

Required fields are shown with yellow backgrounds and asterisks.

Proposed Rule Change by NASDAQ OMX PHLX 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"/>	19b-4(f)(1) <input type="checkbox"/>	19b-4(f)(2) <input type="checkbox"/>	19b-4(f)(3) <input type="checkbox"/>	19b-4(f)(4) <input type="checkbox"/>
			19b-4(f)(5) <input type="checkbox"/>	19b-4(f)(6) <input checked="" type="checkbox"/>		

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

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

A proposal to offer members and member organizations the ability to pay a regulatory fine pursuant to an installment plan, under certain conditions.

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 proposed rule change.

First Name * John Last Name * Yetter
Title * Vice President
E-mail * john.yetter@nasdaqomx.com
Telephone * (301) 978-8497 Fax (301) 978-8472

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 officer.

Date 09/26/2012
By Edward S. Knight Executive Vice President and General Counsel
(Name *) (Title *)

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.

Edward S Knight,

SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

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

Form 19b-4 Information (required)

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 (required)

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 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 Proposed Rule Change

(a) Pursuant to the provisions of Section 19(b)(1) of the Securities Exchange Act of 1934 (“Act”),¹ and Rule 19b-4 thereunder,² NASDAQ OMX PHLX LLC (“Phlx” or “Exchange”) is filing with the Securities and Exchange Commission (“Commission”) a proposal to offer members and member organizations the ability to pay a regulatory fine pursuant to an installment plan, under certain conditions.

The text of the proposed rule change is below. Proposed new language is underlined.

52. Fees, Dues and Other Charges

(a) – (d) No change.

(e) Subject to the following conditions and procedures, a member or a member organization may pay a regulatory fine via an installment plan:

(1) The member or member organization must check the installment plan option on the election of payment form included with the offer of settlement.

(2) The fine under the offer of settlement must be fifty thousand dollars (\$50,000) or more. A fine of less than fifty thousand dollars (\$50,000) is not eligible for the installment plan.

(3) A down payment of twenty-five percent (25%) or more of the total fine must be submitted with the signed offer of settlement.

(4) An installment package, including a promissory note and payment schedule, will be mailed to the member or member organization upon receipt of the down payment, as required in paragraph (3) above.

(5) An executed (signed and notarized) promissory note for the unpaid balance of the fine must be returned with the first installment payment.

¹ 15 U.S.C. 78s(b)(1).

² 17 CFR 240.19b-4.

(6) The term of the installment plan shall not exceed four (4) years after the execution of the offer of settlement. The member or member organization may elect monthly or quarterly payments.

* * * * *

(b) Not applicable.

(c) Not applicable.

2. Procedures of the Self-Regulatory Organization

The proposed rule change was approved by senior management of Phlx pursuant to authority delegated by the Board of Directors of Phlx on July 10, 2012. Phlx staff will advise the Board of Directors of Phlx of any action taken pursuant to delegated authority. No other action by Phlx is necessary for the filing of the rule change. Phlx has requested that the Commission waive the operative delay provided for in Rule 19b-4(f)(6)(iii).³ If such waiver is granted, Phlx proposes to implement the proposed rule change immediately.

Questions regarding this rule filing may be directed to John Yetter, Vice President and Deputy General Counsel, The NASDAQ OMX Group, at (301) 978-8497 (telephone) or (301) 978-8472 (fax).

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

a. Purpose

Phlx is proposing to amend Rule 52 governing "Fees, Dues and Other Charges" to offer members and member organizations the ability to pay a regulatory fine pursuant to an installment plan, under certain conditions. In order for a member or member organization to be eligible to pay a regulatory fine via an installment plan, the fine under

³ 17 CFR 240.19b-4(f)(6)(iii).

the applicable offer of settlement⁴ must be \$50,000 or more. A fine of less than \$50,000 is not eligible for the installment plan. When submitting its offer of settlement, the member or member organization must check the installment plan option on the election of payment form included with the offer of settlement. A sample election of payment form and offer of settlement are included in Exhibit 3 to this proposed rule change. A down payment of twenty-five percent (25%) or more of the total fine must be submitted with the signed offer of settlement.

After receipt of the offer of settlement and down payment, an installment package, including a promissory note and payment schedule, will be mailed to the member or member organization. A sample promissory note and payment schedule are included in Exhibit 3 to this proposed rule change. The member or member organization must then submit an executed (signed and notarized) promissory note for the unpaid balance of the fine, along with its first installment payment. The term of the installment plan may not exceed four years after the execution of the offer of settlement. The member or member organization may elect monthly or quarterly payments.

b. Statutory Basis

Phlx believes that the proposed rule change is consistent with the provisions of Section 6 of the Act,⁵ in general, and with Section 6(b)(5) of the Act,⁶ in particular, in that the proposal is designed to prevent fraudulent and manipulative acts and practices, to promote just and equitable principles of trade, to foster cooperation and coordination with

⁴ See Phlx Rule 960.7.

⁵ 15 U.S.C. 78f.

⁶ 15 U.S.C. 78f(b)(5).

persons engaged in regulating, clearing, settling, processing information with respect to, and 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. In addition, Phlx believes that the proposed rule change is consistent with the provisions of Section 6(b)(6) and 6(b)(7) of the Act,⁷ which require an exchange to provide fair procedures for the disciplining of members and persons associated with members. Specifically, Phlx believes that the proposal will promote the settlement of disciplinary cases by allowing members and member organizations to make installment payments. Phlx believes that settlement is a beneficial method of disciplining members and member organizations because it imposes meaningful sanctions on the member while avoiding the cost and uncertainty of a protracted disciplinary proceeding. Phlx further believes that affording members and member organizations with the opportunity to pay a regulatory fine over a period of time may allow Phlx to impose higher fines in appropriate circumstances and diminish the risk that sanctioned members or member organizations will fail to pay.

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

The Exchange does not believe that the proposed rule change will result in any burden on competition that is not necessary or appropriate in furtherance of the purposes of the Act, as amended.

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

Written comments were neither solicited nor received.

⁷ 15 U.S.C. 78f(b)(6) and (b)(7).

6. Extension of Time Period for Commission Action

Not applicable.

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

The proposed rule change is effective upon filing pursuant to Section 19(b)(3)(A) of the Act⁸ and paragraph (f)(6) of Rule 19b-4 thereunder,⁹ in that the proposed rule change: (i) does not significantly affect the protection of investors or the public interest; (ii) does not impose any significant burden on competition; and (iii) 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; provided, the self-regulatory organization has given the Commission written notice of its intent to file the proposed rule change, along with a brief description and text of 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. Phlx provided the Commission with such written notice on August 15, 2012.¹⁰

Phlx requests that the Commission waive the 30-day operative delay provided for in Rule 19b-4(f)(6)(iii).¹¹ Phlx would like to be able to offer members and member organizations that are contemplating the execution of an offer of settlement the option of

⁸ 15 U.S.C. 78s(b)(3)(A).

⁹ 17 CFR 240.19b-4(f)(6).

¹⁰ The notice was provided in the form of SR-Phlx-2012-109 (August 15, 2012), which Commission staff determined did not comply with the rules of the Commission relating to the required form of a proposed rule change, but which Commission staff agreed to accept as the written notice required by Rule 19b-4(f)(6)(iii), 17 CFR 240.19b-4(f)(6)(iii).

¹¹ 17 CFR 240.19b-4(f)(6)(iii).

entering into an installment arrangement as soon as possible, and believes that doing so will promote the investor protection goals of appropriately disciplining members and member organizations while avoiding the cost and uncertainty of protracted disciplinary proceedings and diminishing the risk that sanctioned members or member organizations will fail to pay. Accordingly, Phlx believes that the waiver of an operative delay is consistent with the protection of investors and the public interest.

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

The proposed rule change is based on modifications to NASDAQ Rule 8320 adopted by SR-NASDAQ-2012-106 (September 14, 2012).

9. Exhibits

1. Notice of the proposed rule for publication in the Federal Register.
3. Form, Report, or Questionnaire.

EXHIBIT 1SECURITIES AND EXCHANGE COMMISSION
(Release No. 34- ; File No. SR-Phlx-2012-117)

Self-Regulatory Organizations; NASDAQ OMX PHLX LLC; Notice of Filing and Immediate Effectiveness of Proposed Rule Change to Offer Members and Member Organizations the Ability to Pay a Regulatory Fine Pursuant to an Installment Plan

September __, 2012

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 September 26, 2012, NASDAQ OMX PHLX LLC (“Phlx” or “Exchange”) filed with the Securities and Exchange Commission (“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 the Substance of the Proposed Rule Change

The Exchange proposes a rule change to offer members and member organizations the ability to pay a regulatory fine pursuant to an installment plan, under certain conditions. The text of the proposed rule change is available at <http://nasdaqomxphlx.cchwallstreet.com/nasdaqomxphlx/phlx>, at the Exchange’s principal office, 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 Exchange included statements concerning the purpose of and basis for the proposed rule change and discussed any comments it

¹ 15 U.S.C. 78s(b)(1).

² 17 CFR 240.19b-4.

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

Phlx is proposing to amend Rule 52 governing "Fees, Dues and Other Charges" to offer members and member organizations the ability to pay a regulatory fine pursuant to an installment plan, under certain conditions. In order for a member or member organization to be eligible to pay a regulatory fine via an installment plan, the fine under the applicable offer of settlement³ must be \$50,000 or more. A fine of less than \$50,000 is not eligible for the installment plan. When submitting its offer of settlement, the member or member organization must check the installment plan option on the election of payment form included with the offer of settlement. A sample election of payment form and offer of settlement are included in Exhibit 3 to this proposed rule change. A down payment of twenty-five percent (25%) or more of the total fine must be submitted with the signed offer of settlement.

After receipt of the offer of settlement and down payment, an installment package, including a promissory note and payment schedule, will be mailed to the member or member organization. A sample promissory note and payment schedule are included in Exhibit 3 to this proposed rule change. The member or member organization must then submit an executed (signed and notarized) promissory note for the unpaid balance of the fine, along with its first installment payment. The term of the installment

³ See Phlx Rule 960.7.

plan may not exceed four years after the execution of the offer of settlement. The member or member organization may elect monthly or quarterly payments.

2. Statutory Basis

Phlx believes that the proposed rule change is consistent with the provisions of Section 6 of the Act,⁴ in general, and with Section 6(b)(5) of the Act,⁵ in particular, in that the proposal 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 regulating, clearing, settling, processing information with respect to, and 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. In addition, Phlx believes that the proposed rule change is consistent with the provisions of Section 6(b)(6) and 6(b)(7) of the Act,⁶ which require an exchange to provide fair procedures for the disciplining of members and persons associated with members. Specifically, Phlx believes that the proposal will promote the settlement of disciplinary cases by allowing members and member organizations to make installment payments. Phlx believes that settlement is a beneficial method of disciplining members and member organizations because it imposes meaningful sanctions on the member while avoiding the cost and uncertainty of a protracted disciplinary proceeding. Phlx further believes that affording members and member organizations with the opportunity to pay a regulatory fine over a period of time may allow Phlx to impose

⁴ 15 U.S.C. 78f.

⁵ 15 U.S.C. 78f(b)(5).

⁶ 15 U.S.C. 78f(b)(6) and (b)(7).

higher fines in appropriate circumstances and diminish the risk that sanctioned members or member organizations will fail to pay.

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

The Exchange does not believe that the proposed rule change will result in any burden on competition that is not necessary or appropriate in furtherance of the purposes of the Act, as amended.

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

Written comments were neither solicited nor received.

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) 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 necessary or appropriate in the public interest, for the protection of investors, or 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 change should be approved or disapproved.

⁷ 15 U.S.C. 78s(b)(3)(A).

⁸ 17 CFR 240.19b-4(f)(6).

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-Phlx-2012-117 on the subject line.

Paper comments:

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

All submissions should refer to File Number SR-Phlx-2012-117. 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 on official business days between the hours of 10:00 a.m. and 3:00 p.m.

Copies of such filing also will be available for inspection and copying at the principal offices 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-Phlx-2012-117 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

Kevin M. O'Neill
Deputy Secretary

⁹ 17 CFR 200.30-3(a)(12).

EXHIBIT 3

ELECTION OF PAYMENT FORM

The firm intends to pay the fine proposed in the attached Offer of Settlement by the following method (check one):

- A firm check or bank check for the full amount;
- Wire transfer;
- The installment payment plan.¹
 - o Monthly
 - o Quarterly

Respectfully submitted,

Respondent

Date

By: _____

Name: _____

Title: _____

¹ The installment payment plan is only available for a fine of \$50,000 or more. Certain requirements apply.

BEFORE THE BUSINESS CONDUCT COMMITTEE
OF
NASDAQ OMX PHLX LLC

IN THE MATTER OF

Respondent

Enforcement No. 2012-_____
FINRA No. _____

**OFFER OF SETTLEMENT, STIPULATION
OF FACTS AND CONSENT TO SANCTIONS
BY RESPONDENT _____**

_____ (“Respondent” or the “Firm”) makes this Offer of Settlement, Stipulation of Facts and Consent to Sanctions (“Offer”) to the Business Conduct Committee (“Committee”) of NASDAQ OMX PHLX LLC (“Exchange”) in the above matter.

1. The Exchange, through the Committee and pursuant to the By-Laws of the Exchange (“By-Laws”) and the Rules of the Board of Directors of the Exchange (“Exchange Rules”), instituted enforcement proceedings in this matter by means of a Statement of Charges against Respondent.

2. Respondent makes and enters into this Offer pursuant to Exchange Rule 960.7, without admitting or denying any allegations or violations, solely for the purposes of this proceeding and to settle and conclude all disciplinary action by the Exchange based on or arising out of the facts set forth in the stipulation below.

3. Respondent agrees that this Offer shall be subject to approval by the Committee and that the determination of the Committee whether to accept or reject such Offer shall be final and that Respondent may not seek review thereof.

4. Respondent agrees that once this Offer has been received by the Exchange for submission to the Committee, it shall not be withdrawn without the express consent of the Committee.

5. Unless the Offer is accepted by the Committee, the Offer shall not be used in this or any other proceeding, nor shall it be given any consideration in the determination of issues involved in this or any other proceeding.

6. Respondent states that no promise of any kind or nature was made to induce this Offer and that Respondent voluntarily enters into the Offer with full knowledge of its consequences.

7. If the Committee shall accept this Offer, Respondent, without admitting or denying any allegations or violations, agrees to settle this matter on the following terms:

a. Respondent stipulates to the entry of facts, consents to the conclusion of violations of certain Exchange Rules, and consents to the imposition of sanctions specifically including, but not limited to, consenting to pay the fine, if any, imposed by the Committee consistent with this Offer, and to comply with all other sanctions, all as hereinafter set forth, without admitting or denying the allegations or conclusions in the Statement of Charges.

b. The Exchange shall not institute or entertain at any time any further proceeding against Respondent based on or arising out of, in whole or in part, the facts hereinafter stipulated.

c. Respondent shall not institute or entertain at any time any further proceeding against the Exchange or any of its board members, officers, committee members, employees, or agents, based on or arising out of, in whole or in part, the facts hereinafter stipulated, or the investigation, prosecution and disposition of this matter.

d. Nothing in paragraph 7b above shall be construed to prevent the Exchange from instituting separate proceedings against Respondent arising from failure to pay fees, fines or other monies owed to the Exchange by Respondent, irrespective of whether the fees, fines or other monies owed are based on or arise from, in whole or in part, the facts hereinafter stipulated.

e. The Exchange shall not be precluded from instituting a separate proceeding against Respondent based on or arising from facts other than those hereinafter stipulated.

f. The Committee, in any other Exchange proceeding against Respondent, may take notice of the Decision to be issued herein in determining the appropriate sanctions, if any, to be imposed in such other proceeding.

g. Respondent consents to the entry of the Committee of a Decision pursuant to Exchange Rules 960.7 and 960.8 containing the stipulation of facts in Paragraph 8 below, the conclusion of violations of Exchange Rules _____ as agreed to in Paragraph 9 below, and to the imposition of sanctions not to exceed those agreed to in Paragraph 10 below.

h. Respondent agrees that the Decision to be issued herein shall be final, and waives any right to a review of the Decision or any other phase or aspect of this proceeding:

- 1) by the Board of Directors of the Exchange;
- 2) by the Securities and Exchange Commission (“Commission”);
- 3) by any federal or state court; or
- 4) in any other forum or by any other means.

8. Pursuant to Paragraph 7 above, Respondent consents to the entry of the following stipulation of facts as the basis for resolving the matter:

a. The Committee has jurisdiction over this matter pursuant to Exchange Rule 960.1.

b. During the period between _____ and _____ (the Relevant Period”), Respondent was a member organization of the Exchange.

[Description of facts and violative conduct.]

9. Pursuant to Paragraph 7 above, Respondent agrees, without admitting or denying any allegations or violations, that on the basis of the foregoing stipulated facts, the Committee may find that Respondent violated Exchange Rules _____.

10. Pursuant to Paragraph 7 above, Respondent agrees that on the basis of the foregoing conclusion of violations, the Committee may impose the following sanctions against Respondent: (i) a censure; and (ii) a fine in the amount of _____.

11. On behalf of Respondent, the undersigned certifies to the Exchange that he is an officer of Respondent, duly elected or appointed to and currently holding the office set forth below and empowered and authorized on behalf of Respondent to make this Offer and enter into any agreement resulting therefrom.

Dated: _____, 2012

By: _____

NEGOTIABLE PROMISSORY NOTE

I, [Firm's Name], hereby promise to pay to the order of NASDAQ OMX PHLX LLC ("Phlx"), a Delaware limited liability company, whose principal offices are located at One Liberty Plaza, New York, New York 10006, in lawful money of the United States of America, the principal sum of [Dollar Amount Written Out] Dollars (\$xx,xxx.xx), in [#] [monthly][quarterly] payments (term). **The first payment will be due on [Date], and each payment thereafter must be received on or before the [day] of the [month][calendar quarter].**

This Note is not a consumer loan or an extension of consumer credit. It is payment of a monetary sanction which I hereby acknowledge is due and payable, imposed in connection with the disposition of disciplinary proceedings by Phlx (registered as a national securities exchange subject to regulation by the United States Securities and Exchange Commission and under Section 6 of the Securities Exchange Act of 1934). I may prepay this Note at any time in whole or in part from time to time.

Any default in the payment of any part of the principal sum when due, will, at the sole option of the holder, mature the whole of this Note. No acceptance by the holder of any late payment or other default will be deemed or construed as a waiver of any prior or subsequent default or any rights of the holder to mature this Note or take any other action upon said prior or subsequent default. In the event of default, I will be responsible for any costs of collection, including reasonable attorney's fees (of inside and outside counsel) and expenses, incurred by Phlx.

Sworn and subscribed before me

[Firm's Name]

[street address]

This ____ day of _____, ____

[city, state, zip]

Notary Public:

Commission Expires:

Signature: _____

Witnesses: _____

Name: _____

Corporate Secretary

Page 2

I, _____, am the Corporate Secretary of [*Firm's Name*].
 _____ (*above signatory on page 1*) is the _____ (*Title*) of
 [*Firm's Name*], and is authorized by its By-Laws and/or Resolution of its Board of Directors to execute
 this Note on its behalf.

Sworn and subscribed before me

This ____ day of _____, ____

Notary Public:

Commission Expires:

Signature: _____

Witnesses: _____
Corporate Secretary

Name: _____

PAYMENT SCHEDULE

Amount

Due Date