

Additions underlined
Deletions [bracketed]

Rules of New York Stock Exchange LLC

Rule 104. Dealings and Responsibilities of DMMs

(b) DMM Unit Algorithms

[(i)](1) DMM units shall have the ability to employ algorithms for quoting and trading consistent with NYSE and SEC regulations.

[(ii)](2) Exchange systems shall enforce the proper sequencing of incoming orders and algorithmically-generated messages and will prevent incoming DMM interest from trading with resting DMM interest. If the incoming DMM interest would trade with resting DMM interest only, the incoming DMM interest will be cancelled. If the incoming DMM interest would trade with interest other than DMM interest, the resting DMM interest will be cancelled.

[(iii)](3) Except as provided for in paragraphs (a)(2) and (a)(3) of this Rule, the DMM unit's system employing algorithms will have access to information with respect to orders entered on the Exchange, Floor Broker agency interest files or reserve interest, to the extent such information is made publicly available. DMM unit algorithms will receive the same information with respect to orders entered on the Exchange, Floor Broker agency interest files or reserve interest as is disseminated to the public by the Exchange and shall receive such information no sooner than it is available to other market participants.

[(iv)](4) The DMM unit's algorithm may place within Exchange systems trading interest to be known as a "Capital Commitment Schedule". (See Rule 1000 concerning the operation of the Capital Commitment Schedule.)

[(v)](5) All DMM unit trades via an algorithm must comply with all SEC and Exchange rules, policies and procedures governing DMM unit trading

[(vi)](6) DMM units may not enter the following orders and modifiers: Market Orders, MOO Orders, CO Orders, MOC Orders, LOC Orders, or Buy Minus Zero Plus Instructions.

(f) Functions of DMMs

[(i)](1) Any member who expects to act as a DMM in any listed stock must be registered as a DMM. See Rule 103 for registration requirements for DMMs.

[(ii)](2) The function of a member acting as a DMM on the Floor of the Exchange includes the maintenance, in so far as reasonably practicable, of a fair and orderly market on the Exchange in the stocks in which he or she is so acting. The maintenance of a fair and orderly market implies the maintenance of price continuity with reasonable depth, to the extent possible consistent with the ability of participants to use reserve orders, and the minimizing of the effects of temporary disparity between supply and demand. In connection with the maintenance of a fair and orderly market, it is commonly desirable that a member acting as DMM engage to a reasonable degree under existing circumstances in dealings for the DMM's own account when lack of price continuity, lack of depth, or disparity between supply and demand exists or is reasonably to be anticipated.

[(iii)](3) The Exchange will supply DMMs with suggested Depth Guidelines for each security in which a DMM is registered. The administration of the Depth Guidelines will be contained in notices periodically issued to all DMMs. In connection with a DMM's responsibility to maintain a fair and orderly market, DMMs will be expected to quote and trade with reference to the Depth Guidelines where necessary.

[(iv)](4) DMMs are designated as market maker on the Exchange for all purposes under the Securities Exchange Act of 1934 and the rules and regulations thereunder.

(g) Transactions by DMMs

[(i)](1) Transactions on the Exchange by a DMM for the DMM's account are to be effected in a reasonable and orderly manner in relation to the condition of the general market and the market in the particular stock.

(A) An "Aggressing Transaction" is a DMM unit transaction that:

(i) is a purchase (sale) that reaches across the market to trade as the contra-side to the Exchange published offer (bid); and

(ii) is priced above (below) the last differently-priced trade on the Exchange and above (below) the last differently-priced published offer (bid) on the Exchange.

(B) Aggressing Transactions during the last ten seconds prior to the scheduled close of trading that would result in a new consolidated high (low) price for a security during that trading day are prohibited, unless such transaction would bring the price of that security into parity with an underlying or related security or asset.

(2) Re-Entry Obligations. The DMM unit's obligation to maintain a fair and orderly market may require re-entry on the opposite side of the market after effecting one or more transactions. Such re-entry should be commensurate with the size of the transaction(s) and the immediate and anticipated needs of the market, provided that:

(A) Following an Aggressing Transaction, the DMM unit must re-enter the opposite side of the market at or before the applicable Price Participation Point ("PPP") for that security commensurate with the size of the Aggressing Transaction.

(B) Following an Aggressing Transaction that (1) is 10,000 shares or more or has a market value of \$200,000 or more and (2) exceeds 50% of the published offer (bid) size, the DMM unit must immediately re-enter the opposite side of the market at or before the applicable PPP for that security commensurate with the size of the Aggressing Transaction.

(3) PPP Guidelines.

(A) The Exchange will periodically issue PPP Guidelines that identify the price at or before which a DMM unit is expected to re-enter the market following an Aggressing Transaction. PPPs are only minimum guidelines and compliance with them does not guarantee that a DMM unit is meeting its obligations.

(B) Notwithstanding that a security may not have reached the PPP, the DMM unit may be required to re-enter the market immediately after an Aggressing Transaction based on the price and/or volume of the DMM unit's trading in reference to the market in the security at the time of such trading. In such situations, DMM units may or may not rely on the fact and circumstance that there may have been one or more independent trades following the DMM unit's trading to justify a failure to re-enter the market.

[(A) The following types of transactions are permitted to render the DMM's position adequate to such markets' needs:

(I) Neutral Transactions

(1) Definition - A neutral transaction is a purchase or sale by which a DMM liquidates or decreases a position.

(2) Neutral Transactions may be made without restriction as to price.

(3) Re-entry Obligation Following Neutral Transactions - The DMM's obligation to maintain a fair and orderly market may require re-entry on the opposite side of the market trend after effecting one or more Neutral Transactions. Such re-entry transactions should be in accordance with the immediate and anticipated needs of the market.

(II) Non-Conditional Transactions

- (1) Definition - A non-conditional transaction is a DMM's bid or purchase and offer or sale, that establishes or increases a position, other than a transaction that reaches across the market to trade with the Exchange BBO.
- (2) Non-Conditional Transactions may be made without restriction as to price in order to:
 - (i) match another market's better bid or offer price;
 - (ii) bring the price of a security into parity with an underlying or related security or asset;
 - (iii) add size to an independently established bid or offer on the Exchange;
 - (iv) purchase at the published bid price on the Exchange;
 - (v) sell at the published offer price on the Exchange;
 - (vi) purchase or sell at a price between the Exchange BBO;
 - (vii) purchase below the published bid or sell above the published offer on the Exchange;
- (3) Re-entry Obligation Following Non-Conditional Transactions - The DMM's obligation to maintain a fair and orderly market may require re-entry on the opposite side of the market trend after effecting one or more Non-Conditional Transactions. Such re-entry transactions should be commensurate with the size of the Non-Conditional Transactions and the immediate and anticipated needs of the market.

(III) Prohibited Transactions

- (1) During the last ten minutes prior to the close of trading, a DMM with a long position in a security is prohibited from making a purchase in such security that results in a new high price on the Exchange for the day at the time of the DMM's transaction, except as provided in subparagraphs (g)(i)(A)(II)(2)(i) through (g)(i)(A)(II)(2)(ii) above.
- (2) During the last ten minutes of trading, a DMM with a short position in a security is prohibited from making a sale in such security, that results in a new low price on the Exchange for the day at the time of the DMM's transaction, except as provided in subparagraphs (g)(i)(A)(II)(2)(i) through (g)(i)(A)(II)(2)(ii) above.

(h) DMM Transactions in Securities that Establish or Increase the DMM's Position:

- (i) Definition - A "Conditional Transaction" is a DMM's transaction in a security that establishes or increases a position and reaches across the market to trade as the contra-side to the Exchange published bid or offer.
- (ii) The following Conditional Transactions, may be made by a DMM without restriction as to price, provided they are followed by appropriate re-entry on the opposite side of the market commensurate with the size of the DMM's transaction. ("Appropriate" re-entry shall mean re-entry on the opposite side of the market at or before the price participation point or the "PPP".):
 - (A) A DMM's purchase from the Exchange published offer that is priced above the last differently-priced trade on the Exchange and above the last differently-priced published offer on the Exchange; and
 - (B) A DMM's sale to the Exchange published bid that is priced below the last differently-priced trade on the Exchange and below the last differently-priced published bid on the Exchange.
- (iii) Re-entry Obligations for Conditional Transactions:
 - (A) "PPPs"—The Exchange will periodically issue guidelines, called price participation points ("PPP"), that identify the price at or before which a DMM is expected to re-enter the market after effecting a Conditional Transaction. PPPs are only minimum guidelines and compliance with them does not guarantee that a DMM is meeting its obligations.
 - (B) Notwithstanding that a security may not have reached the PPP, the DMM may be required to re-enter the market immediately after a Conditional Transaction based on the price and/or volume of the DMM's trading in reference to the market in the security at the time of such trading. In such situations DMMs may or may not rely on the fact and circumstance that there may have been one or more independent trades following the DMM's trading to justify a failure to re-enter the market.
 - (C) Immediate re-entry is required after the following Conditional Transactions:
 - (I) A purchase that (1) reaches across the market to trade with an Exchange published offer that is above the last differently priced trade on the Exchange and above the last differently priced published offer on the Exchange, (2) is 10,000 shares or more or has a market value of \$200,000 or more, and (3) exceeds 50% of the published offer size.
 - (II) A sale that (1) reaches across the market to trade with an Exchange published bid that is below the last differently priced trade on the Exchange and below the

last differently priced published bid on the Exchange, (2) is 10,000 shares or more or has a market value of \$200,000 or more, and (3) exceeds 50% of the published bid size.

(III) A Sweep is viewed as a transaction with the published bid or offer for the purpose of subparagraphs (h)(iii)(C)(I) and (h)(iii)(C)(II) above.

(iv) The following Conditional Transactions may be made without restriction as to price:

(A) A DMM's purchase from the Exchange published offer that is priced above the last differently-priced trade on the Exchange or above the last differently-priced published offer on the Exchange; and

(B) A DMM's sale to the Exchange published bid that is priced below the last differently-priced trade on the Exchange or below the last differently-priced published bid on the Exchange.

(i) Re-entry obligations following transactions defined in subparagraphs (h)(iv)(A) and (h)(iv)(B) above are the same as for Non-Conditional Transactions pursuant to subparagraph (g) (i)(A)(3) above.]

[(j)](h) Trading Floor Functions of DMMs

[(k)](i) Temporary DMMs. In the event of an emergency, such as the absence of the DMM, or when the volume of business in the particular stock or stocks is so great that it cannot be handled by the DMMs without assistance, a Floor Governor may authorize a member of the Exchange who is not registered as a DMM in such stock or stocks, to act as temporary DMM for that day only.
