pilot	0

The Exchange analyzed FLEX Equity Option and FLEX Index Option transactions from January 1, 2013 to December 31, 2013. The data available for analysis consists of extensive trade data for FLEX trades executed and submitted for clearance to The Options Clearing Corporation (“The OCC”). In addition to information on the size of the FLEX transactions, the Exchange also analyzed the type of Customer availing themselves of the reduction in the Opening Transaction Size.

During the period in question, there were a total of 688 opening FLEX trades representing 684,760 contracts executed by customers. Of these opening FLEX trades, 315 were equity FLEX trades for fewer than 250 contracts. There were no opening FLEX Index option trades for less than \$10 million in Underlying Equivalent Value. The 315 equity FLEX trades covers all FLEX transactions effected under the Pilot Program. These 315 trades accounted for contract volume of 23,311 contracts. While the contract volume of the FLEX trades made possible by the Pilot is relatively small, accounting for just 3.40% of the total FLEX volume, the number of trades represents more than 45% of the opening FLEX Transactions. Had the threshold not been eliminated by the program, these trades would not have occurred.

Additionally, NYSE Amex Options has also analyzed the value of the underlying security represented by the Opening Customer FLEX transactions. A summary is here:

**NYSE Amex Options FLEX Minimum Size Pilot Report Data  
Underlying Security Trade Value  
January 1, 2013 - December 31, 2013**

Total Value All Equity FLEX Trades	\$2,870,907,642
Highest	\$195,851,877
Lowest	\$13,065
Median	\$1,434,880
Total Value Pilot Equity FLEX Trades	\$151,957,981
Highest	\$2,617,950
Lowest	\$13,065
Median	\$180,978
Total Value All Index FLEX Trades	\$166,739,228
Highest	\$44,331,000
Lowest	\$15,205,228
Median	\$32,720,500
Total Value Pilot Index FLEX Trades	0
Highest	0
Lowest	0
Median	0



A review of the type of customer that opened a FLEX position below the former minimum transaction size reveals a distribution across Customer types. While close to one-tenth (25, or 7.9%) were on behalf of Institutional traders, High Net Worth individuals were responsible for only 4 of the trades, (1.3%). There were a very large proportion of Retail customers that availed themselves of smaller FLEX trades under the program: 286 trades, or 90.8% of the transactions under the Pilot were by Retail customers. NYSE Amex Options feels that this data shows that while relatively sophisticated Institutional and High Net Worth traders are using the reduced size as evidenced by the number of transaction in the 1 to 249 contract size range, it has provided Retail customers with an excellent tool for managing risk that is tailored to specific circumstances outside of the regular expiration and strike price of standardized listed options, while still having an exchange regulated and OCC cleared option contract. NYSE Amex Options feels that in the absence of the smaller size made possible by the Pilot these participants would have either been unable to effect a hedging strategy as desired or been driven to the less transparent OTC markets to fulfill their strategies. In light of this data and based on discussions found in this proposal, NYSE Amex Options feels it is appropriate to adopt the terms of the Pilot on a permanent basis.