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SECURITIES AND EXCHANGE COMMISSION
[Release No. 34- 92563; File No. SR-NYSEARCA-2021-68]

Self-Regulatory Organizations; NYSE Arca, Inc.; Notice of Filing of Proposed Rule Change New Rule 6.91P-O

August 4, 2021.

Pursuant to Section 19(b)(1)[1] of the Securities Exchange Act of 1934 (the "Act"),[2] and Rule 19b-4 thereunder,[3] notice is hereby given that on July 23, 2021, NYSE Arca, Inc. ("NYSE Arca" or the "Exchange") filed with the Securities and Exchange Commission (the "Commission") the proposed rule change as described in Items I, II, and III below, which Items have been prepared by the self-regulatory organization. The Commission is publishing this notice to solicit comments on the proposed rule change from interested persons.

I. Self-Regulatory Organization's Statement of the Terms of Substance of the Proposed Rule Change

The Exchange proposes new Rule 6.91P-O (Electronic Complex Order Trading) to reflect the implementation of the Exchange's Pillar trading technology on its options market and to make conforming amendments to Rule 6.47A-O (Order Exposure Requirements — OX). The proposed change is available on the Exchange's website at www.nyse.com, at the principal office of the Exchange, and at the Commission's Public Reference Room.

II. Self-Regulatory Organization's Statement of the Purpose of, and Statutory Basis for, the Proposed Rule Change

In its filing with the Commission, the self-regulatory organization included statements concerning the purpose of, and basis for, the proposed rule change and discussed any comments it received on the proposed rule change. The text of those statements may be examined at the places

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1 15 U.S.C. 78s(b)(1).

2 15 U.S.C. 78a.

3 17 CFR 240.19b-4.

specified in Item IV below. The Exchange has prepared summaries, set forth in sections A, B, and C below, of the most significant parts of such statements.

A. Self-Regulatory Organization's Statement of the Purpose of, and the Statutory Basis for, the Proposed Rule Change

1. Purpose

Background

The Exchange plans to transition its options trading platform to its Pillar technology platform. The Exchange's and its national securities exchange affiliates'[4] (together with the Exchange, the "NYSE Exchanges") cash equity markets are currently operating on Pillar. For this transition, the Exchange proposes to use the same Pillar technology already in operation for its cash equity market. In doing so, the Exchange will be able to offer not only common specifications for connecting to both of its cash equity and equity options markets, but also common trading functions. The Exchange plans to roll out the new technology platform over a period of time based on a range of symbols, anticipated for the fourth quarter of 2021.

In this regard, the Exchange recently filed a proposal to add new rules to reflect how options, particularly single-leg options, would trade on the Exchange once Pillar is implemented.[5] The current proposal sets forth how Electronic Complex Orders[6] would trade on the Exchange once Pillar is implemented. As noted in the Single-Leg Pillar Filing, as the Exchange transitions to Pillar, certain rules would continue to be applicable to symbols trading on the current trading platform, but would not be applicable to symbols that have transitioned to

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4 The Exchange's national securities exchange affiliates are the New York Stock Exchange LLC ("NYSE"), NYSE American LLC ("NYSE American"), NYSE National, Inc. ("NYSE National"), and NYSE Chicago, Inc. ("NYSE Chicago").

5 See Securities Exchange Act Release No. 92304 (June 30, 2021), 86 FR 36440 (July 9, 2021) (SR-NYSEArca-2021-047) ("Single-Leg Pillar Filing").

6 The term "Electronic Complex Order" is currently defined in the preamble to Rule 6.91-O to mean any Complex Order, as defined in Rule 6.62-O(e) or any Stock/Option Order or Stock/Complex Order as defined in Rule 6.62-O(h) that is entered into the NYSE Arca System (the "System").

trading on Pillar.[7] Consistent with the Single-Leg Pillar Filing, proposed Rule 6.91P-O would have the same number as the current Electronic Complex Order Trading rule, but with the modifier "P" appended to the rule number. Current Rule 6.91-O, governing Electronic Complex Order Trading, would remain unchanged and continue to apply to any trading in symbols on the current system. Proposed Rule 6.91P-O would govern Electronic Complex Orders for trading in options symbols migrated to the Pillar platform.

Similar to the Single-Leg Pillar Filing, proposed Rule 6.91P-O would (1) use Pillar terminology that is based on Exchange Rule 7-E Pillar terminology governing cash equity trading; and (2) introduce new functionality for Electronic Complex Order trading.

Finally, as discussed in the Single-Leg Pillar Filing, the Exchange will announce by Trader Update when symbols are trading on the Pillar trading platform. The Exchange intends to transition Electronic Complex Order trading on Pillar at the same time that single-leg trading is transitioned to Pillar.

Proposed Rule 6.91P-O: Electronic Complex Order Trading

Current Rule 6.91-O (Electronic Complex Order Trading) specifies how the Exchange processes Electronic Complex Orders submitted to the Exchange. The Exchange proposes new Rule 6.91P-O to establish how such orders would be processed after the transition to Pillar. To promote clarity and transparency, the Exchange proposes to add a preamble to current Rule 6.91-O specifying that it would not be applicable to trading on Pillar.

As discussed in greater detail below, the Exchange is not proposing fundamentally different functionality regarding how Electronic Complex Orders would trade on Pillar than is currently available on the Exchange. However, with Pillar, the Exchange would introduce certain new or updated functionality available for options trading on the Pillar platform and use

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[7] See Single-Leg Pillar Filing (providing that, once a symbol is trading on the Pillar trading platform, a rule with the same number as a rule with a "P" modifier would no longer be operative for that symbol and the Exchange would announce by Trader Update when symbols are trading on the Pillar trading platform).

Pillar terminology.

Definitions. Proposed Rule 6.91P-O(a) would set forth the definitions applicable to trading on Pillar under the new rule.

- Proposed Rule 6.91P-O(a)(1) would define the term "Electronic Complex Order" or "ECO" to mean a Complex Order as defined in proposed Rule 6.62P-O(f) or a Stock/Option Order or Stock/Complex Order as defined in proposed Rule 6.62P-O(h)(6)(A), (B), respectively, that would be submitted electronically to the Exchange.[8] This proposed definition is based on the preamble to Rule 6.91-O without any substantive differences, except that reference to the "NYSE Arca System" would be replaced with the term "Exchange" and cross-references have been updated to reflect rules proposed in the Single-Leg Pillar Filing.
- Proposed Rule 6.91P-O(a)(2) would define the term "ECO Order Instruction" to mean a request to cancel, cancel and replace, or modify an ECO. As described further below, this concept relates to order processing when a series opens or reopens for trading and is based on the term "order instruction" as used in Rule 7.35-E(g) and proposed to be used in Rules 6.64P-O(e) and (f), which (similarly) would define an "order instruction" for options as a request to cancel, cancel and replace, or modify an order or quote.[9]
- Proposed Rule 6.91P-O(a)(3) would define the term "leg" or "leg market" to mean each of the component option series that comprise an ECO. This definition is consistent with the concept of leg markets as used in current Rule 6.91-O(a), which defines legs as individual orders and quotes in the Consolidated Book. The

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8 The proposed definitions of Complex Order, Stock/Option Order and Stock/Complex Order under Pillar are set forth in proposed Rules 6.62P-O(f), (h)(6)(A), and (h)(6)(B), as described in the Single-Leg Pillar Filing, and are substantially identical to the current definitions.

9 See Single-Leg Pillar Filing (describing proposed opening Auction Process rule per Rule 6.64P-O).

Exchange believes the proposed definition would add clarity regarding how the terms "leg" and "leg market" would be used in connection with ECO trading on Pillar.

- Proposed Rule 6.91P-O(a)(4) would define the term "Complex NBBO" to mean the derived national best bid and derived national best offer for a complex strategy calculated using the NBB and NBO for each component leg of a complex strategy. This definition is based on current Rule 6.1A-O(a)(2)(b), without any substantive differences.
- Proposed Rule 6.91P-O(a)(5) would define the term "Complex strategy" to mean a particular combination of leg components and their ratios to one another. The proposed definition would further provide that new complex strategies can be created when the Exchange receives either a request to create a new complex strategy or an ECO with a new complex strategy. This proposed definition is new and is consistent with how this concept is defined on other options exchanges and would promote clarity and transparency.[10]
- Proposed Rule 6.91P-O(a)(6) would define the term "DBBO" to address situations where it is necessary to derive a (theoretical) bid or offer for a particular complex strategy. As proposed, "DBBO" would mean the derived best bid ("DBB") and derived best offer ("DBO") for a complex strategy calculated using

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[10] See, e.g., Cboe Exchange Inc. ("Cboe") Rule 5.33(a) (defining "complex strategy" as "a particular combination of components and their ratios to one another" and further providing that "[n]ew complex strategies can be created as the result of the receipt of a complex instrument creation request or complex order for a complex strategy that is not currently in the System"); MIAX Options Exchange ("MIAX") Rule 518(a)(6) (same).

the Exchange BBO[11] for each leg (or the Away Market NBBO[12] for a leg if there is no Exchange BBO), provided that the bid (offer) price used to calculate the DBBO would never be lower (higher) than the greater of $0.05 or 5% below (above) the Away Market NBB (NBO). The proposed definition would also provide that the DBBO would be updated as the Exchange's calculation of the Exchange BBO or Away Market NBBO, as applicable, is likewise updated. Proposed Rule 6.91P-O(a)(6)(A) would provide further detail about how the DBBO would be derived in the absence of an Exchange BB (BO) or Away Market NBB (NBO) for a given leg. As proposed, in such circumstances, the bid (offer) price used to calculate the DBBO would be the offer (bid) price for that leg minus (plus) "one collar value," which would be (i) $0.25 where the best offer (bid) is priced $1.00 or lower; or (ii) the lower of $2.50 or 25% where the best offer (bid) is priced above $1.00, provided however that, per proposed Rule 6.91P-O(a)(6)(A)(i), if the best offer is equal to or less than one collar value, the best bid price used to calculate the DBBO for that leg would be $0.01.

This proposed definition is new and is based, in part, on the current definition of Complex BBO set forth in Rule 6.1A-O(a)(2)(b), as well as on how this concept is defined on other options exchanges, including on NYSE American.[13] The

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11 The term BBO when used with respect to options traded on the Exchange would mean "the best displayed bid or best displayed offer on the Exchange." See Single-Leg Pillar Filing (defining BBO in proposed Rule 1.1, which definition is substantially identical to the current definition of BBO in Rule 6.1A-O(a)(2)(a)).

12 In the Single-Leg Pillar Filing, the Exchange proposes that the (new) term "Away Market NBBO" would refer to a calculation of the NBBO that excludes the Exchange's BBO. See Single-Leg Pillar Filing (defining Away Market NBBO in proposed Rule 1.1).

13 See, e.g., NYSE American Rule 900.2NY(7)(b) (providing that the Derived BBO "is calculated using the BBO from the Consolidated Book for each of the options series comprising a given complex order strategy"); Cboe Rule 5.33(a) (defining "Synthetic Bed Bid or Offer and SBBO" for complex orders as "the best bid and offer on the Exchange for a complex strategy calculated using" the "BBO for each component (or the

Exchange believes that the additional detail about how the DBBO would be calculated in the absence of an Exchange BBO and/or Away Market NBBO would promote clarity and transparency. In addition, the Exchange believes that it is appropriate to require that the DBBO be calculated within a certain amount of the Away Market NBBO as an additional protection against ECOs being executed on the Exchange at prices away from the current market.

Proposed Rule 6.91P-O(a)(7) would define "Complex Order Auction" or "COA" to mean an auction of an ECO as set forth in proposed Rule 6.91P-O(f) (discussed below). This definition is based on the title of paragraph (c) of current Rule 6.91-O, which sets forth the COA Process for ECOs without any substantive differences. Proposed Rule 6.91P-O(a)(7) would also state that the terms defined in paragraphs (a)(7)(A)-(D) would be used for purposes of a COA.

Proposed Rule 6.91P-O(a)(7)(A) would define a "COA Order" to mean an ECO that is designated by the OTP Holder as eligible to initiate a COA. This definition is based on the definition of a "COA-eligible order" as set forth in current Rule 6.91-O(c)(1) and (c)(1)(i), with a difference that the proposed definition would not require that an option class be designated as COA-eligible because all option classes that trade on Pillar would be COA-eligible.

Proposed Rule 6.91P-O(a)(7)(B) would define the term "Request for Response" or "RFR" to refer to the message disseminated to the Exchange's proprietary complex data feed announcing that the Exchange has received a COA Order and that a COA has begun. As further proposed, the definition would provide that each RFR message would identify the component series, the price, and the size and side of the market of the COA Order. This definition is based on the

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NBBO for a component if the BBO for that component is not available) of a complex strategy from the Simple Book").

description of RFR in Rule 6.91-O(c)(3) without any substantive differences. The Exchange proposes a clarifying difference to make clear that RFR messages would be sent over the Exchange's proprietary complex data feed, which is based on current functionality.

Proposed Rule 6.91P-O(a)(7)(C) would define the term "RFR Response" to mean any ECO received during the Response Time Interval (defined below) that is in the same complex strategy, on the opposite side of the market of the COA Order that initiated the COA, and marketable against the COA Order.[14] This definition is based in part on the description of RFR Responses in Rule 6.91-O(c)(5). However, unlike the current definition, an RFR Response would not have a time-in-force contingency for the duration of the COA. Instead, the Exchange would consider any ECOs received during the Response Time Interval (defined below) that are marketable against the COA Order as an RFR Response. As described below, the Exchange proposes to define separately the term "ECO GTX Order," which would be more akin to the current definition of RFR Response. In addition, the proposed definition omits the current rule description that an RFR Response may be entered in $0.01 increments or that such responses may be modified or cancelled because these features are applicable to all ECOs and therefore not necessary to separately state in connection with RFR Responses.

Proposed Rule 6.91P-O(a)(7)(D) would define the term "Response Time Interval" to mean the period of time during which RFR Responses for a COA may be entered and would provide that the Exchange would determine and announce by Trader Update the length of the Response Time Interval; provided, however, that the duration of the Response Time Interval would not be less than 100

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[14] The term "marketable" is defined in proposed Rule 1.1 of the Single-Leg Pillar Filing.

milliseconds and would not exceed one (1) second. This definition is based in part on the description of Response Time Interval in Rule 6.91-O(c)(4), with a difference that the Exchange proposes to reduce the minimum time from 500 milliseconds to 100 milliseconds. While other option exchanges do not establish a minimum duration for a COA, the Exchange notes that the proposed 100 milliseconds minimum is consistent the minimum auction length for electronic-paired auctions on NYSE American.[15]

Types of ECOs. Proposed Rule 6.91P-O(b) would set forth the types of ECOs that would trade on Pillar. Proposed Rule 6.91P-O(b)(1) would provide that ECOs may be entered as Limit Orders or Limit Orders designated as Complex Only Orders. This proposed text is based on current Rule 6.91-O(b)(1), with a difference to provide that the Exchange would offer Complex Only Orders on Pillar. Complex Only Orders (as described below) are based in part on existing functionality for PNP Plus orders, which likewise may trade only with other Electronic Complex Orders, with updated functionality available on Pillar.[16]The Exchange proposes to rename this order type in a manner consistent with similar order types available on other options exchanges and therefore this proposed order type is not new or novel.[17]

- Proposed Rule 6.91P-O(b)(1)(A) would set forth the details of a Complex Only Order. As proposed, an ECO designated as a Complex Only Order would trade solely with ECOs and would not trade with the leg markets; provided that, if there

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15 See e.g., Cboe Rule 5.33(d)(3) (providing that Cboe "determines the duration of the Response Time Interval on a class-by-class basis, which may not exceed 3000 milliseconds"); NYSE American Rule 971.1NY(c)(2)(B) (providing that for a Customer Best Execution Auction "[t]he minimum/maximum parameters for the Response Time Interval will be no less than 100 milliseconds and no more than one (1) second").

16 See Rule 6.62-O(y) (describing PNP Plus orders as ECOs that may only trade with other ECOs, but which will continuously be repriced if locking or crossing the Complex BBO).

17 Other options exchanges likewise offer Complex Orders that trade only with Complex Orders. See, e.g., Cboe Rule 5.33(a) (defining "Complex Only" order as an ECO "designate[] to execute only against complex orders in the COB and not Leg into the Simple Book").

is displayed Customer interest on all legs of the Complex Only Order, such order would not trade below (above) one penny ($0.01) times the smallest leg ratio inside the DBB (DBO) containing Customer interest, which requirement ensures that a Complex Only Order would price improve at least a portion of the displayed leg markets. In such case, a Complex Only Order would remain on the Consolidated Book until it can trade with another ECO at this improved price. As noted above, the Complex Only Order type is based in part on existing PNP Plus order functionality, with updated functionality based on Pillar. Specifically, the Exchange would no longer reprice a resting Complex Only Order and instead would restrict it from trading until it can trade at a price at or inside the DBBO, as described below.

- Proposed Rule 6.91P-O(b)(2) would set forth the time-in-force contingencies available to ECOs, which would be Day, IOC, FOK, or GTC, as those terms are defined in the Single-Leg Pillar Filing in proposed Rule 6.62P-O(b), and GTX (per proposed Rule 6.91P-O(b)(2)(B) as described below). The proposed text is based on current Rules 6.91-O(b)(2) and (3), except that it adds GTX (as described below). The proposed text also omits AON because the Exchange would not offer AONs for ECO trading on Pillar.
- Proposed Rule 6.91P-O(b)(2)(A) would provide that an ECO designated as IOC or FOK would be rejected if entered during a pre-open state,[18] which is consistent with the time-in-force of the order (because they could not be traded when a complex strategy is not open for trading) as well as with current functionality.
- Proposed Rule 6.91P-O(b)(2)(B) would provide that an ECO designated as GTX would be defined as an "ECO GTX Order" and would have the following

[18] The term "pre-open state" is defined in proposed Rule 6.64P-O(a)(10), as described in the Single-Leg Pillar Filing, to mean "the period before a series is opened or reopened."

features: it would not be displayed; it may be entered only during the Response Time Interval of a COA; it must be on the opposite side of the market as the COA Order; and it must specify the price, size, and side of the market. As further proposed, ECO GTX Orders may be modified or cancelled during the Response Time Interval and any remaining size that does not trade with the COA Order would be cancelled at the end of the COA. This definition is based on the description of an RFR Response in current Rule 6.91-O(c)(5)(A) - (C), which likewise are not displayed and expire at the end of the COA.

Priority and Pricing of ECOs. Proposed Rule 6.91P-O(c) would set forth how ECOs would be prioritized and priced under Pillar. As proposed, an ECO received by the Exchange that is not immediately executed (or cancelled) would be ranked in the Consolidated Book according to price-time priority based on the total net price and the time of entry of the order. This proposed rule is based on Rule 6.91-O(a)(1), without any substantive differences. The Exchange proposes a non-substantive difference to refer simply to a "net price" rather than a "net debit or credit price," which streamlined terminology is consistent with the use of the term "net price" on other options exchanges.[19]

Proposed Rule 6.91P-O(c) would further provide that, unless otherwise specified in this Rule, ECOs would be processed as follows:

- Proposed Rule 6.91P-O(c)(1) would provide that when trading with the leg markets:
    - An ECO must trade at or within the greater of $0.05 or 5% higher (lower) than the Away Market NBO (NBB) (see proposed Rule 6.91P-

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[19] See, e.g., Cboe Rule 5.33(f)(2) (setting forth parameters for the "net price" of complex orders traded on Cboe); Nasdaq ISE, LLC ("Nasdaq ISE"), Options 3, Section 14 (c) (providing, in relevant part, that "[c]omplex strategies will not be executed at prices inferior to the best net price achievable from the best ISE bids and offers for the individual legs").

O(c)(1)(A)). This would be new under Pillar and operate as an additional protection against ECOs being executed on the Exchange at prices away from the current market.

  - An ECO would trade at the prices of the leg markets (see proposed Rule 6.91P-O(c)(1)(B)). This proposed rule would make clear that when trading with the leg markets, the components of the ECO would trade at the prices of the leg markets, which is consistent with current functionality. For example, if there is sell interest in a leg market at $1.00, and a leg of an ECO to buy could trade up to $1.05, the ECO would trade with such leg market at $1.00. This would result in the ECO receiving price improvement and is consistent with the ECO trading as the aggressing order.

- Proposed Rule 6.91P-O(c)(2) would provide that when trading with another ECO, an ECO must trade at a price at or within the DBBO and no leg of an ECO may trade at a price of zero. This provision is based in part on current Rule 6.91-O(a)(2), which provides that no leg of an ECO will be executed outside of the Exchange BBO, and adds detail about other limitations on executions based on the DBBO. This proposed rule, which ensures that ECOs would never trade through interest in the leg markets, is consistent with current functionality and adds clarity and transparency to the proposed Rule. This proposed rule is also consistent with how ECOs are processed on other options exchanges.[20]
- Proposed Rule 6.91P-O(c)(3) would provide that an ECO may trade without

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[20] See, e.g., Cboe Rule 5.33(f)(2) (setting forth substantially identical execution parameters for complex orders executed on Cboe, including that complex orders may not execute at a net price that would cause any component of the complex strategy to be executed at a price of zero, or worse than or equal to the Cboe SBBO when there is a Priority Customer at the SBBO, or would cause any component of the complex strategy to be executed at a price worse than the individual component prices on the Simple Book).

consideration of prices of the same complex strategy available on other exchanges, which is based on the same text as contained in current Rule 6.91-O(a)(2) without any substantive differences.

- Proposed Rule 6.91P-O(c)(4) would provide that an ECO may trade in one cent ($0.01) increments regardless of the MPV otherwise applicable to any leg of the complex strategy, which is based on current Rule 6.91-O, Commentary .01 without any substantive differences.

Execution of ECOs at the Open (or Reopening after a Trading Halt). Current Rule 6.91-O(a)(2)(i) sets forth how ECOs are executed upon opening or reopening of trading. Proposed Rule 6.91P-O(d) would set forth details about how ECOs would be executed at the open or reopen following a trading halt.

With the transition to Pillar, the Exchange proposes new functionality regarding the "ECO Opening Auction Process" on the Exchange, which would be applicable both to openings and reopenings following a trading halt. The Exchange proposes to incorporate into the ECO Opening Auction Process certain functionality currently available on the Exchange's cash equity platform, which the Exchange has similarly proposed to include in the Auction Process for single-leg options.[21] Accordingly, proposed Rule 6.91P-O(d) would use Pillar terminology relating to auctions that is based in part on Pillar terminology set forth in Rule 7.35-E for cash equity trading and in part on proposed Rule 6.64P-O for single-leg options.

- Proposed Rule 6.91P-O(d)(1) would set forth the conditions required for the commencement of an ECO Opening Auction Process. Specifically, as proposed, the Exchange would initiate an ECO Opening Auction Process for a complex strategy only if all legs of the complex strategy have opened or reopened for trading, which text is based on current Rule 6.91-O(a)(2)(i)(A) without any

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[21] See Single-Leg Pillar Filing (describing proposed opening Auction Process rule per Rule 6.64P-O).

substantive differences. Proposed Rule 6.91P-O(d)(1)(A)-(C) would set forth conditions that would prevent the opening of a complex strategy, as follows:

- Any leg of the complex strategy has no BO or NBO;
- The bid and offer prices used to calculate the DBBO for the complex strategy are locking or crossing; or
- All legs of the complex strategy include displayed Customer interest and the width of the DBBO is less than or equal to one penny ($0.01) times the smallest leg ratio.

The proposal to detail these conditions for opening are consistent with current functionality. The Exchange believes that this added detail would add clarity and transparency to Exchange rules and would promote a fair and orderly ECO Opening Auction Process.

- Proposed Rule 6.91P-O(d)(2) would provide that any ECOs in a complex strategy with prices that lock or cross one another would be eligible to trade in the ECO Opening Auction Process. This proposed rule is based on current Rule 6.91-O(a)(2)(i)(B), which provides than an opening process will be used if there are ECOs that "are marketable against each other." The Exchange proposes a difference in Pillar not to require that such ECOs be "priced within the Complex NBBO" because the proposed ECO Opening Auction Process under Pillar would instead rely on the DBBO (as described below).

  Proposed Rule 6.91P-O(d)(2)(A) would provide that an ECO received during a pre-open state would not participate in the Auction Process for the leg markets pursuant to proposed Rule 6.64P-O, which is based on the same text (in the second sentence) of current Rule 6.91-O(a)(2)(i)(A) without any substantive differences.

  Proposed Rule 6.91P-O(d)(2)(B) would provide that a complex strategy created

intra-day when all leg markets are open would not be subject to an ECO Opening Auction Process and would instead trade pursuant to paragraph (e) of the proposed Rule (discussed below) regarding the handling of ECOs during Core Trading Hours.

Proposed Rule 6.91P-O(d)(2)(C) would provide that the ECO Opening Auction Process would be used to reopen trading in ECOs after a trading halt. This proposed rule is based in part on current Rule 6.64-O(d) and makes clear that the ECO Opening Auction Process would be applicable to reopenings.

- Proposed Rule 6.91P-O(d)(3) would describe each aspect of the ECO Opening Auction Process. First, proposed Rule 6.91P-O(d)(3)(A) would describe the "ECO Auction Collars," which terminology would be new for ECO trading and is based on the term "Auction Collars" used in Rule 7.35-E for trading cash equity securities as well as in proposed Rule 6.64P-O(a)(2) for single-leg options trading.[22]

  As proposed, the upper (lower) price of an ECO Auction Collar for a complex strategy would be the DBO (DBB); provided, however, that if there is displayed Customer interest on all legs of a complex strategy, the upper (lower) price of an ECO Auction Collar would be one penny ($0.01) times the smallest leg ratio inside the DBO (DBB) containing Customer interest. This new functionality on Pillar would ensure that ECOs trade within the DBBO and thus avoid trading through displayed Customer interest in the leg markets, which the Exchange believes is consistent with fair and orderly markets and investor protection.

- Next, proposed Rule 6.91P-O(d)(3)(B) would describe the "ECO Auction Price." As proposed, the ECO Auction Price would be the price at which the maximum

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22 See Single-Leg Pillar Filing (defining Auction Collars in proposed Rule 6.64P-O(a)(2)).

volume of ECOs can be traded in an ECO Opening Auction, subject to the proposed ECO Auction Collar. As further proposed, if there is more than one price at which the maximum volume of ECOs can be traded within the ECO Auction Collar, the ECO Auction Price would be the price closest to the midpoint of the ECO Auction Collar, or, if the midpoint falls within such prices, the ECO Auction Price would be the midpoint, provided that the ECO Auction Price would not be lower (higher) than the highest (lowest) price of an ECO to buy (sell) that is eligible to trade in the ECO Opening Auction Process. The concept of an ECO Auction Price is based in part on the concept of "single market clearing price" set forth in current Rule 6.91-O(a)(2)(i)(B). For Pillar, the Exchange proposes to determine the ECO Auction Price in a manner that is based in part on how an Indicative Match Price is determined for trading of cash equity securities, as set forth in on Rule 7.35-E(a)(8)(A), and how the Exchange proposes to determine the price for Auctions on Pillar for single-leg options trading.[23]

Finally, as proposed, if the ECO Auction Price would be a sub-penny price, it would be rounded to the nearest whole penny, which text is based on current Rule 6.91-O(a)(2)(i)(B), with a difference that the current rule refers to the midpoint of the Complex NBBO (which could be a sub-penny price) as opposed to referring to the ECO Auction Price, which would be a new Pillar term for trading ECOs.

Proposed Rule 6.91P-O(d)(3)(B)(i) would provide that an ECO to buy (sell) with a limit price at or above (below) the upper (lower) ECO Auction Collar would be included in the ECO Auction Price calculation at the price of the upper (lower) ECO Auction Collar, but ranked for participation in the ECO Opening (or Reopening) Auction Process in price-time priority based on its limit price. This

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23 See Single-Leg Pillar Filing (describing proposed Rule 6.64P-O(a)(7)).

proposed text is based in part on current Rule 6.91-O(a)(2)(i)(B). The proposed rule is also based on how the Exchange processes auctions for cash equity trading, as described in Rules 7.35-E(a)(10)(B) and (a)(6) and how the Exchange proposes to process Auctions on Pillar for single-leg options trading.[24]

Proposed Rule 6.91P-O(d)(3)(B)(ii) would provide that locking and crossing ECOs in a complex strategy would trade at the ECO Auction Price. As further proposed, if there are no locking or crossing ECOs in a complex strategy at or within the ECO Auction Collars, the Exchange would open the complex strategy without a trade. This proposed text would be new and is based in part on proposed Rule 6.64P-O(d)(2)(B) for single-leg options, which describes when an option series could open without a trade.[25]

- Proposed Rule 6.91P-O(d)(4) would describe the "ECO Order Processing during ECO Opening Auction Process." Because the Exchange would be using the same Pillar auction functionality for ECO trading that is used for its cash equity market and that the Exchange is proposing for single-leg options trading, the Exchange proposes to apply existing Pillar auction functionality regarding how to process ECOs that may be received during the period when an ECO Auction Process is ongoing.

  Accordingly, as proposed, new ECOs and ECO Order Instructions (as defined in proposed Rule 6.91P-O(a)(2), described above) that are received when the Exchange is conducting the ECO Opening Auction Process for the complex strategy would be accepted but would not be processed until after the conclusion of this process. As further proposed, when the Exchange is conducting the ECO

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24 See Single-Leg Pillar Filing (describing proposed Rules 6.64P-O(a)(7)(B)(i) and 6.64P-O(b)).

25 See Single-Leg Pillar Filing (describing proposed Rule 6.64P-O(d)(2)(B).

Opening Auction Process, ECO Order Instructions would be processed as follows:

- Proposed Rule 6.91P-O(d)(4)(A) would provide that an ECO Order Instruction received during the ECO Opening Auction Process would not be processed until after this process concludes if it relates to an ECO that was received before the process begins and that any subsequent ECO Order Instructions relating to such ECO would be rejected.
- Proposed Rule 6.91P-O(d)(4)(B) would provide that an ECO Order Instruction received during the ECO Opening Auction Process would be processed on arrival if it relates to an order that was received during this process.

Proposed Rule 6.91P-O(d)(4) and sub-paragraphs (A) and (B) are based on both current Rule 7.35-E(g) and its sub-paragraphs (1) and (2) and proposed Rule 6.64P-O(e) and its sub-paragraphs (1) and (2) (as described in the Single-Leg Pillar Filing) with differences only to reference the proposed defined term ECO Order Instruction and to refer to the ECO Opening Auction Process. The Exchange believes that the proposed rule text would provide transparency regarding how ECO Order Instructions that arrived during the ECO Opening Auction Process would be processed.

Proposed Rule 6.91P-O(d)(5) would describe the "Transition to continuous trading" after the ECO Opening Auction Process. As proposed, after the ECO Opening Auction, ECOs would be subject to ECO Price Protection, per proposed Rule 6.91P-O(g)(2) (as described below) and, if eligible to trade, would trade as follows:

- Proposed Rule 6.91P-O(d)(5)(A) would provide that an ECO received before the complex strategy was opened that did not trade in whole in the

ECO Opening Auction Process and that is locking or crossing other ECOs or leg markets in the Consolidated Book would trade pursuant to proposed Rule 6.91P-O(e) (discussed below) regarding the handling of ECOs during Core Trading Hours. This provision is based on the (last sentence) of current Rule 6.91-O(a)(2)(i)(B) and (C), with non-substantive differences to use Pillar terminology.

- Proposed Rule 6.91P-O(d)(5)(B) would provide that any ECO received during the ECO Opening Auction Process would be processed in time sequence relative to one another based on original entry time. This proposed rule is based on both current functionality and how the Exchange proposes to process orders in an option series that were received during an Auction Processing Period, as described in the Single-Leg Pillar Filing for proposed Rule 6.64P-O(a)(5).

Execution of ECOs During Core Trading Hours. Proposed Rule 6.91P-O(e) would describe how ECOs would be processed during Core Trading Hours.

Proposed Rule 6.91P-O(e)(1) would provide that once a complex strategy is open for trading, an ECO received by the Exchange would trade with the best-priced contra-side interest as follows:

- Proposed Rule 6.91P-O(e)(1)(A) would provide that if, at a price, the incoming ECO would be eligible to trade with the leg markets (e.g., not a Complex Only Order), the leg markets would have first priority at that price and would trade with the incoming ECO pursuant to proposed Rule 6.76AP-O before such incoming ECO would trade with contra-side ECOs resting in the Consolidated Book at that price. This proposed text is based on current Rule 6.91-O(a)(2)(ii) without any substantive differences.
- Proposed Rule 6.91P-O(e)(1)(B) would provide that an ECO would not trade with

orders in the leg markets designated as AON or with an MTS modifier. This proposed text would be new and is based in part on existing functionality and reflects the Exchange's proposed new MTS modifier for orders in the leg markets.[26] The Exchange believes that this proposed rule would add clarity and transparency that ECOs would not trade with orders that have conditional instructions.

- Proposed Rule 6.91P-O(e)(1)(C) would provide that an ECO (that is not designated as a Complex Only Order) would be eligible to trade with the leg markets (in full or in a permissible ratio), subject to certain enumerated exceptions set forth in proposed Rule 6.91P-O(e)(1)(C)(i)-(iii). Specifically, ECOs with any one of the following complex strategies would be ineligible to trade with the leg markets and would be processed as a Complex Only Order:
    - a complex strategy with more than five legs;
    - a complex strategy with two legs and both legs are buying or both legs are selling, and both legs are calls or both legs are puts; or
    - a complex strategy with three or more legs and all legs are buying or all legs are selling.

  The proposal to restrict ECOs with more than five legs from trading with the leg markets (and being treated as Complex Only Orders), per proposed Rule 6.91P-O(e)(1)(C)(i), would be new functionality under Pillar and is designed to help Market Makers manage risk. The Exchange currently requires Market Makers to utilize certain risk controls for quoting to help mitigate risk particularly during periods of market volatility, and would require Market Makers to continue to use

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26 See Single-Leg Pillar Filing (describing Minimum Trade Size or MTS Modifier in proposed Rule 6.62P-O(i)(3)(B)).

risk controls on Pillar.[27] Because the execution of a multi-legged ECO is a single transaction, comprising discrete legs that must all trade simultaneously, allowing ECOs with more than five legs to trade with the leg markets may allow a multi-legged transaction to occur before a Market Maker's risk settings would be triggered. This proposed limitation is designed to prevent such multi-legged transactions, which would help ensure that Market Makers continue to provide liquidity and do not trade above their established risk tolerance levels. The Exchange notes that this restriction is consistent with similar limits established on other options exchanges.[28]

Proposed Rule 6.91P-O(e)(1)(C)(ii)-(iii), which treats ECOs with certain complex strategies as Complex Only Orders, is based in part on current Rule 6.91-O(b)(4)(i)-(ii), with a difference that currently, such so-called "directional strategies" are rejected. The proposed handling under Pillar would be less restrictive than the current rule because such strategies would not be rejected and is consistent with the treatment of such complex strategies on other options exchanges.[29] As with the proposal to restrict ECOs with more than five legs trading with the leg markets, this proposed restriction is also designed to ensure that Market Maker risk settings would not be bypassed. Because ECOs with directional strategies are typically geared towards an aggressive directional

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27 See Single-Leg Pillar Filing (describing the activity-based controls with updated functionality under Pillar that Market Makers would be required to use to manage risk in connection with their quotes, per proposed Rule 6.40P-O(a)(3) and (b)(2)). The proposed Pillar risk controls are substantively identical to the existing risk controls set forth in Rules 6.40-O(b)(2), (c)(2) and (d)(2) and Commentary .04 to Rule 6.40-O.

28 See e.g., Cboe Rule 5.33(g) (providing the ECOs may be restricted from trading with the leg markets if such ECO has more than a maximum number of legs, which maximum the Exchange determines on a class-by-class basis and may be two, three, or four).

29 See, e.g., Nasdaq ISE Options 3, Section 14 (d)(3)(A)-(B) (proving that ECOs with these complex strategies may trade only with other ECOs).

capture of volatility, such ECOs can represent significantly more risk than trading any one of the legs in isolation. As such, because Market Maker risk settings are only triggered after the entire ECO package has traded, the Exchange believes this proposed rule change would help ensure fair and orderly markets by preventing such orders trading with the leg markets, which would minimize risk to Market Makers.

Proposed Rule 6.91P-O(e)(2) would provide that any ECO or portion thereof that does not trade immediately when it is received by the Exchange and that is designated either Day or GTC would be ranked in the Consolidated Book pursuant to proposed paragraph (c) of this Rule (regarding the priority of ECOs), which is based on current Rule 6.91-O(a)(2)(iii), except that it adds details regarding the time-in-force modifier of the ECO, which adds clarity and transparency to the proposed Rule. As further proposed, the Exchange would evaluate trading opportunities for a resting ECO when the leg markets comprising a complex strategy update, provided that during periods of high message volumes, such evaluation may be reduced to no less than ten times per one (1) second. The Exchange believes that this proposed rule promotes transparency of the frequency with which the Exchange would be evaluating the leg markets for updates.

Proposed Rule 6.91P-O(e)(3) would provide that ECOs that trade with the leg markets would be allocated pursuant to Rule 6.76AP-O. This proposed rule is based in part on current Rule 6.91-O(a)(2)(iii) without any substantive differences.

Execution of ECOs During a COA. Proposed Rule 6.91P-O(f) would describe how ECOs would trade during a COA. The COA Process is currently described in Rule 6.91-O(c). Under Pillar, the Exchange proposes to simplify the COA process, including by relying on the current DBBO for pricing, allowing a COA Order to initiate a COA only on arrival, and streamlining the

rule text describing the circumstances that would cause an early end to a COA.

As proposed, a COA Order received when a complex strategy is open for trading would initiate a COA only on arrival, subject to proposed Rule 6.91P-O(f)(1) (described below). As further proposed, a COA Order would be rejected if entered during a pre-open state or if entered during Core Trading Hours with a time-in-force of FOK or GTX. This proposed order handling is based in part on current Rule 6.91-O(c)(1)(ii), which requires that COA Orders be submitted during Core Trading Hours. The proposed rejection of such orders during a pre-open state would be new under Pillar and is consistent with the Exchange's proposed functionality that a COA Order would initiate a COA only on arrival. In addition, the proposal would clarify that COA Orders designated as FOK or GTX would be rejected, even if submitted during Core Trading Hours, is based on current functionality and this addition would add further detail and clarification to the rule text. Finally, as further proposed, only one COA may be conducted at a time in a complex strategy, which is identical to text in current Rule 6.91-O(c)(3).

Proposed Rule 6.91P-O(f)(1) would describe the conditions required for the "Initiation of a COA." As proposed, to initiate a COA, the limit price of the COA Order to buy (sell) must be higher (lower) than the best-priced, same-side ECOs resting on the Consolidated Book and equal to or higher (lower) than the midpoint of the DBBO. This proposed text is based in part on current Rule 6.91-O(c)(3)(i), with a difference to add a new "midpoint of the DBBO" requirement, which is designed to facilitate price improvement opportunities for the COA Order. As further proposed, a COA Order that does not satisfy these pricing parameters would not initiate a COA and would be processed as an ECO. This would be new under Pillar, as current Rule 6.91-O(c)(3) allows an order designated for COA to reside on the Consolidated Book unless or until such order meets the requisite pricing conditions to initiate a COA. The Exchange believes this proposed change would simplify the COA process.

Finally, as proposed, once a COA is initiated, the Exchange would disseminate a Request for Response message, the Response Time Interval would begin and, during such interval, the

Exchange would accept RFR Responses, including GTX ECO Orders. This proposed text is based on current functionality set forth in Rule 6.91-O(c), with non-substantive differences to use Pillar terminology, including using the new Pillar term for GTX ECO Orders.

Proposed Rule 6.91P-O(f)(2) would describe the "Pricing of a COA." As proposed, a COA Order to buy (sell) would initiate a COA at its limit price, unless its limit price locks or crosses the DBO (DBB), in which case it would initiate a COA at a price equal to one penny ($0.01) times the smallest leg ratio inside the DBO (DBB) (the "COA initiation price"). This proposed functionality utilizes the new concept of a DBBO, is consistent with current functionality (that relies on substantively similar concept of Complex BBO), and ensures (consistent with current functionality) that interest on the leg markets maintain priority.

- Proposed Rule 6.91P-O(f)(2)(A) would provide that prior to initiating a COA, a COA Order to buy (sell) would trade with any ECO to sell (buy) that is priced equal to or below (above) one penny ($0.01) times the smallest leg ratio inside the DBO (DBB) (i.e., priced better than the leg markets) and any unexecuted portion of such COA Order would initiate a COA. This proposed rule is based on current Rule 6.91-O(a)(2) with a difference to use the Pillar concept of DBBO rather than refer to the contra-side Complex BBO.
- Proposed Rule 6.91P-O(f)(2)(B) would provide that a COA Order would not be eligible to trade with the leg markets until after the COA ends, which added detail, while not explicitly stated in the current rule, is consistent with current functionality described in Rules 6.91-O(c)(7)(A) and (B) that only RFR Responses (i.e., GTX orders) and ECOs will be allocated in a COA and that the COA Order would not trade with the leg markets until after the COA allocations.
- Proposed Rule 6.91P-O(f)(3) would set forth the conditions that would result in the "Early End to a COA" (i.e., a COA ending prior to the expiration of the Response Time Interval). Currently, as described in Rule 6.91-O(c)(3), the

Exchange takes a snapshot of the Complex BBO at the start of a COA and uses that snapshot as the basis for determining whether to end a COA early. Under Pillar, the Exchange would no longer use a snapshot of the Complex BBO as the basis for determining whether to end a COA early but would instead rely on the DBBO (not initial snapshot), which is updated as market conditions change (including during the Response Time Interval).[30] The Exchange proposes a COA would end early under the following conditions:

- Proposed Rule 6.91P-O(f)(3)(A) would provide that a COA would end early if the Exchange receives an incoming ECO or COA Order to buy (sell) in the same complex strategy that is priced higher (lower) than the initiating COA Order to buy (sell), which proposed text is based on current Rule 6.91-O(c)(6)(B)(i) without any substantive differences.
- Proposed Rule 6.91P-O(f)(3)(B) would provide that a COA would end early if the Exchange receives an RFR Response that crosses the same-side DBBO, which proposed text is based on current Rule 6.91-O(c)(6)(A)(i), except (as noted above) it refers to the DBBO rather than the "initial Complex BBO."
- Proposed Rule 6.91P-O(f)(3)(C) would provide that a COA would end early if the leg markets update causing the same-side DBBO to lock or cross (i) any RFR Response(s) or (ii) if no RFR Responses have been received, the best-priced, contra-side ECOs. This proposed rule is based in part on current Rule 6.91-O(c)(6)(C)(i), with differences to use Pillar terminology.

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30 As discussed infra regarding proposed Rule 6.91P-O(a)(6) and the definition of the Derived BBO, "the DBBO would be updated as the Exchange's calculation of the Exchange BBO or Away Market NBBO, as applicable, is likewise updated").

- Proposed Rule 6.91P-O(f)(3)(D) would provide that a COA would end early if the leg markets update causing the contra-side DBBO to lock or cross the COA initiation price. This proposed rule is based in part on current Rule 6.91-O(c)(6)(C)(ii), except that it would refer to the DBBO and the COA initiation price, which would be new concepts under Pillar.

- Proposed Rule 6.91P-O(f)(4) would set forth the "Allocation of COA Orders" after a COA either ends early or after the expiration of the Response Time Interval. Current Rule 6.91-O(c)(7)(A) sets forth that the COA-eligible orders are allocated against the best-priced interest received in the COA at each price on a "Size Pro-Rata Basis," as that concept is defined in Rule 6.75-O(f)(6). Under Pillar, the allocation of the COA Order would be based on price-time priority, which would align the allocation of ECOs in a COA with standard processing of ECOs.

  Proposed Rule 6.91P-O(f)(4)(A) would provide that RFR Responses to sell (buy) would trade in price-time priority with a COA Order to buy (sell); provided, however, that if there is displayed Customer interest on all legs of the DBB (DBO), RFR Responses to sell (buy) would not trade below (above) one penny ($0.01) times the smallest leg ratio inside the DBB (DBO). This proposed rule would ensure that the COA Order would not trade at a worse price than the leg markets and would price improve at least a portion of the interest in the leg markets. The proposed text is based in part on current Rule 6.91-O(c)(7)(A) insofar as it ensures that the COA Order would trade with the best-priced RFR Responses received in the COA and differs substantively because, as discussed above, the COA Order would trade with RFR Responses in price-time priority (and not Size Pro Rata).

Proposed Rule 6.91P-O(f)(4)(B) would provide that after COA allocations pursuant to paragraph (f)(4)(A) of this proposed Rule, any unexecuted balance of a COA Order (including COA Orders designated as IOC) would be eligible to trade with any contra-side interest, including the leg markets unless the COA Order is designated or treated as a Complex Only Order. This proposed text is based on existing functionality and makes explicit that a COA Order would trade solely with complex interest (and not the leg markets) during a COA. This proposed rule is designed to provide clarity and transparency that the remaining balance of a COA Order would be eligible to trade with the leg markets after the COA ends.

Proposed Rule 6.91P-O(f)(4)(C) would provide that after a COA Order trades pursuant to proposed Rule 6.91P-O(f)(4)(B), any unexecuted balance of a COA Order would be processed as an ECO pursuant to paragraph (e) of this Rule. The proposed text is based on current Rule 6.91-O(c)(7)(B) without any substantive differences.

Proposed Rule 6.91P-O(f)(5) would set forth "Prohibited Conduct related to COAs," and is based on current Commentary .04 to Rule 6.91-O without any substantive differences, and would provide that a pattern or practice of submitting unrelated orders that cause a COA to conclude early would be deemed conduct inconsistent with just and equitable principles of trade and that dissemination of information related to COA Orders to third parties would also be deemed as conduct inconsistent with just and equitable principles of trade.

ECO Risk Checks. Proposed Rule 6.91P-O(g) would describe the "ECO Risk Checks," which are designed to help OTP Holders and OTP Firms to effectively manage risk when trading ECOs. Current Commentaries .03, .05, and .06 of Rule 6.91-O set forth the existing risk checks for ECOs. With the transition to Pillar, the Exchange proposes to modify and enhance its existing risk checks for ECOs, as follows:

- Proposed Rule 6.91P-O(g)(1) would set forth the "Complex Strategy Limit." As proposed, the Exchange would establish a limit on the maximum number of new complex strategies that may be requested to be created per MPID, which limit would be announced by Trader Update.[31] As further proposed, when an MPID reaches the limit on the maximum number of new complex strategies, the Exchange would reject all requests to create new complex strategies from that MPID for the rest of the trading day. In addition, and notwithstanding the established Complex Strategy Limit, the Exchange proposes that it may reject a request to create a new complex strategy from any MPID whenever the Exchange determines it is necessary in the interests of a fair and orderly market.

  This is new functionality proposed under Pillar but is conceptually similar to the Complex Order Table Cap (the "Cap"), set forth in Commentary .03 to Rule 6.91-O, which Cap (like the Complex Strategy Limit) is a system protection tool that enables the Exchange to limit the number of complex strategies available on the Exchange, which in turn improves the efficiency of the ECO process and helps maintain a fair and orderly market. The Exchange also notes that other options exchanges likewise impose a limit on new complex order strategies.[32]

- Proposed Rule 6.91P-O(g)(2) would set forth the ECO Price Protection. The existing ECO "Price Protection Filter" is set forth in Commentary .05 to current

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31 The Exchange has proposed to add the definition of MPID to proposed Rule 1.1, which would refer to "the identification number(s) assigned to the orders and quotes of a single ETP Holder, OTP Holder, or OTP Firm for the execution and clearing of trades on the Exchange by that permit holder. An ETP Holder, OTP Holder, or OTP Firm may obtain multiple MPIDs and each such MPID may be associated with one or more sub-identifiers of that MPID." See Single-Leg Pillar Filing.

32 See, e.g., Cboe Rule 5.33 (providing, in its definition of "complex strategy" that Cboe "may limit the number of new complex strategies that may be in the [Cboe] System at a particular time") and MIAX Rule 518(a)(6) (providing, in its definition of "complex strategy" that MIAX "may limit the number of new complex strategies that may be in the System at a particular time and will communicate this limitation to Members via Regulatory Circular").

Rule 6.91-O (the "ECO Filter"). The proposed "ECO Price Protection" on Pillar would work similarly to how the current ECO price protection mechanism functions on the Exchange because an ECO would be rejected if it is priced a specified percentage away from the contra-side Complex NBB or NBO.[33] However, on Pillar, the Exchange proposes to use new thresholds and reference prices, which would not only simplify the existing price check, but it would also align the proposed functionality with the proposed "Limit Order Price Protection" for single-leg interest, thus adding uniformity to Exchange rules.[34]

Proposed Rule 6.91P-O(g)(2)(A) would provide that each trading day, an ECO to buy (sell) would be rejected or cancelled (if resting) if it is priced a Specified Threshold equal to or above (below) the Reference Price (as described below), rounded down to the nearest penny ($0.01), subject to proposed paragraphs (g)(2)(A)(i)-(v) of the Rule as described below. Because ECO Price Protection would be applied each trading day, an ECO designated GTC would be re-evaluated for ECO Price Protection on each day that it is eligible to trade and would be cancelled if the limit price is equal to or through the Specified Threshold. In addition, the rounding feature is based on how Limit Order Price Protection is calculated on the Exchange's cash equity market if it is not within the MPV for the security, as described in the last sentence of Rule 7.31-E(a)(2)(B), and is consistent with the proposed operation of the single-leg "Limit Order Price Protection" functionality for options.[35]

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33 As noted above, the Exchange proposes to define the Complex NBBO as the derived national best bid and derived national best offer for a complex strategy calculated using the NBB and NBO for each component leg of a complex strategy. See proposed Rule 6.91P-O(a)(4).

34 See Single-Leg Pillar Filing (proposed Rule 6.62P(a)(3) sets forth the Limit Order Price Protection Filter applicable to Limit Orders and quotes).

35 See id.

- Proposed Rule 6.91P-O(g)(2)(A)(i) would provide that an ECO that arrives when a complex strategy is open for trading would be evaluated for ECO Price Protection on arrival. The Exchange has proposed similar functionality for single-leg options.[36]
- Proposed Rule 6.91P-O(g)(2)(A)(ii) would provide that an ECO received during a pre-open state would be evaluated for ECO Price Protection after the ECO Opening Auction Process concludes.[37] The Exchange has proposed similar functionality for single-leg options.[38]
- Proposed Rule 6.91P-O(g)(2)(A)(iii) would provide that an ECO resting on the Consolidated Book before a trading halt would be reevaluated for ECO Price Protection after the ECO Opening Auction Process concludes. The Exchange has proposed similar functionality for single-leg options.[39]
- Proposed Rule 6.91P-O(g)(2)(A)(iv) would provide that Cross Orders (per proposed Rule 6.62P-O(g)) and ECOs entered on the Trading Floor would not be subject to ECO Price Protection. The Exchange has proposed similar functionality for single-leg options.[40]
- Proposed Rule 6.91P-O(g)(2)(A)(v) would provide that ECO Price Protection would not be applied if there is no Reference Price for an ECO. The Exchange has proposed similar functionality for single-leg options.[41]

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36 See Single-Leg Pillar Filing (discussion regarding proposed Rule 6.62P-O(a)(3)(A)(i)).

37 See discussion infra regarding proposed Rule 6.91P-O(d), which describes the ECO Opening Auction Process (or Reopening after a Trading Halt) as well as the concepts of ECO Auction Collars and ECO Auction Price.

38 See Single-Leg Pillar Filing (discussion regarding proposed Rule 6.62P-O(a)(3)(A)(ii)).

39 See Single-Leg Pillar Filing (discussion regarding proposed Rule 6.62P-O(a)(3)(A)(iii)).

40 See Single-Leg Pillar Filing (discussion regarding proposed Rule 6.62P-O(a)(3)(A) excluding Cross Orders).

41 See Single-Leg Pillar Filing (discussion regarding proposed Rule 6.62P-O(a)(3)(A)).

Proposed Rule 6.91P-O(g)(2)(B) would specify the "Reference Price" used in connection with the ECO Price Protection. As proposed, the Reference Price for calculating ECO Price Protection for an ECO to buy (sell) would be the Complex NBO (NBB), provided that, immediately following an ECO Opening Auction Process, the Reference Price would be the ECO Auction Price or, if none, the Complex NBO (NBB). The Exchange believes that adjusting the Reference Price for ECO Price Protection immediately following an ECO Opening Auction would ensure that the most up-to-date price would be used to assess whether to cancel an ECO that was received during a pre-open state, including during a Trading Halt. The Exchange notes this functionality is consistent with the proposed operation of the Limit Order Price Protection for single-leg options.[42]

As further proposed, there would be no Reference Price for an ECO if there is no NBBO for any leg of such ECO (i.e., the Exchange would not calculate a Complex NBB (NBO)), which text is based on current Rule 6.91-O, Commentary .05(c), except that the proposed rule would not reference OPRA because, as further proposed, for purposes of determining a Reference Price, the Exchange would not use an adjusted NBBO (i.e., such NBBO is implicitly reliant on information from OPRA).[43] The Exchange notes that using an unadjusted NBBO to calculate the Reference Price is based on how Limit Order Price Protection

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42 See Single-Leg Pillar Filing (discussion regarding proposed Rule 6.62P-O(a)(3)(A) describing that the Reference Price for Limit Order Price Protection would be adjusted immediately following an Auction would ensure that the most up-to-date price would be used to assess whether to cancel a Limit Order that was received during a pre-open state or would be reevaluated after a Trading Halt Auction).

43 See Single-Leg Pillar Filing (discussion regarding the proposed definition of "NBBO" in proposed Rule 1.1 describing that the "NBBO" for purposes of options trading would mean the national best bid or offer and that "[u]nless otherwise specified, the Exchange may adjust its calculation of the NBBO based on information about orders it sends to Away Markets, execution reports received from those Away Markets, and certain orders received by the Exchange." The Exchange further proposes that the term "Away Market NBBO" refers to a calculation of the NBBO that excludes the Exchange's BBO").

currently functions on the Exchange's cash equity market, as described in Rule 7.31-E(a)(2)(B) and is also consistent with the proposed operation of the Limit Order Price Protection for single-leg options.[44]

Proposed Rule 6.91P-O(g)(2)(C) would set forth the "Specified Threshold" used in connection with the ECO Price Protection. As proposed, the Specified Threshold for calculating ECO Price Protection would be $1.00, unless determined otherwise by the Exchange and announced to OTP Holders and OTP Firms by Trader Update.

The Exchange believes that the proposed Specified Threshold of $1.00 simplifies how the Reference Price would be calculated as compared to the calculations currently specified in Commentary .05 to Rule 6.91-O. In addition, consistent with Commentary .05(d), the Exchange proposes that the Specified Threshold could change, subject to announcing the changes by Trader Update. Providing flexibility in Exchange rules regarding how the Specified Threshold would be set is consistent with the rules of other options exchanges as well as the proposed functionality for the single-leg Limit Order Price Protection feature.[45]

- Proposed Rule 6.91P-O(g)(3) would set forth the "Complex Strategy Protections." The proposed protections are based on current Rule 6.91-O, Commentary .06, which are referred to as the "Debit/Credit Reasonability Checks." The Exchange believes this name change is appropriate because it more accurately conveys that the check applies solely to certain complex strategies and because (as discussed

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44 References to the NBBO, NBB, and NBO in Rule 7.31-E refer to using a determination of the national best bid and offer that has not been adjusted. See Single-Leg Pillar Filing (describing use of unadjusted NBBO for single-leg Limit Order Price Protection in proposed Rule 6.62P-O(a)(3)(B)).

45 See, e.g., Cboe Rule 5.34(b)(6) (describing the "Drill-Through Protection" and that Cboe "determines a default buffer amount on a class-by-class basis). See Single-Leg Pillar Filing (describing use of Trader Update to modify Specified Thresholds in proposed Rule 6.62P-O (a)(3)(C)).

above), the Exchange proposes to refer simply to a "net price" as opposed to the "total net debit or credit price." The proposed Pillar Complex Strategy Protections would function similarly to the current Debit/Credit Reasonability Checks because erroneously priced incoming ECOs would be rejected. However, rather than to refer to specified debit or credit amounts as a way to determine whether a given strategy is erroneously priced, the proposed rule would instead focus on the expectation of the order sender and what would result if the ECO were not rejected.

As proposed, to protect an OTP Holder or OTP Firm that sends an ECO (each an "ECO sender") with the expectation that it would receive (or pay) a net premium but has priced the ECO such that the ECO sender would instead pay (or receive) a net premium, the Exchange would reject any ECO that is comprised of the erroneously-priced complex strategies as set forth in proposed Rule 6.91P-O(g)(3)(A)-(C) and described below.

Proposed Rule 6.91P-O(g)(3)(A) would provide that "'All buy' or 'all sell' strategies" would be rejected as erroneously-priced if it is an ECO for a complex strategy where all legs are to buy (sell) and it is entered at a price less than one penny ($0.01) times the sum of the number of options in the ratio of each leg of such strategy (e.g., a complex strategy to buy (sell) 2 calls and buy (sell) 1 put with a price less than $0.03). The proposed text is based on Rule 6.91-O, Commentary .06(a)(1), with no substantive differences, except that the Exchange has streamlined the text and set forth the minimum price (i.e., $0.03) for any "all buy" or "all sell" strategies.

Proposed Rule 6.91P-O(g)(3)(B) would provide for the rejection of erroneously-priced "Vertical spreads," which are defined as complex strategies that consists of a leg to sell a call (put) option and a leg to buy a call (put) option in the same

option class with the same expiration but at different strike prices. As proposed, the Exchange would reject as erroneously-priced: (i) an ECO for a vertical spread to buy a lower (higher) strike call and sell a higher (lower) strike call and the ECO sender would receive (pay) a net premium (proposed Rule 6.91P-O(g)(3)(B)(i)); and (ii) an ECO for a vertical spread to buy a higher (lower) strike put and sell a lower (higher) strike put and the ECO sender would receive (pay) a net premium (proposed Rule 6.91P-O(g)(3)(B)(ii)). The proposed strategy protections for vertical spreads are based on current Rule 6.91-O, Commentary .06(a)(2), except that, as noted above, the proposed Rule is written from the standpoint of the expectation of the ECO sender as opposed to reviewing total net debit or credit price of the strategy.

Proposed Rule 6.91P-O(g)(3)(C) would provide for the rejection of erroneously-priced "Calendar spreads," which are defined as consisting of a leg to sell a call (put) option and a leg to buy a call (put) option in the same option class at the same strike price but with different expirations. As proposed, the Exchange would reject as erroneously-priced: (i) an ECO for a calendar spread to buy a call leg with a shorter (longer) expiration while selling a call leg with a longer (shorter) expiration and the ECO sender would pay (receive) a net premium (proposed Rule 6.91P-O(g)(3)(C)(i)); and (ii) an ECO for a calendar spread to buy a put leg with a shorter (longer) expiration while selling a put leg with a longer (shorter) expiration and the ECO sender would pay (receive) a net premium (proposed Rule 6.91P-O(g)(3)(C)(ii)). The proposed strategy protections for calendar spreads are based on current Rule 6.91-O, Commentary .06(a)(3), except that, as noted above, the proposed Rule is written from the standpoint of the expectation of the ECO sender as opposed to reviewing the total net debit or credit price of the strategy.

The Exchange has also not retained discretion to disable the strategy protections

for calendar spreads (as contained in Commentary .06(a)(3)(i) of the current Rule) because since adopting this provision in 2017, the Exchange has never exercised this discretion and therefore has determined that such discretion is no longer needed.

Proposed Rule 6.91P-O(g)(3)(D) would provide that any ECO that is not rejected by the complex strategy protections would still be subject to the Price Protection Filter, per paragraph (g)(2) of this Rule, which proposed text is based on Rule 6.91-O, Commentary .06(b) without any substantive difference.

Rule 6.47A-O: Order Exposure Requirements — OX

The Exchange also proposes conforming, non-substantive amendments to Rule 6.47A-O, regarding order exposure, to add a cross-reference to new Pillar Rule 6.91P-O. This proposed amendment would extend the exemption from the order exposure requirements to COAs on Pillar.[46] The Exchange also proposes to modify the reference to "Complex Order Auction Process ('COA')" to simply "Complex Order Auction ('COA')" (i.e., removing the word Process) consistent with how this concept is defined in proposed Rule 6.91P-O(a)(7).

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As discussed above, because of the technology changes associated with the migration to the Pillar trading platform, subject to approval of the Single-Leg Pillar Filing as well as this proposed rule change, the Exchange will announce by Trader Update when rules with a "P" modifier will become operative and for which symbols. The Exchange believes that keeping existing rules on the rulebook pending the full migration of Pillar will reduce confusion because

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46 See proposed Rule 6.47A-O(iii). Consistent with the Single-Leg Pillar Filing, the Exchange also proposes to replace reference to "OX" with "the Exchange." See id. (preamble).

it will ensure that the rules governing trading on the Exchange's current system will continue to be available pending the full migration to Pillar.

2. Statutory Basis

The proposed rule change is consistent with Section 6(b) of the Securities Exchange Act of 1934 (the "Act"),[47] in general, and furthers the objectives of Section 6(b)(5),[48] in particular, because it is designed to prevent fraudulent and manipulative acts and practices, to promote just and equitable principles of trade, to foster cooperation and coordination with persons engaged in facilitating transactions in securities, to remove impediments to, and perfect the mechanism of, a free and open market and a national market system and, in general, to protect investors and the public interest. The Exchange believes that proposed Rule 6.91P-O to support electronic complex trading on Pillar would remove impediments to and perfect the mechanism of a free and open market and a national market system because the proposed rule would promote transparency in Exchange rules by using consistent terminology governing trading on both the Exchange's cash equity and options Pillar trading platforms, thereby ensuring that members, regulators, and the public can more easily navigate the Exchange's rulebook and better understand how options trading is conducted on the Exchange.

The Exchange believes that adding new Rule 6.91P-O with the modifier "P" to denote that this rule would be operative for the Pillar trading platform would remove impediments to and perfect the mechanism of a free and open market and a national market system by providing transparency of which rules would govern trading once a symbol has been migrated to the Pillar platform. The Exchange similarly believes that adding a preamble to current Rule 6.91-O stating that it would not be applicable to trading on Pillar would remove impediments to and perfect the mechanism of a free and open market and a national market system because it would promote transparency regarding which rules would govern trading on the Exchange during and after the

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47 15 U.S.C. 78f(b).

48 15 U.S.C. 78f(b)(5).

transition to Pillar.

The Exchange believes that incorporating Pillar functionality currently available on the Exchange's cash equity market (and recently proposed for single-leg options),[49] for trading of electronic complex orders on its options market in proposed Rule 6.91P-O would remove impediments to and perfect the mechanism of a free and open market and a national market system because the Exchange would be able to offer consistent functionality across both its options and cash equity trading platforms, adapted as applicable for trading of electronic complex orders. Accordingly, with the transition to Pillar, the Exchange will be able to offer additional features to its OTP Holders and OTP Firms that are currently available only on the Exchange's cash equity platform (and recently proposed to be available for single-leg options trading). For similar reasons, the Exchange believes that using Pillar terminology for the proposed new rule would remove impediments to and perfect the mechanism of a free and open market and a national market system because it would promote consistency in the Exchange's rules across both its options and cash equity platforms.

Definitions, Types of ECOs and Priority and Pricing of ECOs

The Exchange believes that the proposed definitions in Rule 6.91P-O(a) would remove impediments to and perfect the mechanism of a free and open market and a national market system because the proposed changes are designed to promote clarity and transparency by consolidating existing defined terms related to electronic complex trading into one section of the proposed rule. The Exchange believes that the proposed non-substantive amendments to those terms currently defined in Rule 6.91-O would promote clarity and transparency by using Pillar terminology. The Exchange further believes consolidating defined terms in proposed Rule 6.91P-O(a) would make the proposed rule more transparent and easier to navigate.

The Exchange believes that the proposed new definition of DBBO (and related terms of

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49 See generally the Single-Leg Pillar Filing.

DBB and DBO) would further remove impediments to and perfect the mechanism of a free and open market and a national market system because it would promote clarity and transparency to market participants regarding how the DBBO would be calculated under Pillar. The proposed definition is not novel and is based in part on similarly defined terms used on NYSE American and Cboe. In addition, the Exchange believes that setting forth additional definitions in proposed Rule 6.91P-O(a), including those that are used on other options exchanges (e.g., "complex strategy") and clarifying terms (e.g., "leg" and "leg markets"), would remove impediments to and perfect the mechanism of a free and open market and a national market system because it would promote clarity and transparency to market participants regarding electronic complex trading under Pillar. Finally, the proposed definition of "ECO Order Instruction" would remove impediments to and perfect the mechanism of a free and open market and a national market system because it would incorporate for ECOs existing Pillar order handling functionality in an auction that is currently available on the Exchange's cash equity platform, as described in Rule 7.35-E(g) and is proposed for options trading in proposed Rule 6.64P-O(e) and its sub-paragraphs (1) and (2) (as described in the Single-Leg Pillar Filing). The Exchange similarly proposes this functionality for the ECO Opening Auction Process, with non-substantive differences only to use an ECO-specific defined term and to refer to the ECO Opening Auction Process.

The Exchange believes that the proposed types of ECOs available per Rule 6.91P-O(b) would remove impediments to and perfect the mechanism of a free and open market and a national market system because it would describe the ECOs and time-in-force modifiers that would be available on Pillar, as well as specifying additional ECO types. The Exchange is not proposing any new ECO order types or time-in-force modifiers on Pillar and believes that the non-substantive differences to use Pillar terminology to describe the available ECO order types would promote transparency and clarity in Exchange rules. The Exchange believes that the proposed Complex Only Order is not novel because it is based in part on the existing PNP Plus

order functionality as both order types only interact with other ECOs. The proposed functionality on Pillar is also based on how such orders function on other options exchanges.[50] In addition, the proposed ECO GTX Order uses Pillar terminology to describe what is referred to as an "RFR Response" in the current rules, and therefore is not novel.

The Exchange believes that proposed new Rule 6.91P-O(c), and subparagraphs (2), (3), and (4), would remove impediments to and perfect the mechanism of a free and open market and a national market system because the proposed rules would set forth a price-time priority model for Pillar and pricing requirements for ECO trading that are substantively the same as the Exchange's current price-time priority model and pricing requirements as set forth in Rule 6.91-O(a)(1) and Commentaries .01 and .02(i) to Rule 6.91-O. The Exchange believes that proposed Rule 6.91P-O(c)(1) and subparagraphs (A) and (B) would remove impediments to and perfect the mechanism of a free and open market and a national market system because they would promote transparency and clarity in Exchange rules regarding how ECOs would trade with the leg markets.

Execution of ECOs at the Open (or Reopening after a Trading Halt).

The Exchange believes that proposed Rule 6.91P-O(d) regarding the ECO Opening Auction Process would remove impediments to and perfect the mechanism of a free and open market and a national market system because the proposed rule maintains the fundamentals of an auction process that the Exchange currently uses for ECOs, as described in Rule 6.91-O(a)(2)(i)(B), while at the same time enhancing the process by incorporating Pillar auction functionality that is currently available on the Exchange's cash equity platform, as described in Rule 7.35-E as well as proposed for single-leg options in proposed Rule 6.64P-O. For example, the Exchange proposes to use Pillar functionality to determine how to price an ECO Opening Auction Process, as described in proposed Rule 6.91P-O(d)(3), including using proposed "ECO

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50 See supra note 17 (citing Cboe Rule 5.33(a) regarding similar Complex Only order functionality).

Auction Collars" and an "ECO Auction Price," which would promote transparency to market participants. The Exchange also proposes to process ECOs received during an ECO Opening Auction Process, as described in proposed Rule 6.91P-O(d)(4), and transition to continuous trading following an ECO Opening Auction Process, as described in proposed Rule 6.91P-O(d)(5), in a manner similar to how the Exchange's cash equity market processes orders that are received during an Auction Processing Period and transitions to continuous trading following a cash equity Trading Halt Auction, which the Exchange also proposes for single-leg options in proposed Rule 6.64P-O. The Exchange believes that using similar functionality for different types of auctions would promote consistency across the Exchange's options and cash equity trading platforms. Because the Exchange would be harnessing Pillar technology to support the ECO Opening Auction Process for electronic complex options trading, the Exchange believes that structuring proposed Rule 6.91P-O(d) based on Rule 7.35-E and proposed Rule 6.64P-O would promote transparency in the Exchange's trading rules.

The Exchange further believes that the proposed Rules 6.91P-O(d)(1) and (2), which describe when the Exchange would initiate an ECO Opening Auction Process and which ECOs would be eligible to trade in that process, would remove impediments to and perfect the mechanism of a free and open market and a national market system because they would provide clarity and transparency of the conditions required before the Exchange would initiate an ECO Opening Auction Process. The Exchange further believes that those conditions are not novel and are based on existing conditions specified in Rule 6.91-O(a)(2)(i)(A) and (B), with additional specificity designed to promote clarity and transparency. Accordingly, the Exchange believes that the ECO Opening Auction Process for ECOs trading on Pillar would remove impediments to and perfect the mechanism of a free and open market and a national market system because the proposed process is based on the current opening process, including that orders would be matched based on price-time priority at a price at which the maximum volume can be traded.

Execution of ECOs During Core Trading Hours

The Exchange believes that proposed Rule 6.91P-O(e), setting forth the execution of ECOs during Core Trading Hours, would remove impediments to and perfect the mechanism of a free and open market and a national market system because the proposed functionality would incorporate the Exchange's existing price-time priority model for trading ECOs, including providing that the leg markets would have priority at a price. The Exchange believes that it would remove impediments to and perfect the mechanism of a free and open market and national market system for ECOs not to trade with orders in the leg markets designated AON or with an MTS modifier (as described in the Single-Leg Pillar Filing), because both orders types are conditional. The Exchange further believes that it would remove impediments to and perfect the mechanism of a free and open market and a national market system for ECOs to trade as Complex Only Orders (rather than be rejected as they would under current rules) if they have a complex strategy that could result in a Market Maker breaching their established risk settings.[51] This proposed process is also consistent with the treatment of similar ECOs on other options markets.[52] The Exchange further believes that it would remove impediments to and perfect the mechanism of a free and open market and a national market system to specify the frequency with which the Exchange would evaluate trading opportunities for an ECO with the leg markets update because it would promote clarity and transparency in Exchange rules.

Execution of ECOs During a COA

The Exchange believes that proposed Rule 6.91P-O(f), setting forth the execution of ECOs during a COA, would remove impediments to and perfect the mechanism of a free and open market and a national market system and promote just and equitable principles of trade because the proposed functionality would both incorporate existing functionality to provide that COA Orders would trade solely with other ECOs (and not the leg markets) during the auction

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51 See discussion infra regarding rationale for proposed Rule 6.91P-O(e) to restrict certain ECOs from executing as a package and bypassing Market Maker risk settings.

52 See supra notes 28 and 29 (citing to Cboe Rule 5.33(g) and Nasdaq ISE Options 3, Section 14 (d)(3)(A)-(B) regarding similar functionality.

and that a COA Auction would be allocated on price-time priority, which is consistent with the Exchange's priority scheme. The Exchange believes the proposed rule would add clarity and transparency to OTP Holders and OTP Firms utilizing the COA process.

In addition, the Exchange further believes that the proposed changes to the COA process on Pillar that either differ from current functionality or that would be new would remove impediments to and perfect the mechanism of a free and open market and national market system because:

- Requiring that a COA Order initiate a COA on arrival, else [sic] be treated as a standard ECO, is new under Pillar and would provide OTP Holders and OTP Firms with a higher level of transparency and determinism of when a COA Order could initiate a COA.
- Making explicit that COA Orders may only execute with ECOs (and not the leg markets) until after the COA ends is designed to make clear that ECOs have priority during a COA.
- Streamlining the rule text that would describe the market events that would cause an early end to a COA under Pillar would simplify the COA process and would provide OTP Holders and OTP Firms with a higher level of transparency and determinism regarding the handling of COA Orders.

ECO Risk Checks

The Exchange believes that proposed Rule 6.91P-O(g), setting forth ECO Risk Checks, would remove impediments to and perfect the mechanism of a free and open market and a national market system and promote just and equitable principles of trade because the proposed functionality would incorporate existing risk controls, without any substantive differences. The Exchange further believes that the proposed changes to ECO Risk Checks on Pillar that either differ from current functionality or would be new would remove impediments to and perfect the mechanism of a free and open market and national market system because:

- The Exchange believes that the new Complex Strategy Limit (which is conceptually similar to the Complex Order Table Cap under the current Rule) would operate as a system protection tool that enables the Exchange to limit the number of complex strategies available on the Exchange, which in turn would improve the efficiency of the ECO process and helps maintain a fair and orderly market. The proposed limits are not novel and are based on limits imposed by other options exchanges on new complex order strategies.[53]
- The proposed ECO Price Protection on Pillar would work similarly to how the current ECO price protection mechanism functions on the Exchange because an ECO would be rejected if it is priced a specified percentage away from the contra-side Complex NBB or NBO.[54] The Exchange believes that the proposed differences on Pillar, to use new thresholds and reference prices, would not only simplify the existing price check, but it would also align the proposed functionality with the proposed "Limit Order Price Protection" for single-leg interest, thus adding uniformity to Exchange rules.[55]
- The proposed Pillar Complex Strategy Protections would function similarly to the current Debit/Credit Reasonability Checks because erroneously priced incoming ECOs would be rejected. The Exchange believes that the non-substantive differences to focus on the expectation of the ECO sender and what would result if the ECO were not rejected rather than refer to specified debit or credit amounts

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53 See supra note 32 (citing Cboe Rule 5.33(a) and MIAX Rule 518(a)(6) regarding each exchange's ability to limit the number of new complex strategies in their systems at any particular time).

54 As noted above, the Exchange proposes to define the Complex NBBO as the derived national best bid and derived national best offer for a complex strategy calculated using the NBB and NBO for each component leg of a complex strategy. See proposed Rule 6.91P-O(a)(4).

55 See Single-Leg Pillar Filing (proposed Rule 6.62P(a)(3) sets forth the Limit Order Price Protection Filter applicable to Limit Orders and quotes).

as a way to determine whether a given strategy is erroneously priced would remove impediments to and perfect the mechanism of a free and open market system because it would promote clarity and transparency in Exchange rules.

Rule 6.47A-O

The Exchange believes that the proposed non-substantive change to Rule 6.47A-O to update references to "COA" (versus COA Process) and "the Exchange," to delete reference to "OX," and add the reference to Rule 6.91P-O would remove impediments to and perfect the mechanism of a free and open market and a national market system and, in general, protect investors and the public interest because the proposed conforming changes would add clarity, transparency and consistency to the Exchange's rules. The Exchange believes that market participants would benefit from the increased clarity, thereby reducing potential confusion. Similarly, the Exchange believes that adding a cross-reference to proposed Rule 6.91P-O would remove impediments to and perfect the mechanism of a free and open market and a national market system because it would promote clarity and transparency of which Pillar rules would be eligible for the exception specified in that Rule.

B. Self-Regulatory Organization's Statement on Burden on Competition

The Exchange does not believe that the proposed rule change will impose any burden on competition that is not necessary or appropriate in furtherance of the purposes of the Act. The Exchange operates in a competitive market and regularly competes with other options exchanges for order flow. The Exchange believes that the transition to Pillar for trading of ECOs on its options trading platform would promote competition among options exchanges by offering a low-latency, deterministic trading platform. The proposed rule changes would support that inter-market competition by allowing the Exchange to offer additional functionality to its OTP Holders and OTP Firms, thereby potentially attracting additional order flow to the Exchange. Otherwise, the proposed changes are not designed to address any competitive issues, but rather to amend the Exchange's rules relating to trading of ECOs to support the transition to Pillar. As

discussed in detail above, with this rule filing, the Exchange is not proposing to change its core functionality regarding the treatment of ECOs. Rather, the Exchange believes that the proposed rule changes would promote consistent use of terminology to support options (both single-leg and complex) and cash equity trading on the Exchange, making the Exchange's rules easier to navigate. The Exchange does not believe that the proposed rule changes would raise any intra-market competition as the proposed rule changes would be applicable to all OTP Holders and OTP Firms, and reflects the Exchange's existing treatment of ECOs, without proposing any material substantive changes.

C. Self-Regulatory Organization's Statement on Comments on the Proposed Rule Change Received from Members, Participants, or Others

No written comments were solicited or received with respect to the proposed rule change.

III. Date of Effectiveness of the Proposed Rule Change and Timing for Commission Action

Within 45 days of the date of publication of this notice in the Federal Register or up to 90 days (i) as the Commission may designate if it finds such longer period to be appropriate and publishes its reasons for so finding or (ii) as to which the self-regulatory organization consents, the Commission will:

(A) by order approve or disapprove the proposed rule change, or

(B) institute proceedings to determine whether the proposed rule change should be disapproved.

IV. Solicitation of Comments

Interested persons are invited to submit written data, views, and arguments concerning the foregoing, including whether the proposed rule change is consistent with the Act. Comments may be submitted by any of the following methods:

Electronic Comments:

- Use the Commission's Internet comment form (http://www.sec.gov/rules/sro.shtml); or
- Send an e-mail to rule-comments@sec.gov. Please include File Number SR-NYSEARCA-2021-68 on the subject line.

Paper Comments:

- Send paper comments in triplicate to Secretary, Securities and Exchange Commission, 100 F Street, NE, Washington, DC 20549-1090.

All submissions should refer to File Number SR-NYSEARCA-2021-68. This file number should be included on the subject line if e-mail is used. To help the Commission process and review your comments more efficiently, please use only one method. The Commission will post all comments on the Commission's Internet website (http://www.sec.gov/rules/sro.shtml). Copies of the submission, all subsequent amendments, all written statements with respect to the proposed rule change that are filed with the Commission, and all written communications relating to the proposed rule change between the Commission and any person, other than those that may be withheld from the public in accordance with the provisions of 5 U.S.C. 552, will be available for website viewing and printing in the Commission's Public Reference Room, 100 F Street, NE, Washington, DC 20549, on official business days between the hours of 10:00 a.m. and 3:00 p.m. Copies of the filing also will be available for inspection and copying at the principal office of the Exchange. All comments received will be posted without change. Persons submitting comments are cautioned that we do not redact or edit personal identifying information from comment submissions. You should submit only information that you wish to make available publicly. All submissions should refer to File Number SR-NYSEARCA-2021-68, and should be submitted on or before [insert date 21 days from publication in the Federal Register].

For the Commission, by the Division of Trading and Markets, pursuant to delegated authority.[56]

J. Matthew DeLesDernier,
Assistant Secretary.

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[56] 17 CFR 200.30-3(a)(12).