

Required fields are shown with yellow backgrounds and asterisks.

Filing by The Nasdaq Stock Market LLC
Pursuant to Rule 19b-4 under the Securities Exchange Act of 1934

Initial * <input checked="" type="checkbox"/>	Amendment * <input type="checkbox"/>	Withdrawal <input type="checkbox"/>	Section 19(b)(2) * <input type="checkbox"/>	Section 19(b)(3)(A) * <input checked="" type="checkbox"/>	Section 19(b)(3)(B) * <input type="checkbox"/>
			Rule		
Pilot <input type="checkbox"/>	Extension of Time Period for Commission Action * <input type="checkbox"/>	Date Expires * <input type="text"/>	<input type="checkbox"/> 19b-4(f)(1)	<input type="checkbox"/> 19b-4(f)(4)	
			<input type="checkbox"/> 19b-4(f)(2)	<input type="checkbox"/> 19b-4(f)(5)	
			<input type="checkbox"/> 19b-4(f)(3)	<input checked="" type="checkbox"/> 19b-4(f)(6)	

Notice of proposed change pursuant to the Payment, Clearing, and Settlement Act of 2010	Security-Based Swap Submission pursuant to the Securities Exchange Act of 1934
Section 806(e)(1) * <input type="checkbox"/>	Section 806(e)(2) * <input type="checkbox"/>
Section 3C(b)(2) * <input type="checkbox"/>	

Exhibit 2 Sent As Paper Document <input type="checkbox"/>	Exhibit 3 Sent As Paper Document <input type="checkbox"/>
--	--

Description

Provide a brief description of the action (limit 250 characters, required when Initial is checked *).

Proposal to amend the rules of the Nasdaq Options Market LLC, at Chapter VIII, Exercises and Deliveries, to clarify the requirements for delivery of a Contrary Exercise Advice.

Contact Information

Provide the name, telephone number, and e-mail address of the person on the staff of the self-regulatory organization prepared to respond to questions and comments on the action.

First Name * Carla	Last Name * Behnfeldt
Title * Associate General Counsel	
E-mail * Carla.Behnfeldt@nasdaq.com	
Telephone * (215) 496-5208	Fax

Signature

Pursuant to the requirements of the Securities Exchange Act of 1934,

has duly caused this filing to be signed on its behalf by the undersigned thereunto duly authorized.

(Title *)

Date 03/20/2018	Executive Vice President and General Counsel
By Edward S. Knight	
(Name *)	edward.knight@nasdaq.com

NOTE: Clicking the button at right will digitally sign and lock this form. A digital signature is as legally binding as a physical signature, and once signed, this form cannot be changed.

SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

For complete Form 19b-4 instructions please refer to the EFFF website.

Form 19b-4 Information *

Add Remove View

The self-regulatory organization must provide all required information, presented in a clear and comprehensible manner, to enable the public to provide meaningful comment on the proposal and for the Commission to determine whether the proposal is consistent with the Act and applicable rules and regulations under the Act.

Exhibit 1 - Notice of Proposed Rule Change *

Add Remove View

The Notice section of this Form 19b-4 must comply with the guidelines for publication in the Federal Register as well as any requirements for electronic filing as published by the Commission (if applicable). The Office of the Federal Register (OFR) offers guidance on Federal Register publication requirements in the Federal Register Document Drafting Handbook, October 1998 Revision. For example, all references to the federal securities laws must include the corresponding cite to the United States Code in a footnote. All references to SEC rules must include the corresponding cite to the Code of Federal Regulations in a footnote. All references to Securities Exchange Act Releases must include the release number, release date, Federal Register cite, Federal Register date, and corresponding file number (e.g., SR-[SRO]-xx-xx). A material failure to comply with these guidelines will result in the proposed rule change being deemed not properly filed. See also Rule 0-3 under the Act (17 CFR 240.0-3)

Exhibit 1A- Notice of Proposed Rule Change, Security-Based Swap Submission, or Advance Notice by Clearing Agencies *

Add Remove View

The Notice section of this Form 19b-4 must comply with the guidelines for publication in the Federal Register as well as any requirements for electronic filing as published by the Commission (if applicable). The Office of the Federal Register (OFR) offers guidance on Federal Register publication requirements in the Federal Register Document Drafting Handbook, October 1998 Revision. For example, all references to the federal securities laws must include the corresponding cite to the United States Code in a footnote. All references to SEC rules must include the corresponding cite to the Code of Federal Regulations in a footnote. All references to Securities Exchange Act Releases must include the release number, release date, Federal Register cite, Federal Register date, and corresponding file number (e.g., SR-[SRO]-xx-xx). A material failure to comply with these guidelines will result in the proposed rule change, security-based swap submission, or advance notice being deemed not properly filed. See also Rule 0-3 under the Act (17 CFR 240.0-3)

Exhibit 2 - Notices, Written Comments, Transcripts, Other Communications

Add Remove View

Exhibit Sent As Paper Document

Copies of notices, written comments, transcripts, other communications. If such documents cannot be filed electronically in accordance with Instruction F, they shall be filed in accordance with Instruction G.

Exhibit 3 - Form, Report, or Questionnaire

Add Remove View

Exhibit Sent As Paper Document

Copies of any form, report, or questionnaire that the self-regulatory organization proposes to use to help implement or operate the proposed rule change, or that is referred to by the proposed rule change.

Exhibit 4 - Marked Copies

Add Remove View

The full text shall be marked, in any convenient manner, to indicate additions to and deletions from the immediately preceding filing. The purpose of Exhibit 4 is to permit the staff to identify immediately the changes made from the text of the rule with which it has been working.

Exhibit 5 - Proposed Rule Text

Add Remove View

The self-regulatory organization may choose to attach as Exhibit 5 proposed changes to rule text in place of providing it in Item I and which may otherwise be more easily readable if provided separately from Form 19b-4. Exhibit 5 shall be considered part of the proposed rule change.

Partial Amendment

Add Remove View

If the self-regulatory organization is amending only part of the text of a lengthy proposed rule change, it may, with the Commission's permission, file only those portions of the text of the proposed rule change in which changes are being made if the filing (i.e. partial amendment) is clearly understandable on its face. Such partial amendment shall be clearly identified and marked to show deletions and additions.

1. Text of the Proposed Rule Change

(a) The Nasdaq Stock Market LLC (“Nasdaq” or “Exchange”), pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 (“Act”)¹ and Rule 19b-4 thereunder,² is filing with the Securities and Exchange Commission (“SEC” or “Commission”) a proposal to amend the rules of the Nasdaq Options Market LLC (“NOM”), at Chapter VIII, Exercises and Deliveries.

A notice of the proposed rule change for publication in the Federal Register is attached as Exhibit 1.

The text of the proposed rule change is attached as Exhibit 5.

(b) Not applicable.

(c) Not applicable.

2. Procedures of the Self-Regulatory Organization

The proposed rule change was approved by senior management of the Exchange pursuant to authority delegated by the Board of Directors of the Exchange (the “Board”) on September 19, 2017. Exchange staff will advise the Board of any action taken pursuant to delegated authority. No other action is necessary for the filing of the rule change.

Questions and comments on the proposed rule change may be directed to:

Carla Behnfeldt
Associate General Counsel
Nasdaq, Inc.
(215) 496-5208

¹ 15 U.S.C. 78s(b)(1).

² 17 CFR 240.19b-4.

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

a. Purpose

The Exchange proposes to correct Chapter VIII, Exercises and Deliveries, Section 1, Exercise of Options Contracts, to clarify the requirements for delivery of a Contrary Exercise Advice. Section 1(b) currently provides that option holders desiring to exercise or not exercise expiring options must either (i) take no action and allow exercise determinations to be made in accordance with the Options Clearing Corporation's Ex-by-Ex procedure where applicable, or (ii) submit a "Contrary Exercise Advice" to the Options Clearing Corporation through the participant's clearing firm. In actual practice, however, an option holder delivers a Contrary Exchange Advice to the Exchange, not to the Options Clearing Corporation. The Exchange therefore proposes to replace the words "Options Clearing Corporation through the participants clearing firm" in Section 1(b)(ii) with a reference to the Exchange and make similar, conforming changes to Section 1(e)(i). As amended, Section 1(b) would be consistent with Nasdaq ISE Rule 1100(b) which directs option holders to submit Contrary Exercise Advices to the Exchange (not to the Options Clearing Corporation).

The Exchange proposes to further replace the words "by the deadline specified in paragraph (d) below" with the words "as specified in paragraph (d) below" given that paragraph (d) contains a number of requirements associated with submission of Contrary Exercise Advices in addition to the deadline. As revised, Section (b)(ii) tracks the language of ISE Rule 1100(b)(ii) which permits an options holder desiring to exercise or not exercise expiring options to "submit a "Contrary Exercise Advice" to the Exchange

as specified in paragraph (d)” (which, like the counterpart NOM paragraph (d) rule, specifies various requirements associated with submitting Contrary Exercise Advices).

Finally, the Exchange proposes to make a number of nonsubstantive revisions to Chapter VIII which are designed simply to facilitate administration of the rules.

References to “NOM” and to “Nasdaq Regulation” are proposed to be replaced with references to “the Exchange.”³ Substituting the word “Exchange” for NOM in various places will provide the Exchange flexibility to determine the most appropriate department or individual within the Exchange to oversee the particular rule, and will also facilitate the incorporation by reference of the amended rule into the rules of NOM’s affiliated exchanges in the future.⁴

b. Statutory Basis

The Exchange believes that its proposal is consistent with Section 6(b) of the Act,⁵ in general, and furthers the objectives of Section 6(b)(5) of the Act,⁶ in particular, in that it is designed to promote just and equitable principles of trade, to remove

³ The changes are proposed to be made in Section 1(b), (d), (e), (f), (g), (h), (i) (k) and (l), as well as in Section 2(a) and (b), of Chapter VIII. The Exchange notes that Chapter 11, Exercises and Deliveries, of the ISE Rulebook likewise uses the generic term “the Exchange” throughout that chapter.

⁴ Recently, the Exchange added a shell structure to its Rulebook with the purpose of improving efficiency and readability and to align its rules closer to those of its five sister exchanges, Nasdaq BX, Inc.; Nasdaq PHLX LLC; Nasdaq ISE, LLC; Nasdaq GEMX, LLC; and Nasdaq MRX, LLC (“Affiliated Exchanges”). See Securities Exchange Act Release No. 82175 (November 29, 2017), 82 FR 57494 (December 5, 2017) (SR-NASDAQ-2017-125). The changes proposed herein are being made in connection with that effort, to align the NOM rules with those of the Affiliated Exchanges more closely.

⁵ 15 U.S.C. 78f(b).

⁶ 15 U.S.C. 78f(b)(5).

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, by identifying the correct entity to which option holders must deliver Contrary Exercise Advices and by substituting the word “Exchange” for NOM in various places which will enable the amended rule to be incorporated by reference into rules of affiliated exchanges in the future, which should enhance the ability of members of NOM and affiliated exchanges to understand and comply with a uniform set of rules across the exchanges.

4. 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 not necessary or appropriate in furtherance of the purposes of the Act. The proposed rule changes will apply equally to all option holders desiring to exercise options under the NOM rules. Further, the proposed changes merely correct an incorrect reference to OCC and conform the wording of the rule more closely to that of a NOM rule for the sake of administrative convenience. The Exchange does not intend for or expect that such changes will have any impact on competition.

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

No written comments were either solicited or received.

6. Extension of Time Period for Commission Action

Not applicable.

7. Basis for Summary Effectiveness Pursuant to Section 19(b)(3) or for Accelerated Effectiveness Pursuant to Section 19(b)(2)

The foregoing rule change has become effective pursuant to Section

19(b)(3)(A)(iii)⁷ of the Act and Rule 19b-4(f)(6) thereunder⁸ in that it effects a change that: (i) does not significantly affect the protection of investors or the public interest; (ii) does not impose any significant burden on competition; and (iii) by its terms, does not become operative for 30 days after the date of the filing, or such shorter time as the Commission may designate if consistent with the protection of investors and the public interest. The proposed rule change does not significantly affect the protection of investors or the public interest and does not impose any significant burden on competition because it merely identifies the correct entity to which option holders must deliver Contrary Exercise Advices and substitutes the word “Exchange” for NOM in various places, which will enable the amended rule to be incorporated by reference into rules of affiliated exchanges in the future.

Furthermore, Rule 19b-4(f)(6)(iii) requires a self-regulatory organization to give the Commission written notice of its intent to file a proposed rule change under that subsection at least five business days prior to the date of filing, or such shorter time as designated by the Commission. The Exchange has provided such notice.

At any time within 60 days of the filing of the proposed rule change, the Commission summarily may temporarily suspend such rule change if it appears to the Commission that such action is: (i) necessary or appropriate in the public interest; (ii) for the protection of investors; or (iii) otherwise in furtherance of the purposes of the Act. If the Commission takes such action, the Commission shall institute proceedings to determine whether the proposed rule should be approved or disapproved.

⁷ 15 U.S.C. 78s(b)(3)(A)(iii).

⁸ 17 CFR 240.19b-4(f)(6).

8. Proposed Rule Change Based on Rules of Another Self-Regulatory Organization or of the Commission

As discussed above, the proposed rule change is based on Chapter 1100 of the ISE rulebook insofar as Chapter 1100 refers generically to “the Exchange” rather than to ISE by name, and in particular on ISE Rule 1100(b)(2) which identifies the Exchange and not the Options Clearing Corporation as the recipient of Contrary Exercise Advices.

9. Security-Based Swap Submissions Filed Pursuant to Section 3C of the Act

Not applicable.

10. Advance Notices Filed Pursuant to Section 806(e) of the Payment, Clearing and Settlement Supervision Act

Not applicable.

11. Exhibits

1. Notice of Proposed Rule Change for publication in the Federal Register.
5. Text of the proposed rule change.

EXHIBIT 1

SECURITIES AND EXCHANGE COMMISSION

(Release No. _____ ; File No. SR-NASDAQ-2018-024)

March __, 2018

Self-Regulatory Organizations; The Nasdaq Stock Market LLC; Notice of Filing and Immediate Effectiveness of Proposed Rule Change to Clarify the Requirements for Delivery of a Contrary Exercise Advice

Pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 (“Act”),¹ and Rule 19b-4 thereunder,² notice is hereby given that on March 20, 2018, The Nasdaq Stock Market LLC (“Nasdaq” or “Exchange”) filed with the Securities and Exchange Commission (“SEC” or “Commission”) the proposed rule change as described in Items I, II, and III, below, which Items have been prepared by the Exchange. 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 to amend the rules of the Nasdaq Options Market LLC (“NOM”), at Chapter VIII, Exercises and Deliveries.

The text of the proposed rule change is available on the Exchange’s Website at <http://nasdaq.cchwallstreet.com>, at the principal office of the Exchange, and at the Commission’s Public Reference Room.

¹ 15 U.S.C. 78s(b)(1).

² 17 CFR 240.19b-4.

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 Exchange 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 these statements may be examined at the places specified in Item IV below. The Exchange has prepared summaries, set forth in sections A, B, and C below, of the most significant aspects of such statements.

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

1. Purpose

The Exchange proposes to correct Chapter VIII, Exercises and Deliveries, Section 1, Exercise of Options Contracts, to clarify the requirements for delivery of a Contrary Exercise Advice. Section 1(b) currently provides that option holders desiring to exercise or not exercise expiring options must either (i) take no action and allow exercise determinations to be made in accordance with the Options Clearing Corporation's Ex-by-Ex procedure where applicable, or (ii) submit a "Contrary Exercise Advice" to the Options Clearing Corporation through the participant's clearing firm. In actual practice, however, an option holder delivers a Contrary Exchange Advice to the Exchange, not to the Options Clearing Corporation. The Exchange therefore proposes to replace the words "Options Clearing Corporation through the participants clearing firm" in Section 1(b)(ii) with a reference to the Exchange and make similar, conforming changes to Section 1(e)(i). As amended, Section 1(b) would be consistent with Nasdaq ISE Rule 1100(b) which directs option holders to submit Contrary Exercise Advices to the Exchange (not to the Options Clearing Corporation).

The Exchange proposes to further replace the words “by the deadline specified in paragraph (d) below” with the words “as specified in paragraph (d) below” given that paragraph (d) contains a number of requirements associated with submission of Contrary Exercise Advices in addition to the deadline. As revised, Section (b)(ii) tracks the language of ISE Rule 1100(b)(ii) which permits an options holder desiring to exercise or not exercise expiring options to “submit a “Contrary Exercise Advice” to the Exchange as specified in paragraph (d)” (which, like the counterpart NOM paragraph (d) rule, specifies various requirements associated with submitting Contrary Exercise Advices).

Finally, the Exchange proposes to make a number of nonsubstantive revisions to Chapter VIII which are designed simply to facilitate administration of the rules. References to “NOM” and to “Nasdaq Regulation” are proposed to be replaced with references to “the Exchange.”³ Substituting the word “Exchange” for NOM in various places will provide the Exchange flexibility to determine the most appropriate department or individual within the Exchange to oversee the particular rule, and will also facilitate the incorporation by reference of the amended rule into the rules of NOM’s affiliated exchanges in the future.⁴

³ The changes are proposed to be made in Section 1(b), (d), (e), (f), (g), (h), (i) (k) and (l), as well as in Section 2(a) and (b), of Chapter VIII. The Exchange notes that Chapter 11, Exercises and Deliveries, of the ISE Rulebook likewise uses the generic term “the Exchange” throughout that chapter.

⁴ Recently, the Exchange added a shell structure to its Rulebook with the purpose of improving efficiency and readability and to align its rules closer to those of its five sister exchanges, Nasdaq BX, Inc.; Nasdaq PHLX LLC; Nasdaq ISE, LLC; Nasdaq GEMX, LLC; and Nasdaq MRX, LLC (“Affiliated Exchanges”). See Securities Exchange Act Release No. 82175 (November 29, 2017), 82 FR 57494 (December 5, 2017) (SR-NASDAQ-2017-125). The changes proposed herein are being made in connection with that effort, to align the NOM rules with those of the Affiliated Exchanges more closely.

2. Statutory Basis

The Exchange believes that its proposal is consistent with Section 6(b) of the Act,⁵ in general, and furthers the objectives of Section 6(b)(5) of the Act,⁶ in particular, in that it is designed to promote just and equitable principles of trade, 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, by identifying the correct entity to which option holders must deliver Contrary Exercise Advices and by substituting the word “Exchange” for NOM in various places which will enable the amended rule to be incorporated by reference into rules of affiliated exchanges in the future, which should enhance the ability of members of NOM and affiliated exchanges to understand and comply with a uniform set of rules across the exchanges.

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 not necessary or appropriate in furtherance of the purposes of the Act. The proposed rule changes will apply equally to all option holders desiring to exercise options under the NOM rules. Further, the proposed changes merely correct an incorrect reference to OCC and conform the wording of the rule more closely to that of a NOM rule for the sake of administrative convenience. The Exchange does not intend for or expect that such changes will have any impact on competition.

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

No written comments were either solicited or received.

⁵ 15 U.S.C. 78f(b).

⁶ 15 U.S.C. 78f(b)(5).

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

Because the foregoing proposed rule change does not: (i) significantly affect the protection of investors or the public interest; (ii) impose any significant burden on competition; and (iii) become operative for 30 days from the date on which it was filed, or such shorter time as the Commission may designate, it has become effective pursuant to Section 19(b)(3)(A)(iii) of the Act⁷ and subparagraph (f)(6) of Rule 19b-4 thereunder.⁸

At any time within 60 days of the filing of the proposed rule change, the Commission summarily may temporarily suspend such rule change if it appears to the Commission that such action is: (i) necessary or appropriate in the public interest; (ii) for the protection of investors; or (iii) otherwise in furtherance of the purposes of the Act. If the Commission takes such action, the Commission shall institute proceedings to determine whether the proposed rule should be approved or 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

⁷ 15 U.S.C. 78s(b)(3)(A)(iii).

⁸ 17 CFR 240.19b-4(f)(6). In addition, Rule 19b-4(f)(6) requires a self-regulatory organization to give the Commission written notice of its intent to file the proposed rule change at least five business days prior to the date of filing of the proposed rule change, or such shorter time as designated by the Commission. The Exchange has satisfied this requirement.

- Send an e-mail to rule-comments@sec.gov. Please include File Number SR-NASDAQ-2018-024 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-NASDAQ-2018-024. 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 Web site (<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; the Commission does not edit personal identifying information from submissions. You should submit only information that you wish to make available publicly.

All submissions should refer to File Number SR-NASDAQ-2018-024 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.⁹

Eduardo A. Aleman
Assistant Secretary

⁹ 17 CFR 200.30-3(a)(12).

EXHIBIT 5

Deleted text is [bracketed]. New text is underlined.

The Nasdaq Stock Market Rules

* * * * *

Chapter VIII Exercises and Deliveries**Sec. 1 Exercise of Options Contracts**

(a) No change.

(b) Special procedures apply to the exercise of equity options on the business day of their expiration, or in the case of option contracts expiring on a day that is not a business day, on the last business day before their expiration ("expiring options"). Unless waived by The Options Clearing Corporation (also known in this Rule as the Clearing Corporation), expiring options are subject to the Exercise-by-Exception ("Ex-by-Ex") procedure under Clearing Corporation Rule 805. This Rule provides that, unless contrary instructions are given, option contracts that are in-the-money by specified amounts shall be automatically exercised. In addition to the Rules of the Clearing Corporation, the following [NOM]Exchange requirements apply with respect to expiring options. Option holders desiring to exercise or not exercise expiring options must either:

- i. take no action and allow exercise determinations to be made in accordance with the Clearing Corporation's Ex-by-Ex procedure where applicable; or
- ii. submit a "Contrary Exercise Advice" to the [Options Clearing Corporation through the participant's clearing firm by the deadline]Exchange as specified in paragraph (d) below.

(c) No change.

(d) Submission of Contrary Exercise Advices. A Contrary Exercise Advice is a communication either: (i) to not exercise an option that would be automatically exercised under the Clearing Corporation's Ex-by-Ex procedure, or (ii) to exercise an option that would not be automatically exercised under the Clearing Corporation's Ex-by-Ex procedure.

A Contrary Exercise Advice may be submitted by a Participant by using the Clearing Corporation's ENCORE system, a Contrary Exercise Advice form of any other national securities exchange of which the firm is a Participant and where the option is listed, or such other method as [NOM]the Exchange may prescribe. A Contrary Exercise Advice may be canceled by filing an Advice Cancel at any time up to the submission cut-off times specified below.

For customer accounts, Participants have until 7:30 p.m. Eastern Time to submit a Contrary Exercise Advice to the Exchange.

For noncustomer accounts, Participants have until 7:30 p.m. Eastern Time to submit a Contrary Exercise Advice to the Exchange if such Participant employs an electronic submission procedure with time stamp for the submission of exercise instructions by option holders. Participants are required to manually submit a Contrary Exercise Advice by 5:30 p.m. for non-customer accounts if such Participants do not employ an electronic submission procedure with time stamp for the submission of exercise instructions by option holders.

(e) If the Clearing Corporation has waived the Ex-by-Ex procedure for an options class, Participants must either:

i. submit to the [Options Clearing Corporation]Exchange, a Contrary Exercise Advice, in a manner specified by [OCC]the Exchange, within the time limits specified in paragraph (d) above if the holder intends to exercise the option; or

ii. take no action and allow the option to expire without being exercised. In cases where the Ex-by-Ex procedure has been waived, the Rules of the Clearing Corporation require that Participants wishing to exercise such options must submit an affirmative Exercise Notice to the Clearing Corporation, whether or not a Contrary Exercise Advice has been filed with [NOM]the Exchange.

(f) A Participant that has accepted the responsibility to indicate final exercise decisions on behalf of another Participant or non-Participant broker-dealer shall take the necessary steps to ensure that such decisions are properly indicated to [NOM]the Exchange. Such Participant may establish a processing cut-off time prior to [NOM's]the Exchange's exercise cut-off time at which it will no longer accept final exercise decisions in expiring options from option holders for whom it indicates final exercise decisions. Each Participant that indicates final exercise decisions through another broker-dealer is responsible for ensuring that final exercise decisions for all of its proprietary (including market maker) and public customer account positions are indicated in a timely manner to such broker-dealer.

(g) Notwithstanding the foregoing, Participants may make final exercise decisions after the exercise cut-off time but prior to expiration without having submitted a Contrary Exercise Advice in the circumstances listed below. A memorandum setting forth the circumstance giving rise to instructions after the exercise cutoff time shall be maintained by the Participant and a copy thereof shall be filed with [NOM]the Exchange no later than 12:00 noon Eastern Time on the first business day following the respective expiration. An exercise decision after the exercise cut-off time may be made:

i. in order to remedy mistakes or errors made in good faith; or

ii. where exceptional circumstances have restricted an option holder's ability to inform a Participant of a decision regarding exercise, or a Participant's ability to receive an option holder's decision by the cut-off time. The burden of establishing any of the above exceptions rests solely on the Participant seeking to rely on such exceptions.

(h) In the event [NOM]the Exchange provides advance notice on or before 5:30 p.m. Eastern Time on the business day immediately prior to the business day of their expiration, or, in the case of an option contract expiring on a day that is not a business day, the second business day immediately prior to the expiration date indicating that a modified time for the close of trading in equity options on such business day of expiration, or, in the case of an option contract expiring on a day that is not a business day, such last business day before expiration will occur, then the deadline to make a final decision to exercise or not exercise an expiring option shall be 1 hour 30 minutes following the time announced for the close of trading on that day instead of the 5:30 p.m. Eastern Time deadline found in Paragraph (c) of this Section 1. However, Participants have until 7:30 Eastern Time to deliver a Contrary Exercise Advice or Advice Cancel to [NOM]the Exchange for customer accounts and non-customer accounts where such Participant employs an electronic submission procedure with time stamp for the submission of exercise instructions. For non-customer accounts, Participants that do not employ an electronic procedure with time stamp for the submission of exercise instructions are required to deliver a Contrary Exercise Advice or Advice Cancel within 1 hour and 30 minutes following the time announced for the close of trading on that day instead of the 5:30 p.m. Eastern Time deadline found in Paragraph (d) of this Section 1.

(i) Modification of cut-off time.

i. [NOM]The Exchange may establish extended cut-off times for decision to exercise or not exercise an expiring option and for the submission of Contrary Exercise Advices on a case-by-case basis due to unusual circumstances. For purposes of this subparagraph (h)(i), an "unusual circumstance" includes, but is not limited to, increased market volatility; significant order imbalances; significant volume surges and/or systems capacity constraints; significant spreads between the bid and offer in underlying securities; internal system malfunctions affecting the ability to disseminate or update market bids and offers and/or execute or route orders; or other similar occurrences.

ii. [NOM]The Exchange with at least one (1) business day prior advance notice, by 12:00 noon on such day, may establish a reduced cut-off time for the decision to exercise or not exercise an expiring option and for the submission of Contrary Exercise Advices on a case-by-case basis due to unusual circumstances; provided, however, that under no circumstances should the exercise cut-off time and the time for submission of a Contrary Exercise Advice be before the close of trading. For purposes of this subparagraph (h) (ii), an "unusual circumstance" includes, but is not limited to, a significant news announcement concerning the underlying security of an option contract that is scheduled to be released just after the close on the business day the option contract expires, or, in the case of an option contract expiring on a day that is not a business day, the business day immediately prior to expiration.

(j) No change.

(k) The failure of any Participant to follow the procedures in this Section 1 may result in the assessment of a fine, which may include but is not limited to disgorgement of potential economic gain obtained or loss avoided by the subject exercise, as determined by [NOM]the Exchange.

(l) Clearing Participants must follow the procedures of the Clearing Corporation when exercising American-style cash-settled index options contracts issued or to be issued in any account at the Clearing Corporation. Options Participants must also follow the procedures set forth below with respect to American-style cash-settled index options:

i. For all contracts exercised by the Options Participant or by any customer of the Options Participant, an "exercise advice" must be delivered by the Options Participant in such form or manner prescribed by [Nasdaq Regulation]the Exchange no later than 4:20 p.m. Eastern Time, or if trading hours are extended or modified in the applicable options class, no later than five (5) minutes after the close of trading on that day.

ii. Subsequent to the delivery of an "exercise advice," should the Options Participant or a customer of the Options Participant determine not to exercise all or part of the advised contracts, the Options Participant must also deliver an "advice cancel" in such form or manner prescribed by [Nasdaq Regulation]the Exchange no later than 4:20 p.m. Eastern Time, or if trading hours are extended or modified in the applicable options class, no later than five (5) minutes after the close of trading on that day.

iii. [Nasdaq Regulation]The Exchange may determine to extend the applicable deadline for the delivery of "exercise advice" and "advice cancel" notifications pursuant to this paragraph (l) if unusual circumstances are present.

iv. No change.

v. The failure of any Options Participant to follow the procedures in this paragraph (l) may result in the assessment of a fine, which may include but is not limited to disgorgement of potential economic gain obtained or loss avoided by the subject exercise, as determined by [Nasdaq Regulation]the Exchange.

vi. – vii. No change.

viii. Exercises of American-style, cash-settled index options (and the submission of corresponding "exercise advice" and "advice cancel" forms) shall be prohibited during any time when trading in such options is delayed, halted, or suspended, subject to the following exceptions:

1) The exercise of an American-style, cash-settled index option may be processed and given effect in accordance with and subject to the rules of the Clearing Corporation while trading in the option is delayed, halted, or suspended if it can be documented, in a form

prescribed by [Nasdaq Regulation]the Exchange, that the decision to exercise the option was made during allowable time frames prior to the delay, halt, or suspension.

2) No change.

3) Exercises of American-style, cash-settled index options shall not be prohibited during a trading halt that occurs at or after 4:00 p.m. Eastern Time. In the event of such a trading halt, exercises may occur through 4:20 p.m. Eastern Time. In addition, if trading resumes following such a trading halt (pursuant to the procedure described in Section 8 of Chapter V of these Rules (Opening the Market)), exercises may occur during the resumption of trading and for five (5) minutes after the close of the resumption of trading. The provisions of this subparagraph 3) are subject to the authority of [Nasdaq Regulation]the Exchange to impose restrictions on transactions and exercises pursuant to Section 14 of Chapter III of these Rules (Limit on Outstanding Uncovered Short Positions).

4) [Nasdaq Regulation]The Exchange may determine to permit the exercise of American-style, cash-settled index options while trading in such options is delayed, halted, or suspended.

Supplementary Material No change.

Sec. 2 Allocation of Exercise Notices

(a) Each Options Participant shall establish fixed procedures for the allocation of exercise notices assigned in respect of a short position in such Options Participant's customers' accounts. The allocation shall be on a "first in, first out," or automated random selection basis that has been approved by [Nasdaq Regulation]the Exchange, or on a manual random selection basis that has been specified by [Nasdaq Regulation]the Exchange. Each Options Participant shall inform its customers in writing of the method it uses to allocate exercise notices to its customers' account, explaining its manner of operation and the consequences of that system.

(b) Each Options Participant shall report its proposed method of allocation to [Nasdaq Regulation]the Exchange and obtain [Nasdaq Regulation's]the Exchange's prior approval thereof, and no Options Participant shall change its method of allocation unless the change has been reported to and approved by [Nasdaq Regulation]the Exchange. The requirements of this paragraph shall not be applicable to allocation procedures submitted to and approved by another SRO having comparable standards pertaining to methods of allocation.

(c) No change.

* * * * *