

Required fields are shown with yellow backgrounds and asterisks.

Page 1 of * 37	SECURITIES AND EXCHANGE COMMISSION WASHINGTON, D.C. 20549 Form 19b-4		File No.* SR - 2015 - * 23	Amendment No. (req. for Amendments *)	
Filing 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"/>
Pilot <input type="checkbox"/>	Extension of Time Period for Commission Action * <input type="checkbox"/>	Date Expires * <input type="text"/>	Rule <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 Section 806(e)(1) * <input type="checkbox"/>			Security-Based Swap Submission pursuant to the Securities Exchange Act of 1934 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"/>			
<b>Description</b> Provide a brief description of the action (limit 250 characters, required when Initial is checked *).  Updating to Certain Phlx Rules					
<b>Contact Information</b> 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 * Angela Last Name * Dunn Title * Associate General Counsel E-mail * angela.dunn@nasdaqomx.com Telephone * (215) 496-5692 Fax <input type="text"/>					
<b>Signature</b> 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 03/02/2015 By Edward S. Knight (Name *) Executive Vice President and General Counsel  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 \***

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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 \***

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

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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, 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**

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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”)<sup>1</sup> and Rule 19b-4 thereunder,<sup>2</sup> proposes to amend Rules 50 entitled “Failure to Pay Dues, Fees and Other Charges;” 53, entitled “Liability for Dues Until Transfer or Military Service;” 99 entitled “Back-Up Trading Arrangements;” and 443 entitled “Employees.” The Exchange proposes to delete Rules 51 entitled “Enforcement of Capital Funding Fees;” 54 entitled “Service Fee;” 55 entitled “Claims by Formed or Deceased Members;” and 442 entitled “Communications.”

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 July 16, 2014. 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 Angela

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<sup>1</sup> 15 U.S.C. 78s(b)(1).

<sup>2</sup> 17 CFR 240.19b-4.

Saccomandi Dunn, Associate General Counsel, The NASDAQ OMX Group at (215) 496-5692.

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

a. Purpose

The purpose of this proposed rule change is to update certain Phlx rules related to the payment of fees to harmonize the Exchange's Rulebook text and modernize Exchange rules. The Exchange proposes to amend rule text, make minor technical amendments to certain rules and to delete other rules. Each proposed rule change is discussed in greater detail below.

Amendment to Certain Exchange Rules

The Exchange proposes to amend Rule 50, entitled "Failure to Pay Dues, Fees and Other Charges." The Exchange proposes to conform Rule 50(a) to NASDAQ Stock Market LLC ("Nasdaq") Rule 9553 and NASDAQ OMX BX, Inc. ("BX") Rule 9553(a). The Exchange is proposing to adopt rule text similar to Nasdaq Rule 9553 and BX Rule 9553 in place of the current rule text in Rule 50(a), (d) and (f). The Exchange is also proposing to modify the headers to match those of Nasdaq Rule 9553 and BX Rule 9553. The word "termination" in the Phlx rule is replaced with the word "cancellation or bar." The Exchange's amendments are not substantive in nature. The amendments seek to align these rules with Nasdaq rules.

The Exchange proposes to amend Rule 53, entitled "Liability for Dues Until Transfer or Military Service" to delete the current rule text and adopt the language in Nasdaq IM-1002 and BX IM-1002-2. This rule allows associated persons to be placed on inactive status, thereby preserving their registration, while serving in the Armed Forces of

the United States.<sup>3</sup> Nasdaq based its adoption of the rule on a National Association of Securities Dealers (hereinafter “FINRA”) rule. FINRA tolled the two-year licensing expiration provisions under its rule for a person previously registered with a member who commences active military duty within two years after he or she has ceased to be registered with the member, and also tolled the expiration provisions for a person placed upon “inactive” status, who, while serving in the Armed Forces of the United States, ceases to be registered with a member.<sup>4</sup>

FINRA’s Rule IM-1000-2 relieves active duty professionals from continuing education requirements. With respect to the Firm Element requirement of continuing education, FINRA provides that only persons who have “direct contact with customers” in the conduct of securities activities are subject to the Firm Element requirement.<sup>5</sup> active duty professionals are excluded from the Firm Element requirement because they do not have contact with customers. FINRA’s rule expressly states that active duty professionals are not required to complete either of the Regulatory or Firm Elements of the continuing education requirements during the pendency of such inactive status.<sup>6</sup> The proposed rule change will harmonize the Phlx rule with the Nasdaq and BX rules as well as FINRA’s rule.

The Exchange proposes to amend Rule 99, entitled “Back-Up Trading Arrangements,” to make technical conforming amendments to the rule text. This rule

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<sup>3</sup> See Nasdaq IM-1002 and BX IM-1002-2.

<sup>4</sup> See Securities Exchange Act Release No. 53182 (January 26, 2006), 71 FR 5391 (February 1, 2006) (SR-NASD-2005-135).

<sup>5</sup> See FINRA Rule 1250(b)(1).

<sup>6</sup> Id.

change is not substantive in nature; rather, the rule text amendments seek to conform the word usage within the text of this rule.

The Exchange proposes to amend Rule 443, entitled “Employees” by renaming the rule “Trading Floor Admittance” and making minor rule amendments to clarify the rule text. Rule 443 states, “[n]o employee of a member or member organization shall be admitted to the floor unless he is registered with and approved by the Exchange, which may in its discretion require the payment of a fee with respect to each employee so approved, and may at any time in its discretion withdraw any approval so given.” The Exchange proposes to reference Options Regulation 5 regarding non-member visitors within this rule to add clarity to admittance to the options trading floor for non-members. The other amendments to this rule are technical in nature. There are no substantive changes proposed to current Phlx Rule 443.

#### Deleted Rules

The Exchange proposes to delete Rule 51 entitled “Enforcement of Capital Funding Fees.” This rule is no longer applicable today. This rule permits the Exchange to take certain specified measures if an owner of a membership fails to pay (or have paid on its behalf) any capital funding fee imposed by the Exchange when due. The rule specifies what enforcement action may be taken against an owner for failure to pay any capital funding fee imposed by the Exchange. The rule delineates the remedies that shall be taken by the Board if the capital funding fee is not paid and allows for a variety of remedies ranging from the imposition of a late fee to reversion and sale by the Exchange of the equitable title to a membership. The remedies are set forth in such a way as to apply the less onerous remedies (i.e., like fees) first and the more serious remedies (i.e.,

suspension of right to trade or lease and reversion of membership) only after the Exchange has not received payment within 90 days after the date of the original invoice (or such longer period for which a lease agreement is in effect as a result of the election by a lessee to continue paying the capital funding fee). By allowing this graduated scale of remedies, the owners are put on notice as to what remedies will be imposed if payment is not received in a timely manner, with the more serious remedies being applied after a longer period of time. In addition, the rule delineates the Board's responsibilities and authority for handling instances in which an owner fails to pay the capital funding fee when due.<sup>7</sup>

The rule was designed to protect innocent lessees from being unexpectedly dispossessed from their memberships and trading rights in the event of a nonpayment by their lessors. This was important in the days when Phlx had seats, prior to demutualization; there are no longer any seats, owners or lessors. Today permits are issued to members and member organizations. Permits provide trading rights<sup>8</sup> today and the Exchange collects fees via direct debit.<sup>9</sup> This rule is outdated and the Exchange proposes to remove it from the Rulebook.

The Exchange also proposes to delete Rule 54 entitled "Service Fee" because the rule is outdated. The rule provides, "[m]embers and member organizations who are not also members of a subsidiary of the Exchange but who use or benefit from the facilities or services of such subsidiary, may be required by the Board of Directors to pay fees or

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<sup>7</sup> See Securities and Exchange Commission 44872 (September 28, 2001), 66 FR 51084 (October 5, 2001) (SR-Phlx-99-52).

<sup>8</sup> See Rule 908.

<sup>9</sup> See Rule 909.

charges to the Exchange for such use or benefit; provided, however, that such fees or charges may be imposed only if they are similar in structure and rate to those imposed by such subsidiary on its own members using or benefiting from the same facilities or services.” The Exchange does not have any active subsidiaries today.<sup>10</sup> This rule is therefore not applicable and should be deleted from the Rulebook. The Exchange also proposes to remove the reference to Rule 54 from Rule 3202, entitled “Application of Other rules of the Exchange.” Rule 3202 adopts certain rules into the equity rules. The Exchange proposes to remove the reference to Rule 54 from Rule 3202 as well.

The Exchange proposes to delete Rule 55, entitled “Claims by Formed or Deceased Members.” This rule states, “[w]hen a member is in debt to another member the death of the creditor member shall not affect the rights of such creditor or member, his organization or estate in respect of such debt.” As noted above, the Exchange issues permits today for access to trading on the Exchange. At the time, prior to demutualization, when the Exchange issued seats, those seats could be leased. This is no longer the case. Members are not indebted to other members in the same manner today. This rule is no longer applicable and should be removed from the Rulebook. The Exchange also proposes to remove the reference to Rule 55 from Rule 3202, entitled “Application of Other Rules of the Exchange.” Rule 3202 adopts certain rules into the equity rules. The Exchange proposes to remove the reference to Rule 55 from Rule 3202 as well.

The Exchange proposes to delete Rule 442, entitled “Communications.” This rule provides that “[c]ommunications shall not be read to the Exchange nor posted on the

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<sup>10</sup> Phlx’s only subsidiary is the Stock Clearing Corporation of Philadelphia. This subsidiary is inactive.



bulletin board without the consent of the Secretary.” This rule is outdated. Today, the Exchange uses electronic means such as email, electronic alerts and its website to issue communications. There is no longer a bulletin board on the Exchange’s trading floor as there was when the rule was enacted. The Exchange proposes removing this outdated rule from the Rulebook.

b. Statutory Basis

The Exchange believes that its proposal is consistent with Section 6(b) of the Act<sup>11</sup> in general, and furthers the objectives of Section 6(b)(5) of the Act<sup>12</sup> in particular, in that it is designed to prevent fraudulent and manipulative acts and practices, to promote just and equitable principles of trade, to foster cooperation and coordination with persons engaged in facilitating transactions in securities, to remove impediments to and perfect the mechanism of a free and open market and a national market system and, in general, to protect investors and the public interest. The Exchange believes that these proposed rule changes will harmonize the text of its rules and modernize the Phlx Rulebook. The Exchange is updating certain rules in order to ensure consistency in the rule text. The Exchange is proposing to delete other rules because they are outdated.

The proposed rule changes to Rule 53 harmonize these rules with Nasdaq and BX Rules. The remaining rule amendment proposals either modernize the rule text and add clarity or delete outdated rule text. The Exchange believes that these proposals will benefit members and member organizations by bringing additional clarity to the Rulebook.

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<sup>11</sup> 15 U.S.C. 78f(b).

<sup>12</sup> 15 U.S.C. 78f(b)(5).

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

The proposed rule change does not impose any burden on competition that is not necessary or appropriate in furtherance of the purposes of the Act. The Exchange's proposed amendments seek to harmonize the Rulebook by conforming the text of certain rules throughout the rule and also deleting certain unnecessary rules. These rule amendments do not place an undue burden on competition but rather bring clarity to the Rulebook.

The proposed amendments to Rule 53 will provide members with a rule similar to rules on Nasdaq and BX. The Exchange believes that adopting the Nasdaq and BX rules will provide members and member organizations with processes similar to other self-regulatory organizations and therefore does not create an undue burden on either intra-market or inter-market 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

The Exchange does not consent to an extension of the time period for Commission action.

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)<sup>13</sup> of the Act and Rule 19b-4(f)(6) thereunder<sup>14</sup> in that it effects a change that: (i) does not

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<sup>13</sup> 15 U.S.C. 78s(b)(3)(A).

<sup>14</sup> 17 CFR 240.19b-4(f)(6).

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, nor does it impose any significant burden on competition. The proposed rule changes to Rule 53 are substantially similar to Nasdaq and BX rules and Rule 53 is also similar to a FINRA rule.<sup>15</sup> The remaining changes are proposed to modernize the Rulebook to reflect the current practices.

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.

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<sup>15</sup> See note 5.

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

The proposed rule change for Rule 53 is based on Nasdaq and BX rules.<sup>16</sup>

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 for publication in the Federal Register.

5. Proposed Rule Text.

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<sup>16</sup> See note 3.

**EXHIBIT 1**

SECURITIES AND EXCHANGE COMMISSION  
(Release No. \_\_\_\_\_ ; File No. SR-Phlx-2015-23)

Self-Regulatory Organizations; NASDAQ OMX PHLX LLC; Notice of Filing and Immediate Effectiveness of Proposed Rule Change Updating to Certain Phlx Rules

Pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 (“Act”)<sup>1</sup>, and Rule 19b-4 thereunder,<sup>2</sup> notice is hereby given that on March 2, 2015, 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 Rules 50 entitled “Failure to Pay Dues, Fees and Other Charges;” 53, entitled “Liability for Dues Until Transfer or Military Service;” 99 entitled “Back-Up Trading Arrangements;” and 443 entitled “Employees.” The Exchange proposes to delete Rules 51 entitled “Enforcement of Capital Funding Fees;” 54 entitled “Service Fee;” 55 entitled “Claims by

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

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<sup>1</sup> 15 U.S.C. 78s(b)(1).

<sup>2</sup> 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 purpose of this proposed rule change is to update certain Phlx rules related to the payment of fees to harmonize the Exchange's Rulebook text and modernize Exchange rules. The Exchange proposes to amend rule text, make minor technical amendments to certain rules and to delete other rules. Each proposed rule change is discussed in greater detail below.

Amendment to Certain Exchange Rules

The Exchange proposes to amend Rule 50, entitled "Failure to Pay Dues, Fees and Other Charges." The Exchange proposes to conform Rule 50(a) to NASDAQ Stock Market LLC ("Nasdaq") Rule 9553 and NASDAQ OMX BX, Inc. ("BX") Rule 9553(a). The Exchange is proposing to adopt rule text similar to Nasdaq Rule 9553 and BX Rule 9553 in place of the current rule text in Rule 50(a), (d) and (f). The Exchange is also proposing to modify the headers to match those of Nasdaq Rule 9553 and BX Rule 9553. The word "termination" in the Phlx rule is replaced with the word "cancellation or bar." The Exchange's amendments are not substantive in nature. The amendments seek to align these rules with Nasdaq rules.

The Exchange proposes to amend Rule 53, entitled “Liability for Dues Until Transfer or Military Service” to delete the current rule text and adopt the language in Nasdaq IM-1002 and BX IM-1002-2. This rule allows associated persons to be placed on inactive status, thereby preserving their registration, while serving in the Armed Forces of the United States.<sup>3</sup> Nasdaq based its adoption of the rule on a National Association of Securities Dealers (hereinafter “FINRA”) rule. FINRA tolled the two-year licensing expiration provisions under its rule for a person previously registered with a member who commences active military duty within two years after he or she has ceased to be registered with the member, and also tolled the expiration provisions for a person placed upon “inactive” status, who, while serving in the Armed Forces of the United States, ceases to be registered with a member.<sup>4</sup>

FINRA’s Rule IM-1000-2 relieves active duty professionals from continuing education requirements. With respect to the Firm Element requirement of continuing education, FINRA provides that only persons who have “direct contact with customers” in the conduct of securities activities are subject to the Firm Element requirement.<sup>5</sup> active duty professionals are excluded from the Firm Element requirement because they do not have contact with customers. FINRA’s rule expressly states that active duty professionals are not required to complete either of the Regulatory or Firm Elements of the continuing education requirements during the pendency of such inactive status.<sup>6</sup> The

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<sup>3</sup> See Nasdaq IM-1002 and BX IM-1002-2.

<sup>4</sup> See Securities Exchange Act Release No. 53182 (January 26, 2006), [71 FR 5391](#) (February 1, 2006) (SR-NASD-2005-135).

<sup>5</sup> See FINRA Rule 1250(b)(1).

<sup>6</sup> Id.

proposed rule change will harmonize the Phlx rule with the Nasdaq and BX rules as well as FINRA's rule.

The Exchange proposes to amend Rule 99, entitled "Back-Up Trading Arrangements," to make technical conforming amendments to the rule text. This rule change is not substantive in nature; rather, the rule text amendments seek to conform the word usage within the text of this rule.

The Exchange proposes to amend Rule 443, entitled "Employees" by renaming the rule "Trading Floor Admittance" and making minor rule amendments to clarify the rule text. Rule 443 states, "[n]o employee of a member or member organization shall be admitted to the floor unless he is registered with and approved by the Exchange, which may in its discretion require the payment of a fee with respect to each employee so approved, and may at any time in its discretion withdraw any approval so given." The Exchange proposes to reference Options Regulation 5 regarding non-member visitors within this rule to add clarity to admittance to the options trading floor for non-members. The other amendments to this rule are technical in nature. There are no substantive changes proposed to current Phlx Rule 443.

#### Deleted Rules

The Exchange proposes to delete Rule 51 entitled "Enforcement of Capital Funding Fees." This rule is no longer applicable today. This rule permits the Exchange to take certain specified measures if an owner of a membership fails to pay (or have paid on its behalf) any capital funding fee imposed by the Exchange when due. The rule specifies what enforcement action may be taken against an owner for failure to pay any capital funding fee imposed by the Exchange. The rule delineates the remedies that shall



be taken by the Board if the capital funding fee is not paid and allows for a variety of remedies ranging from the imposition of a late fee to reversion and sale by the Exchange of the equitable title to a membership. The remedies are set forth in such a way as to apply the less onerous remedies (i.e., like fees) first and the more serious remedies (i.e., suspension of right to trade or lease and reversion of membership) only after the Exchange has not received payment within 90 days after the date of the original invoice (or such longer period for which a lease agreement is in effect as a result of the election by a lessee to continue paying the capital funding fee). By allowing this graduated scale of remedies, the owners are put on notice as to what remedies will be imposed if payment is not received in a timely manner, with the more serious remedies being applied after a longer period of time. In addition, the rule delineates the Board's responsibilities and authority for handling instances in which an owner fails to pay the capital funding fee when due.<sup>7</sup>

The rule was designed to protect innocent lessees from being unexpectedly dispossessed from their memberships and trading rights in the event of a nonpayment by their lessors. This was important in the days when Phlx had seats, prior to demutualization; there are no longer any seats, owners or lessors. Today permits are issued to members and member organizations. Permits provide trading rights<sup>8</sup> today and the Exchange collects fees via direct debit.<sup>9</sup> This rule is outdated and the Exchange proposes to remove it from the Rulebook.

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<sup>7</sup> See Securities and Exchange Commission 44872 (September 28, 2001), 66 FR 51084 (October 5, 2001) (SR-Phlx-99-52).

<sup>8</sup> See Rule 908.

<sup>9</sup> See Rule 909.

The Exchange also proposes to delete Rule 54 entitled “Service Fee” because the rule is outdated. The rule provides, “[m]embers and member organizations who are not also members of a subsidiary of the Exchange but who use or benefit from the facilities or services of such subsidiary, may be required by the Board of Directors to pay fees or charges to the Exchange for such use or benefit; provided, however, that such fees or charges may be imposed only if they are similar in structure and rate to those imposed by such subsidiary on its own members using or benefiting from the same facilities or services.” The Exchange does not have any active subsidiaries today.<sup>10</sup> This rule is therefore not applicable and should be deleted from the Rulebook. The Exchange also proposes to remove the reference to Rule 54 from Rule 3202, entitled “Application of Other rules of the Exchange.” Rule 3202 adopts certain rules into the equity rules. The Exchange proposes to remove the reference to Rule 54 from Rule 3202 as well.

The Exchange proposes to delete Rule 55, entitled “Claims by Formed or Deceased Members.” This rule states, “[w]hen a member is in debt to another member the death of the creditor member shall not affect the rights of such creditor or member, his organization or estate in respect of such debt.” As noted above, the Exchange issues permits today for access to trading on the Exchange. At the time, prior to demutualization, when the Exchange issued seats, those seats could be leased. This is no longer the case. Members are not indebted to other members in the same manner today. This rule is no longer applicable and should be removed from the Rulebook. The Exchange also proposes to remove the reference to Rule 55 from Rule 3202, entitled

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<sup>10</sup> Phlx’s only subsidiary is the Stock Clearing Corporation of Philadelphia. This subsidiary is inactive.

“Application of Other Rules of the Exchange.” Rule 3202 adopts certain rules into the equity rules. The Exchange proposes to remove the reference to Rule 55 from Rule 3202 as well.

The Exchange proposes to delete Rule 442, entitled “Communications.” This rule provides that “[c]ommunications shall not be read to the Exchange nor posted on the bulletin board without the consent of the Secretary.” This rule is outdated. Today, the Exchange uses electronic means such as email, electronic alerts and its website to issue communications. There is no longer a bulletin board on the Exchange’s trading floor as there was when the rule was enacted. The Exchange proposes removing this outdated rule from the Rulebook.

## 2. Statutory Basis

The Exchange believes that its proposal is consistent with Section 6(b) of the Act<sup>11</sup> in general, and furthers the objectives of Section 6(b)(5) of the Act<sup>12</sup> in particular, in that it is designed to prevent fraudulent and manipulative acts and practices, to promote just and equitable principles of trade, to foster cooperation and coordination with persons engaged in facilitating transactions in securities, to remove impediments to and perfect the mechanism of a free and open market and a national market system and, in general, to protect investors and the public interest. The Exchange believes that these proposed rule changes will harmonize the text of its rules and modernize the Phlx Rulebook. The Exchange is updating certain rules in order to ensure consistency in the rule text. The Exchange is proposing to delete other rules because they are outdated.

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<sup>11</sup> 15 U.S.C. 78f(b).

<sup>12</sup> 15 U.S.C. 78f(b)(5).

The proposed rule changes to Rule 53 harmonize these rules with Nasdaq and BX Rules. The remaining rule amendment proposals either modernize the rule text and add clarity or delete outdated rule text. The Exchange believes that these proposals will benefit members and member organizations by bringing additional clarity to the Rulebook.

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

The proposed rule change does not impose any burden on competition that is not necessary or appropriate in furtherance of the purposes of the Act. The Exchange's proposed amendments seek to harmonize the Rulebook by conforming the text of certain rules throughout the rule and also deleting certain unnecessary rules. These rule amendments do not place an undue burden on competition but rather bring clarity to the Rulebook.

The proposed amendments to Rule 53 will provide members with a rule similar to rules on Nasdaq and BX. The Exchange believes that adopting the Nasdaq and BX rules will provide members and member organizations with processes similar to other self-regulatory organizations and therefore does not create an undue burden on either intra-market or inter-market 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.

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)(ii) of the Act<sup>13</sup> and subparagraph (f)(6) of Rule 19b-4 thereunder.<sup>14</sup>

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
- Send an e-mail to [rule-comments@sec.gov](mailto:rule-comments@sec.gov). Please include File Number SR-Phlx-2015-23 on the subject line.

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<sup>13</sup> 15 U.S.C. 78s(b)(3)(a)(ii).

<sup>14</sup> 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.

Paper comments:

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

All submissions should refer to File Number SR-Phlx-2015-23. 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-2015-23 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.<sup>15</sup>

Kevin M O'Neill  
Deputy Secretary

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<sup>15</sup> 17 CFR 200.30-3(a)(12).

**EXHIBIT 5**

*New text is underlined; deleted text is bracketed.*

**NASDAQ OMX PHLX RULES**

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**Rule 50. Failure to Pay Dues, Fees and Other Charges****(a) Notice of Suspension, Cancellation or Bar [or Termination]**

If a member or member organization person associated with a member or member organization or person subject to the Exchange's jurisdiction fails to provide any information, report, material, data, or testimony requested or required to be filed pursuant to Phlx By-Laws or Rules, or fails to keep its membership application or supporting documents current, Phlx Regulation staff may provide written notice to such member or member organization or person specifying the nature of the failure and stating that the failure to take corrective action within 21 days after service of the notice will result in suspension of membership or of association of the person with any member or member organization.

[If any member or member organization or an employee thereof using the facilities or services of the Exchange, or enjoying any of the privileges therein, fails to pay any fees, dues, assessments or other charges required to be paid under the Exchange By-Laws or Rules, or to submit a required report or information related to such payment, Exchange staff shall issue a written notice to such member or person stating that the failure to comply within 21 days of service of the notice will result in a suspension of membership or a suspension from associating with any member or member organization. Subsequent failure to pay such required fees, dues, assessments or other charges or failure to submit such required report or information related to such payment will result in a termination of membership or termination from association with any member or member organization if such member or person fails to comply within 21 days of service of an additional notice stating that the failure to comply with the required payment or submission of report or information will result in a termination of membership or termination of association with any member or member organization.]

**(b) Service of Notice of Suspension, Cancellation or Bar [or Termination]**

The Exchange shall serve the member or member organization or an employee thereof using the facilities or services of the Exchange, or enjoying any of the privileges therein, with such notice in accordance with Rule 960.6. A copy of a notice under this Rule that is served on a person associated with a member also shall be served on such member.

**(c) No Change.****(d) Effective Date of Suspension, Cancellation or Bar [or Termination]**



The suspension, cancellation or [termination]bar referenced in a notice issued and served under this Rule shall become effective 21 days after service of the notice, unless stayed by a request for a hearing pursuant to Rule 960.6(c).

(e) No Change.

(f) Failure to Request Hearing

If a member or member organization or an employee thereof using the facilities or services of the Exchange, or enjoying any of the privileges therein, does not timely request a hearing, the suspension, cancellation or bar [or termination] specified in the notice shall become effective 21 days after service of the notice and the notice shall constitute final Exchange action.

(g) No Change.

**Rule 51. ~~Reserved.~~[Enforcement of Capital Funding Fees**

(a) All capital funding fees, including any accrued late charges applicable thereto, levied by the Exchange on or before the effective time of the Merger (as such term is defined in the By-Laws) and which shall have not been paid to the Exchange in full as of such effective time will continue to be owed and to accrue late charges at a monthly rate of 1.5 percent (simple interest) for each thirty day period or fraction thereof, calculated on a daily basis notwithstanding the termination of memberships.

**Waiver of Late Charges**

(b) The Finance Committee or its Designee may waive the amount of the late charge, or a portion thereof, if good cause is shown.

For purposes of this Rule, any determination of "good cause" shall be based upon the following factors: consideration of the lateness of the payment, the frequency of the late payments by a particular Obligor, the reason for the late payment, the amount outstanding, the existence and reasonableness of a payment plan proposed by the Obligor, and the financial hardship that the remedy would cause the Obligor.]

**Rule 53. Liability for Dues Until Transfer or Military Service**

[(a) Notwithstanding the death or expulsion of a member, until the transfer of his permit, if transferable, he shall continue to be liable for dues to the Exchange, as from time to time fixed by the Board of Directors.

(b) The Board of Directors may waive dues and assessments of any member who is in the active military or naval service of the United States.

(c) When a permit, if transferable, is transferred, the transferee shall pay to the transferor on the date of transfer the unexpired portion of fees for the current half year.]

**(a) Inactive Status of Currently Registered Persons**

(1) A registered person of a member or member organization who volunteers for or is called into active duty in the Armed Forces of the United States shall be placed, after proper notification to Phlx, upon inactive status and need not be re-registered by such member upon his or her return to active employment with the member. Such a person will remain eligible to receive transaction-related compensation, including continuing commissions, because he or she remains registered with a member or member organization of Phlx. The employing member or member organization also may allow such a person to enter into an arrangement with another registered person of the member or member organization to take over and service the person's accounts and to share transaction-related compensation based upon the business generated by such accounts. However, since such persons are inactive, they may not perform any of the duties performed by a registered person.

(2) A registered person who is placed on inactive status pursuant to this paragraph (a) shall not be included within the scope of fees, if any, charged by Phlx with respect to registered persons.

(3) A registered person who is placed on inactive status pursuant to this paragraph (a) shall not be required to complete either of the Regulatory or Firm Elements of the continuing education requirements set forth in Rule 640 during the pendency of such inactive status.

(4) The relief provided in subparagraphs (a)(1), (a)(2), and (a)(3) shall be available to a registered person who is placed on inactive status pursuant to this paragraph (a) during the period that such a person remains registered with the member or member organization with which he or she was registered at the beginning of active duty in the Armed Forces of the United States, regardless of whether the person returns to active employment with another member or member organization upon completion of his or her active duty in the Armed Forces of the United States.

(5) The relief described in this paragraph (a) will be provided only to a person registered with a member or member organization and only while the person remains on active military duty.

#### (b) Inactive Status of Sole Proprietorships

(1) A member or member organization that is a sole proprietor who temporarily closes his or her business by reason of volunteering for or being called into active duty in the Armed Forces of the United States, shall be placed, after proper notification to Phlx, on inactive status while the member remains on active military duty.

(2) A sole proprietor member or member organization placed on inactive status as set forth in this paragraph (b) shall not be required to pay dues or assessments during the pendency of such inactive status and shall not be required to pay an admission fee upon return to active participation in the investment banking and securities business.

(3) The relief described in this paragraph (b) will be provided only to a sole proprietor member or member organization and only while the person remains on active military duty.

#### (c) Status of Formerly Registered Persons

(1) If a person who is currently not registered with a member or member organization volunteers for or is called into active duty in the Armed Forces of the United States at any time within two years after the date the person ceases to be registered with a member or member organization, Phlx will defer the lapse of registration requirements set forth in Rules 611, 613, and 3228 (i.e., toll the two-year expiration provisions for qualification examination requirements). Phlx will defer the lapse of registration requirements commencing on the date the person begins actively serving in the Armed Forces of the United States, provided that Phlx is properly notified of the person's period of active military service within 90 days following his or her completion of active service or upon his or her re-registration with a member or member organization, whichever occurs first. The deferral will terminate 90 days following the person's completion of active service in the Armed Forces of the United States. Accordingly, if such person does not re-register with a member or member organization within 90 days following his or her completion of active service in the Armed Forces of the United States, the amount of time in which the person must become re-registered with a member or member organization without being subject to the qualification examination requirements shall consist of the standard two-year period provided in Rules 611, 613, and 3228 reduced by the period of time between the person's termination of registration and beginning of active service in the Armed Forces of the United States.

(2) If a person placed upon inactive status while serving in the Armed Forces of the United States ceases to be registered with a member or member organization, Nasdaq will defer the lapse of registration requirements set forth in Rules 611, 613, and 3228 (i.e., toll the two-year expiration provisions for qualification examination requirements) during the pendency of his or her active service in the Armed Forces of the United States. Nasdaq will defer the lapse of registration requirements based on existing information in the Central Registration Depository, provided that Nasdaq is properly notified of the person's period of active military service within two years following his or her completion of active service or upon his or her re-registration with a member, whichever occurs first. The deferral will terminate 90 days following the person's completion of active service in the Armed Forces of the United States. Accordingly, if such person does not re-register with a member within 90 days following his or her completion of active service in the Armed Forces of the United States, the amount of time in which the person must become re-registered with a member without being subject to the qualification examination requirements shall consist of the standard two-year period provided in Rules 611, 613, and 3228.

**Rule 54. Reserved. [Service Fee**

Members and member organizations who are not also members of a subsidiary of the Exchange but who use or benefit from the facilities or services of such subsidiary, may be required by the Board of Directors to pay fees or charges to the Exchange for such use or benefit; provided, however, that such fees or charges may be imposed only if they are similar in structure and rate to those imposed by such subsidiary on its own members using or benefiting from the same facilities or services.]

**Rule 55. Reserved. [Claims by Former or Deceased Members**

When a member is in debt to another member the death of the creditor member shall not affect the rights of such creditor or member, his organization or estate in respect of such debt.]

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**Rule 99. Backup Trading Arrangements****(a) Phlx is Disabled Exchange.****(i) Exchange ("Phlx") Exclusively Listed Options.**

(A) and (B) No Change.

(C) Trading of Phlx exclusively listed options shall be conducted in accordance with the rules of the Backup Exchange, except that such trading shall be subject to Phlx Rules with respect to doing business with the public, margin requirements, net capital requirements, listing requirements, and position limits. In addition, the Phlx and the Backup Exchange may agree that other Rules of the Phlx will apply to such trading. The Phlx and the Back[-]up Exchange have agreed to communicate to their respective members which rules apply in advance of trading. The Backup Exchange rules that govern trading on Phlx's facility at the Back[-]up Exchange shall be deemed to be Phlx Rules for purposes of such trading.

(D) The Back[-]up Exchange has agreed to perform the related regulatory functions with respect to trading of Phlx exclusively listed options on Phlx's facility at the Back[-]up Exchange, in each case except as Phlx and the Back[-]up Exchange may specifically agree otherwise. The Back[-]up Exchange and Phlx have agreed to coordinate with each other regarding surveillance and enforcement respecting trading of Phlx exclusively listed options on Phlx's facility at the Back[-]up Exchange. Phlx shall retain the ultimate legal responsibility for the performance of its self-regulatory obligations with respect to Phlx's facility at the Back[-]up Exchange.

(E) No Change.

(F) Members of the Backup Exchange shall not be authorized to trade in any Phlx exclusively listed options, except that (i) Phlx may deputize willing floor brokers of the Back[-]up Exchange as temporary Phlx members to permit them to execute orders as brokers in Phlx exclusively options traded on Phlx's facility at the Back[-]up Exchange; and (ii) the Back[-]up Exchange has agreed that it will, at the instruction of Phlx, select members of the Back[-]up Exchange that are willing to be deputized by Phlx as temporary Phlx members authorized to trade Phlx exclusively listed options on Phlx's facility at the Back[-]up Exchange for such period of time following a Disabling Event as Phlx determines to be appropriate, and Phlx may deputize such members of the Back[-]up Exchange as temporary Phlx members for that purpose.

**(ii) Phlx Singly Listed Options.**

(A) No Change.

(B) The Exchange may enter into arrangements with a Backup Exchange under which the Backup Exchange will agree, in the event of a Disabling Event, to list for trading singly

listed options that are then singly listed only by the Phlx and not by the Backup Exchange. Any such options listed by the Backup Exchange shall trade on the Backup Exchange and in accordance with the rules of the Backup Exchange. Such options shall be traded by members of the Backup Exchange and by Phlx members selected by the Phlx to the extent the Backup Exchange can accommodate Phlx members in the capacity of temporary members of the Backup Exchange. If the Backup Exchange is unable to accommodate all Phlx members that desire to trade at the Backup Exchange pursuant to paragraph (a)(i)(A), Phlx may determine which members shall be eligible to trade at the Backup Exchange. Factors to be considered in making such determinations may include, but are not limited to, any one or more of the following: whether the member is a specialist in the applicable product(s), the number of contracts traded by the member or specialist unit in the applicable product(s), market performance, and other factors relating to a member's contribution to the market in the applicable product(s).

Any Phlx member who is granted temporary access to the Backup Exchange pursuant to this paragraph shall only be permitted (i) to act in those Backup Exchange capacities that are authorized by the Backup Exchange and that are comparable to capacities in which the temporary member has been authorized to act on the Phlx and (ii) to trade in those options in which the temporary member is authorized to trade on the Phlx.

(C) No Change.

(b) *Phlx is Backup Exchange.*

(i) Disabled Exchange Exclusively Listed Options.

(A) No Change.

(B) No Change.

(C) No Change.

(D) Phlx members shall not be authorized to trade in any exclusively listed options of the Disabled Exchange, except that: (1) the Disabled Exchange may deputize willing Phlx floor brokers as temporary members of the Disabled Exchange to permit them to execute orders as brokers in exclusively listed options of the Disabled Exchange traded on the facility of the Disabled Exchange at Phlx; and (2) at the instruction of the Disabled Exchange, the Phlx shall select Phlx members that are willing to be deputized by the Disabled Exchange as temporary members of the Disabled Exchange authorized to trade the Disabled Exchange's exclusively listed options on the facility of the Disabled Exchange at the Phlx for such period of time following a Disabling Event as the Disabled Exchange determines to be appropriate, and the Disabled Exchange may deputize such Phlx members as temporary members of the Disabled Exchange for that purpose.

(ii) Disabled Exchange Singly Listed Options.

(A) and (B) No Change.

(c) *Member Obligations.*

(i) Temporary Members of a Disabled Exchange

(A) No Change.

(B) A member of a Back[-]up Exchange acting in the capacity of a temporary member of Phlx pursuant to paragraph (a)(i)(F) shall be subject to, and obligated to comply with, the Rules that govern the operation of the facility of Phlx at the Back[-]up Exchange, including Phlx Rules to the extent applicable during the period of such trading. Additionally, (1) such temporary member shall be deemed to have satisfied, and Phlx will waive specific compliance with, Rules governing or applying to the maintenance of a person's or a firm's status as a member of Phlx, including all dues, fees and charges imposed generally upon Phlx members based on their status as such; (2) such temporary member shall have none of the rights of a Phlx member except the right to conduct business on the facility of Phlx at the Back[-]up Exchange to the extent described in this Rule; (3) the member organization associated with such temporary member, if any, shall be responsible for all obligations arising out of that temporary member's activities on or relating to Phlx; and (4) the clearing member of such temporary member shall guarantee and clear the transactions on Phlx of such temporary member.

(ii) Temporary Members of the Backup Exchange

(A) A Phlx member acting in the capacity of a temporary member of the Back[-]up Exchange pursuant to paragraph (a)(ii)(B) shall be subject to, and obligated to comply with, the rules of the Back[-]up Exchange that are applicable to the Backup Exchange's own members. Additionally, (1) such Phlx member shall be deemed to have satisfied, and the Back[-]up Exchange has agreed to waive specific compliance with, rules governing or applying to the maintenance of a person's or a firm's status as a member of the Back[-]up Exchange, including all dues, fees and charges imposed generally upon members of the Back[-]up Exchange based on their status as such, (2) such Phlx member shall have none of the rights of a member of the Back[-]up Exchange except the right to conduct business on the Back[-]up Exchange to the extent described in this Rule; (3) the member organization associated with such Phlx member, if any, shall be responsible for all obligations arising out of that Phlx member's activities on or relating to the Backup Exchange; (4) the clearing member of such Phlx member shall guarantee and clear the transactions of such Phlx member on the Back[-]up Exchange; and (5) such Phlx member shall only be permitted (x) to act in those capacities on the Back[-]up Exchange that are authorized by the Back[-]up Exchange and that are comparable to capacities in which the Phlx member has been authorized to act on Phlx, and (y) to trade in those options in which the Phlx member is authorized to trade on Phlx.

(B) No Change.

(d) *Member Proceedings.*

(i) If the Phlx initiates an enforcement proceeding with respect to the trading during a back[-] up period of the singly or multiply listed options of the Disabled Exchange by a temporary member of the Phlx or the exclusively listed options of the Disabled Exchange by a member of the Disabled Exchange (other than a Phlx member who is a temporary member of the Disabled Exchange), and such proceeding is in process upon the conclusion of the backup period, the Phlx may transfer responsibility for such proceeding to the Disabled Exchange following the conclusion of the backup period. Arbitration of any disputes with respect to any trading during a backup period of singly or multiply listed options of the Disabled Exchange or of exclusively listed options of the Disabled Exchange on the Disabled Exchange's facility at the Phlx will be conducted in accordance with Phlx Rules, unless the parties to an arbitration agree that it shall be conducted in accordance with the rules of the Disabled Exchange.

(ii) No Change.

(e) No Change.

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**Rule 442. Reserved. [Communications**

Communications shall not be read to the Exchange nor posted on the bulletin board without the consent of the Secretary.]

**Rule 443. [Employees] Trading Floor Admittance**

No employee of a member or member organization shall be admitted to the trading floor unless [he]that person is registered with and approved by the Exchange, which may in its discretion require the payment of a fee with respect to each employee so approved, and may at any time in its discretion withdraw any approval so given. Notwithstanding the foregoing, Options Regulation 5 describes the procedures for non-member visitors.

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**NASDAQ OMX PSX**

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**Rule 3202. Application of Other Rules of the Exchange**

The following Rules of the Exchange shall be applicable to market participants trading on PSX.

The Limited Liability Company Agreement of the Exchange

The By-Laws of the Exchange

Rule 1. Definitions

Rule 50. Failure to Pay Dues, Fees and Other Charges

Rule 52. Fees, Dues and Other Charges

Rule 53. Liability for Dues Until Transfer or Military Service

[Rule 54. Service Fee]

[Rule 55. Claims by Former or Deceased Members]

Rule 56. Effect of Suspension or Termination on Payment of Fees

Rule 57. Members' Contracts

Rule 58. Exchange Contracts

Rule 59. Deliveries through Registered Clearing Agencies

Rule 62. Disapproval of Business

Rule 63. Effect of Suspension or Termination

Rule 64. Office Vacated by Suspension or Termination

Rule 70. Suspension for Insolvency on Declaration

Rule 71. Suspension for Insolvency on Advice to Committee on Business Conduct

Rule 72. Investigation of Insolvency

Rule 73. Time for Settlement of Insolvent Member

Rule 74. Reinstatement of Insolvent Member

Rule 75. Disciplinary Measures During Suspension for Insolvency

Rule 76. Rights of Member Suspended for Insolvency

Rule 98. Emergency Committee

Rule 103. Dealings on the Exchange - Securities

Rule 112. Bids and Offers - "When Issued"



Rule 128. Price and Execution Binding

Rule 133. Trading Halts Due to Extraordinary Market Volatility

Rule 274. Payment on Delivery - Collect on Delivery

Rule 279. Book-Entry Settlement

Rule 431. Ex-dividend, Ex-rights

Rule 432. Ex-warrants

Rule 433. Buyer Entitled to Dividend, etc.

Rule 434. Claims for Dividend, etc.

Rule 451. Taking or Supplying Securities Named in Order

Rule 452. Limitations on Members' Trading Because of Customers' Orders

Rule 453. Successive Transactions by Members

Rule 455. Short Sales

Rule 600. Registration

Rule 601. Office, Other Than Main Offices

Rule 602. Status Verification

Rule 603. Control of Offices

Rule 605. Advertisements, Market Letters, Research Reports and Sales Literature

Rule 607. Covered Sales Fee

Rule 610. Notification of Changes in Business Operations

Rule 611. Principal Registration Requirements

Rule 612. Categories of Principal Registration

Rule 613. Representative Registration

Rule 614. Persons Exempt from Registration

Rule 615. Waiver of Requirements

Rule 616. Electronic Filing Requirements for Uniform Forms

Rule 623. Fingerprinting

Rule 625. Training

Rule 640. Continuing Education for Registered Persons

Rule 651. Exchange's Costs of Defending Legal Proceedings

Rule 652. Limitation of Exchange Liability and Reimbursement of Certain Expenses (paragraphs (b), (c), (d), and (e) only)

Rule 703. Financial Responsibility and Reporting

Rule 704. Assignment of Interest of Partner

Rule 705. Members Must Carry

Rule 707. Conduct Inconsistent with Just and Equitable Principles of Trade

Rule 708. Acts Detrimental to the Interest or Welfare of the Exchange

Rule 712. Independent Audit

Rule 721. Proper and Adequate Margin

Rule 722. Miscellaneous Securities Margin Accounts

Rule 723. Prohibition on Free-Riding in Cash Accounts

Rule 741. Customers' Securities

Rule 742. Restrictions on Pledge of Customers' Securities

Rule 745. Partial Payments

Rule 746. Diligence as to Accounts

Rule 747. Approval of Accounts

Rule 748. Supervision

Rule 749. Transactions for Employees of Exchange, etc.

Rule 750. Speculative Transactions for Employees of Certain Employers

Rule 751. Accounts of Employees of Member Organizations

Rule 752. Statements to Be Sent to Customers

Rule 753. Notwithstanding Power of Attorney

Rule 754. Employees' Discretion as to Customers' Accounts

Rule 756. Accounts of General Partners

Rule 757. Anti-Money Laundering Compliance Program

Rule 760. Maintenance, Retention and Furnishing of Books, Records and Other Information

Rule 761. Supervisory Procedures Relating to ITSFEA and to Prevention of Misuse of Material Nonpublic Information

Rule 762. Telemarketing

Rule 763. Recommendations to Customers (Suitability)

Rule 764. Best Execution and Interpositioning

Rule 771. Excessive Trading of Members

Rule 772 Trading for Joint Account

Rule 773. Participation in Joint Accounts

Rule 777. Guarantees Not Permitted

Rule 782. Manipulative Operations

Rule 783. Report of Financial Arrangements

Rule 784. Report of Options

Rule 785. Automated Submission of Trading Data

Rule 786. Periodic Reports

Rule 792. Control of Voting Stock

Rule 794. Assignment of Holdings

Rule 795. Member Officer or Director

Rule 796. Underwriting of Securities by Member Organizations

Rule 797. Loans to Officers and Directors

Rule 798. Admission of Corporation

Rule 803. Criteria for Listing—Tier I

Rule 900.1. General Powers and Duties of Membership Department

Rule 900.2. Membership Applications

Rule 901. Denial of and Conditions to Membership

Rule 902. Admission to Partnership - Partnership Arrangements

Rule 903. Fixed Interest of Partner

Rule 904. Use of a Partnership Name

Rule 905. Special or Limited Partners

Rule 906. Notice of Change in Partnership

Rule 907. Partners and Officers

Rule 908. Rights and Privileges of A-1 Permits

Rule 909. Collection of Exchange Fees and Other Claims

Rule 910. Qualification as Member Organization

Rule 911 Member and Member Organization Participation

Rule 921. Qualification; Designation of Executive Representative

Rule 922. Certificate of Incorporation

Rule 924. Obligation of Members and Member Organizations to the Exchange

Rule 925. Inactive Nominees

Rule 950. Arbitration

Sec. 44 FINRA Jurisdiction Over Arbitrations Against Exchange Members

Rule 960.1. Jurisdiction

Rule 960.2. Complaint and Investigation

Rule 960.3. Charges

Rule 960.4. Answer

Rule 960.5. Hearing

Rule 960.6. Summary Disposition Proceedings

Rule 960.7. Offers of Settlement

Rule 960.8. Decision

Rule 960.9. Review

Rule 960.10. Judgment and Sanctions

Rule 960.11. Service of Notice and Extension of Time Limits

Rule 960.12. Fairness and Impartiality of Board or Committee Members

Rule 972. Continuation of Status After the NASDAQ OMX Merger

Rule 980. Regulatory Services Agreements

Rule 985. Affiliation and Ownership Restrictions

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