

Required fields are shown with yellow backgrounds and asterisks.

Page 1 of * <input style="width: 40px;" type="text" value="15"/>	SECURITIES AND EXCHANGE COMMISSION WASHINGTON, D.C. 20549 Form 19b-4	File No.* SR - <input style="width: 40px;" type="text" value="2012"/> - * <input style="width: 40px;" type="text" value="49"/> Amendment No. (req. for Amendments *) <input style="width: 40px;" type="text"/>															
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"/>															
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Pilot <input type="checkbox"/>	Extension of Time Period for Commission Action * <input style="width: 20px;" type="text"/>	Date Expires * <input style="width: 80px;" type="text"/>															
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 proposed rule change (limit 250 characters, required when Initial is checked *).																	
A proposal to amend Rule 1014 pertaining to the minimum size requirement for quotations.																	
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 * <input style="width: 200px;" type="text" value="Carla"/>	Last Name * <input style="width: 200px;" type="text" value="Behnfeldt"/>																
Title * <input style="width: 500px;" type="text" value="Associate General Counsel"/>																	
E-mail * <input style="width: 500px;" type="text" value="carla.behnfeldt@nasdaqomx.com"/>																	
Telephone * <input style="width: 100px;" type="text" value="(215) 496-5208"/>	Fax <input style="width: 100px;" type="text"/>																
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 <input style="width: 80px;" type="text" value="04/04/2012"/>																	
By <input style="width: 200px;" type="text" value="Edward S. Knight"/>	<input style="width: 300px;" type="text" value="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.																	
<input style="width: 200px; height: 20px;" type="button" value="Edward S Knight,"/>																	

SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

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

Form 19b-4 Information (required)

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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)

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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

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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

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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

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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

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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

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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) NASDAQ OMX PHLX LLC (“Phlx” or “Exchange”), pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 (“Act”)¹ and Rule 19b-4 thereunder,² proposes to amend Section (b)(ii)(D)(3) of Rule 1014, Obligations and Restrictions Applicable to Specialists and Registered Options Traders, a rule pertaining to the minimum size requirement for quotations.

A notice of the proposed rule change for publication in the Federal Register is attached hereto as Exhibit 1 and the text of the amended Exchange Rule is attached hereto 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 on August 19, 2011. Exchange staff will advise the Board of Directors of any action taken pursuant to delegated authority. No other action by the Exchange is necessary for the filing of the rule change.

Questions and comments on the proposed rule change may be directed to Carla Behnfeldt at (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

This proposed rule change is based on filings previously submitted by the Chicago Board Options Exchange ("CBOE")³ and the International Securities Exchange ("ISE")⁴ that were effective on filing.

The purpose of the proposed rule change is to amend Section (b)(ii)(D)(3) of Rule 1014, Obligations and Restrictions Applicable to Specialists and Registered Options Traders, in order to change a minimum quoting size requirement. Rule 1014(b)(ii)(D) sets forth certain market making obligations that apply to Streaming Quote Traders ("SQTs")⁵, Remote Streaming Quote Traders ("RSQTs")⁶ and specialists. For example, Rule 1014(b)(ii)(D)(1) provides that, in addition to other obligations and with certain exceptions, an SQT and an RSQT shall be responsible to quote two-sided markets in not less than 60% of the series in which such SQT or RSQT is assigned. Likewise, Rule 1014(b)(ii)(D)(2) provides that a specialist must quote two-sided markets in the lesser of

³ See Securities Exchange Act Release No. 58828 (October 21, 2008), 73 FR 63749 (October 27, 2008) (SR-CBOE-2008-107).

⁴ See Securities Exchange Act Release No. 60854 (October 21, 2009) 74 FR 55613 (October 28, 2009) (SR-ISE-2009-84).

⁵ A Streaming Quote Trader ("SQT") is defined in Exchange Rule 1014(b)(ii)(A) as an ROT who has received permission from the Exchange to generate and submit option quotations electronically in options to which such SQT is assigned.

⁶ A Remote Streaming Quote Trader ("RSQT") is defined Exchange Rule in 1014(b)(ii)(B) as an ROT that is a member or member organization with no physical trading floor presence who has received permission from the Exchange to generate and submit option quotations electronically in options to which such RSQT has been assigned. An RSQT may only submit such quotations electronically from off the floor of the Exchange.

99% of the series or 100% of the series minus one call-put pair in each option in which such specialist is assigned.

Currently Rule 1014(b)(ii)(D)(3) provides that SQTs, RSQTs and the specialist assigned in an option shall submit electronic quotations for such option with a size of not less than 10 contracts. The Exchange proposes to eliminate the 10 contract minimum size and to provide instead that the minimum number of contracts shall be specified by the Exchange for each option. The proposed change would allow the Exchange to set a minimum quotation size requirement for quotes on a class by class basis, provided the minimum set by the Exchange is at least one contract. Phlx would not impose a minimum quotation size requirement greater than 10 contracts.

The Exchange believes it should have the flexibility to change the minimum size requirement on a class by class basis depending on market conditions and the trading and liquidity in a particular option class and its underlying security. Phlx notes that the minimum quotation size requirement for market makers on ISE, CBOE, NYSE Arca, Inc. (“NYSE Arca”) and the Nasdaq Options Market (“NOM”) is only one contract.⁷ As a result, Phlx believes the proposed rule change is based on and similar to the rules of other options exchanges.

b. Statutory Basis

The Exchange believes that its proposal is consistent with Section 6(b) of the Act⁸ in general, and furthers the objectives of Section 6(b)(5) of the Act⁹ in particular, in that

⁷ See ISE Rule 804, CBOE Rules 6.2B, 8.7, 8.14, 8.15A, NYSEArca Rule 6.37B and NOM Rulebook Chapter VII, Section 6(a).

⁸ 15 U.S.C. 78f(b).

⁹ 15 U.S.C. 78f(b)(5).

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. The proposed rule change would permit the Exchange to set a minimum quotation size requirement on a class by class basis, provided the minimum size is at least one contract. Phlx believes that this flexibility will enable the Exchange to take into consideration market conditions and the trading and liquidity in a particular option class and its underlying security.

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.

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)

Pursuant to Section 19(b)(3)(A) of the Act¹⁰ and Rule 19b-4(f)(6)¹¹ thereunder, the Exchange has designated this proposal as one that 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

¹⁰ 15 U.S.C. 78s(b)(3)(A).

¹¹ 17 CFR 240.19b-4(f)(6).

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 is noncontroversial because it is based upon current rules of other options exchanges, as discussed above.

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. Furthermore, a proposed rule change filed pursuant to Rule 19b-4(f)(6) under the Act¹² normally does not become operative for 30 days after the date of its filing. However, Rule 19b-4(f)(6)¹³ permits the Commission to designate a shorter time if such action 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

As discussed above, the proposed rule change is based on ISE Rule 804, CBOE Rules 6.2B, 8.7, 8.14, 8.15A, NYSEArca Rule 6.37B and NOM Rulebook Chapter VII, Section 6(a).

9. Exhibits

1. Notice of proposed rule for publication in the Federal Register.

5. Proposed Rule Text

¹² 17 CFR 240.19b-4(f)(6).

¹³ 17 CFR 240.19b-4(f)(6).

EXHIBIT 1

SECURITIES AND EXCHANGE COMMISSION
(Release No. _____ ; File No. SR-Phlx-2012-49)

April __, 2012

Self-Regulatory Organizations; NASDAQ OMX PHLX LLC; Notice of Filing and Immediate Effectiveness of Proposed Rule Change to Amend Rule 1014

Pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 (“Act”)¹, and Rule 19b-4² thereunder, notice is hereby given that on April 4, 2012, NASDAQ OMX PHLX LLC (“Phlx” 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 Section (b)(ii)(D)(3) of Rule 1014, Obligations and Restrictions Applicable to Specialists and Registered Options Traders, a rule pertaining to the minimum size requirement for quotations.

The text of the proposed rule change is available on the Exchange’s Website at <http://www.nasdaqtrader.com/micro.aspx?id=PHLXRulefilings>, 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

This proposed rule change is based on filings previously submitted by the Chicago Board Options Exchange ("CBOE")³ and the International Securities Exchange ("ISE")⁴ that were effective on filing.

The purpose of the proposed rule change is to amend Section (b)(ii)(D)(3) of Rule 1014, Obligations and Restrictions Applicable to Specialists and Registered Options Traders, in order to change a minimum quoting size requirement. Rule 1014(b)(ii)(D) sets forth certain market making obligations that apply to Streaming Quote Traders ("SQTs")⁵, Remote Streaming Quote Traders ("RSQTs")⁶ and specialists. For example,

³ See Securities Exchange Act Release No. 58828 (October 21, 2008), 73 FR 63749 (October 27, 2008) (SR-CBOE-2008-107).

⁴ See Securities Exchange Act Release No. 60854 (October 21, 2009) 74 FR 55613 (October 28, 2009) (SR-ISE-2009-84).

⁵ A Streaming Quote Trader ("SQT") is defined in Exchange Rule 1014(b)(ii)(A) as an ROT who has received permission from the Exchange to generate and submit option quotations electronically in options to which such SQT is assigned.

⁶ A Remote Streaming Quote Trader ("RSQT") is defined Exchange Rule in 1014(b)(ii)(B) as an ROT that is a member or member organization with no

Rule 1014(b)(ii)(D)(1) provides that, in addition to other obligations and with certain exceptions, an SQT and an RSQT shall be responsible to quote two-sided markets in not less than 60% of the series in which such SQT or RSQT is assigned. Likewise, Rule 1014(b)(ii)(D)(2) provides that a specialist must quote two-sided markets in the lesser of 99% of the series or 100% of the series minus one call-put pair in each option in which such specialist is assigned.

Currently Rule 1014(b)(ii)(D)(3) provides that SQTs, RSQTs and the specialist assigned in an option shall submit electronic quotations for such option with a size of not less than 10 contracts. The Exchange proposes to eliminate the 10 contract minimum size and to provide instead that the minimum number of contracts shall be specified by the Exchange for each option. The proposed change would allow the Exchange to set a minimum quotation size requirement for quotes on a class by class basis, provided the minimum set by the Exchange is at least one contract. Phlx would not impose a minimum quotation size requirement greater than 10 contracts.

The Exchange believes it should have the flexibility to change the minimum size requirement on a class by class basis depending on market conditions and the trading and liquidity in a particular option class and its underlying security. Phlx notes that the minimum quotation size requirement for market makers on ISE, CBOE, NYSE Arca, Inc. (“NYSE Arca”) and the Nasdaq Options Market (“NOM”) is only one contract.⁷ As a

physical trading floor presence who has received permission from the Exchange to generate and submit option quotations electronically in options to which such RSQT has been assigned. An RSQT may only submit such quotations electronically from off the floor of the Exchange.

⁷ See ISE Rule 804, CBOE Rules 6.2B, 8.7, 8.14, 8.15A, NYSEArca Rule 6.37B and NOM Rulebook Chapter VII, Section 6(a).

result, Phlx believes the proposed rule change is based on and similar to the rules of other options exchanges.

2. Statutory Basis

The Exchange believes that its proposal is consistent with Section 6(b) of the Act⁸ in general, and furthers the objectives of Section 6(b)(5) of the Act⁹ 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. The proposed rule change would permit the Exchange to set a minimum quotation size requirement on a class by class basis, provided the minimum size is at least one contract. Phlx believes that this flexibility will enable the Exchange to take into consideration market conditions and the trading and liquidity in a particular option class and its underlying security.

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.

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.

⁸ 15 U.S.C. 78f(b).

⁹ 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 after the date of the filing, or such shorter time as the Commission may designate, it has become effective pursuant to 19(b)(3)(A) of the Act¹⁰ and Rule 19b-4(f)(6)¹¹ thereunder.

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 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

¹⁰ 15 U.S.C. 78s(b)(3)(A).

¹¹ 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-Phlx-2012-49 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-2012-49. 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-Phlx-2012-49 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.¹²

Kevin M. O'Neill
Deputy Secretary

¹² 17 CFR 200.30-3(a)(12).

EXHIBIT 5

New language is underlined; deletions are bracketed

Rule 1014. Obligations and Restrictions Applicable to Specialists and Registered Options Traders

(a) No Change.

(b) *ROT*. (i) No Change.

(ii) (A) – (C) No Change.

(D) *Market Making Obligations*

(1) – (2) No Change.

(3) SQTs, RSQTs and the specialist assigned in such option shall submit electronic quotations with a size of not less than [10 contracts] the minimum number of contracts determined by the Exchange on a class by class basis, which minimum shall be at least one contract.

(4) – (6) No Change.

(E) No Change.

(c) – (g) No Change.

••• *Commentary*: No Change.