

TO: ATP Holders and Associated Persons

FROM: NYSE Amex Options Regulation

SUBJECT: Change to Rule 975NY – Obvious and Catastrophic Errors
(File No. SR-NYSEAmex-2010-02)

On January 8, 2009 NYSE Amex filed with the Securities and Exchange Commission a proposed rule change amending Rule 975NY – Obvious Errors and Catastrophic Errors. The proposal was effective upon filing and has become operative immediately.

Rule 975NY(a)(1) presently states that an Obvious Error will be deemed to have occurred when the execution price of an electronic transaction is above or below the Theoretical Price for the affected series by a specified amount. The “Theoretical Price” of an option series is currently defined in Rule 975NY(a)(2)(A) as the last bid price with respect to an erroneous sell transaction and the last offer price with respect to an erroneous buy transaction, just prior to the trade, that comprise the NBBO. Rule 975NY(a)(2)(B) goes on to say that if there are no quotes for comparison, the Theoretical Price of an options series is determined by a designated Trading Official.

The purpose of this rule change is to allow the Exchange to now make an obvious error determination in situations where the bid/ask differential of the NBBO for the affected series just prior to the erroneous transaction, was at least two times the permitted bid/ask differential pursuant to guidelines contained in Rule 925NY. Specifically, if the market in a given series immediately prior to an execution, is at least two time the maximum bid-ask market width in Rule 925NY(b)(4), Trading Officials may now make a determination as to what was the actual theoretical value of the affected series, at the time of the execution in question. If the execution price is above or below the Theoretical Price for the series by the specified amount in Rule 975NY, the trade may be declared to be an Obvious Error, and subject to nullification or adjustment.

For additional information on this rule change please contact Glenn Gsell, Options Regulation 415-835-5200, or for general questions regarding obvious error procedures, please contact Brandy Patterson, Options Trade Support @ 312-442-7604.