

Required fields are shown with yellow backgrounds and asterisks.

Filing by NASDAQ OMX PHLX LLC.  
Pursuant to Rule 19b-4 under the Securities Exchange Act of 1934

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

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

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

**Description**

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

Proposal to delete Rules 792, 794, 797, and 798 from the Phlx rules.

**Contact Information**

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

First Name * Sean	Last Name * Bennett
Title * Associate General Counsel	
E-mail * Sean.Bennett@nasdaq.com	
Telephone * (301) 978-8499	Fax

**Signature**

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

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

(Title \*)

Date 01/04/2016	Executive Vice President and General Counsel
By Edward S. Knight	<div style="border: 1px solid black; width: 100%; height: 20px;"></div>
(Name *)	

edward.knight@nasdaq.com

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

SECURITIES AND EXCHANGE COMMISSION  
WASHINGTON, D.C. 20549

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

**Form 19b-4 Information \***

Add Remove View

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

**Exhibit 1 - Notice of Proposed Rule Change \***

Add Remove View

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

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

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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 delete Rules 792, 794, 797, and 798 from the Phlx rules.

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 1, 2015. 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 T. Sean Bennett, Associate General Counsel, Nasdaq, Inc., at (301) 978-8499 (telephone) or (301) 978-8472 (fax).

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

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

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

a. Purpose

The purpose of this proposed rule change is to delete Rules 792, 794, 797, and 798, which generally concern member organization governance and ownership. As discussed below, the Exchange has determined that these rules are anachronistic and no longer serve a purpose. Consequently, the Exchange is proposing to eliminate the rules from the rulebook to avoid any confusion that may be caused by retaining them.

Rule 792

Rule 792 concerns control of the voting stock of a member organization. The rule requires the officers and directors of a member organization that is a corporation to have working control of such member organization. To comply with the rule, such officers and directors must own at least fifty-five per cent (55%) of the voting stock, and shall have contributed at least thirty per cent (30%) of the total capital represented by all classes of stock. The rule allows the Exchange to waive these requirements in specific cases, when it appears that a majority of the officers and a majority of the directors are actively engaged in the conduct of the business of such member organization. As such, the rule is designed to ensure the management of a member organization has more than a simple majority vote and a significant investment in the firm.

The Exchange believes that the rule is no longer relevant. The rule was adopted at a time when the Exchange was owned by its members, and member organizations (then known as "member corporations") were small and privately held. Many of the Exchange's current member organizations are large firms, which are publicly held and have a significant number of issued shares. As a consequence, it is unreasonable to

require the management of the member organization to hold at least 55% of the voting stock and to contribute at least 30% of the member organization's total capital.

Moreover, the Exchange notes that Phlx's affiliate exchanges NASDAQ OMX BX ("BX") and The Nasdaq Stock Market ("Nasdaq") do not have such restrictive ownership requirements. Accordingly, the Exchange does not believe the rule serves a regulatory purpose and it is accordingly proposing to delete the rule.

#### Rule 794

Rule 794 concerns notice of the assignment of the voting stock of a member organization. Specifically, the rule requires that no holder of ten per cent (10%) or more of the common or voting stock in a member organization that is a corporation may sell, assign, transfer, pledge, or hypothecate their holdings of common or voting stock in such member organization, except to such member organization or to officers or directors thereof, without written notice to the Exchange. The rule allows the Exchange to keep apprised of the significant holders of the member organization's voting stock. Such holders would exercise significant control of the member organizations.

Similar to Rule 792 discussed above, the Exchange believes that the rule is no longer relevant. The rule was adopted at a time when the Exchange was owned by its members, and member organizations were small and privately held. As noted, many of the Exchange's member organizations now are large firms, which are publicly held and have a significant number of issued shares. As a consequence, it is unreasonable to require notice of the sale, assignment, transfer, pledge, or hypothecation of 10% or more of the holdings of common or voting stock of the member organization. Moreover, to the extent a member organization is publicly held, the Exchange may readily access the

largest holders of member organization's stock. To the extent the member organization is privately held, the Exchange may request a list of shareholders from the member organization. The ownership of a member organization is not a regulatory issue, but rather it was an issue to the Exchange when the requirement was adopted because it was member-owned. As such, influence of a member organization translated to influence of the Exchange. The Exchange is now a wholly-owned subsidiary of a publicly-traded company; therefore, member organization influence as owners of the Exchange is no longer an issue.<sup>3</sup> The Exchange notes that neither BX nor Nasdaq have a similar requirement. As a consequence, the Exchange does not believe the rule serves a regulatory purpose and it is accordingly proposing to delete the rule.

#### Rule 797

Rule 797 concerns loans to officers and directors of member organizations. Specifically, the rule prohibits a member organization from making any loan to any officer or director of the member organization. The Exchange believes that the rule is outdated and a remnant from when the Exchange was a member-owned organization. The Exchange notes that neither BX nor Nasdaq has a similar prohibition. Moreover, the Exchange notes that corporate law is generally a function of state law, which in most cases allows loans to officers and directors.<sup>4</sup> Thus, the Exchange does not believe the rule serves a regulatory purpose and it is accordingly proposing to delete the rule.

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<sup>3</sup> The Exchange is wholly-owned by Nasdaq, Inc.

<sup>4</sup> See, e.g., DEL. CODE ANN. tit. 8, § 143 (2015).

Rule 798

Rule 798 discusses what is required of a corporation to be issued a permit by the Exchange. A permit provides the right to a member to trade on the Exchange and the right to vote for a Member Representative Director. Permits are established by the Board of Directors. A corporation may be issued a permit by the Exchange if the corporation is incorporated under the laws of the Commonwealth of Pennsylvania, and all of its shares are owned by the Exchange. The rule further provides that such a corporate member whose shares are owned by the Exchange is not liable for dues. This rule was intended to permit Exchange membership for the Exchange's subsidiary, the Stock Clearing Corporation of Philadelphia ("SCCP").<sup>5</sup> The Exchange has since wound down SCCP and made it inactive. Thus, the Exchange is deleting the rule.

b. Statutory Basis

The Exchange believes that its proposal is consistent with Section 6(b) of the Act,<sup>6</sup> in general, and furthers the objectives of Section 6(b)(5) of the Act,<sup>7</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 the proposed

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<sup>5</sup> See Securities Exchange Act Release No. 57134 (January 11, 2008), 73 FR 3306 (January 17, 2008) (SR-Phlx-2005-68) at note 6 (establishing the purpose of the requirement).

<sup>6</sup> 15 U.S.C. 78f(b).

<sup>7</sup> 15 U.S.C. 78f(b)(5).

changes are consistent with just and equitable principles of trade because they delete outdated and potentially confusing rules. Each of the rules that the Exchange proposes to delete is anachronistic and does not have application to the Exchange's current function as a for-profit exchange whereby members no longer own the Exchange,<sup>8</sup> but rather are granted permits to trade thereon. Thus, the governance and ownership requirements of Rules 792, 794, and 797, which generally restrict member organizations from taking corporate actions that they would otherwise be able to do, are no longer relevant.

Eliminating Rule 798 is consistent with just and equitable principles of trade because the Exchange no longer operates SCCP, which was the sole reason for the rule's adoption. Thus, removing it from the rules promotes clarity and eliminates potential confusion caused by allowing it to remain.

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. Rather it is designed to promote competition among exchanges by removing archaic and overly restrictive rules in comparison to the rules of other exchanges. Thus, the Exchange is able to compete without the needless restrictions currently imposed by the deleted rules. Last, the proposed changes promote clarity in the application of the Exchange's rules by eliminating unneeded rules.

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.

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<sup>8</sup> See note 3 above.

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 Act<sup>9</sup> and Rule 19b-4(f)(6)<sup>10</sup> 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 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 changes do not significantly affect the protection of investors and the public interest, rather they delete rules from the rulebook that are anachronistic and do not serve any purpose at this time. The proposed rule changes do not impose any significant burden on competition; rather they are designed to promote competition among exchanges by removing archaic and overly restrictive rules in comparison to the rules of other exchanges.

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

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<sup>9</sup> 15 U.S.C. 78s(b)(3)(A).

<sup>10</sup> 17 CFR 240.19b-4(f)(6).

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.

A proposed rule change filed under Rule 19b-4(f)(6) normally does not become operative prior to 30 days after the date of filing. Rule 19b-4(f)(6)(iii), however, permits the Commission to designate a shorter time if such action is consistent with the protection of investors and the public interest. The Exchange requests that the Commission waive the 30-day pre-operative waiting period contained in Rule 19b-4(f)(6)(iii) so that the Exchange can implement this rule which benefits investors and market participants.

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

Not applicable.

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.

**EXHIBIT 1**

SECURITIES AND EXCHANGE COMMISSION  
(Release No. \_\_\_\_\_ ; File No. SR-Phlx-2016-01)

January \_\_\_\_, 2016

Self-Regulatory Organizations; NASDAQ OMX PHLX LLC; Notice of Filing and Immediate Effectiveness of Proposed Rule Change to Delete Phlx Rules 792, 794, 797, and 798

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 January 4, 2016, 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 delete Rules 792, 794, 797, and 798 from the Phlx rules.

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.

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

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

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

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

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

1. Purpose

The purpose of this proposed rule change is to delete Rules 792, 794, 797, and 798, which generally concern member organization governance and ownership. As discussed below, the Exchange has determined that these rules are anachronistic and no longer serve a purpose. Consequently, the Exchange is proposing to eliminate the rules from the rulebook to avoid any confusion that may be caused by retaining them.

Rule 792

Rule 792 concerns control of the voting stock of a member organization. The rule requires the officers and directors of a member organization that is a corporation to have working control of such member organization. To comply with the rule, such officers and directors must own at least fifty-five per cent (55%) of the voting stock, and shall have contributed at least thirty per cent (30%) of the total capital represented by all classes of stock. The rule allows the Exchange to waive these requirements in specific cases, when it appears that a majority of the officers and a majority of the directors are actively engaged in the conduct of the business of such member organization. As such, the rule is designed to ensure the management of a member organization has more than a simple majority vote and a significant investment in the firm.

The Exchange believes that the rule is no longer relevant. The rule was adopted at a time when the Exchange was owned by its members, and member organizations

(then known as “member corporations”) were small and privately held. Many of the Exchange’s current member organizations are large firms, which are publicly held and have a significant number of issued shares. As a consequence, it is unreasonable to require the management of the member organization to hold at least 55% of the voting stock and to contribute at least 30% of the member organization’s total capital.

Moreover, the Exchange notes that Phlx’s affiliate exchanges NASDAQ OMX BX (“BX”) and The Nasdaq Stock Market (“Nasdaq”) do not have such restrictive ownership requirements. Accordingly, the Exchange does not believe the rule serves a regulatory purpose and it is accordingly proposing to delete the rule.

#### Rule 794

Rule 794 concerns notice of the assignment of the voting stock of a member organization. Specifically, the rule requires that no holder of ten per cent (10%) or more of the common or voting stock in a member organization that is a corporation may sell, assign, transfer, pledge, or hypothecate their holdings of common or voting stock in such member organization, except to such member organization or to officers or directors thereof, without written notice to the Exchange. The rule allows the Exchange to keep apprised of the significant holders of the member organization’s voting stock. Such holders would exercise significant control of the member organizations.

Similar to Rule 792 discussed above, the Exchange believes that the rule is no longer relevant. The rule was adopted at a time when the Exchange was owned by its members, and member organizations were small and privately held. As noted, many of the Exchange’s member organizations now are large firms, which are publicly held and have a significant number of issued shares. As a consequence, it is unreasonable to

require notice of the sale, assignment, transfer, pledge, or hypothecation of 10% or more of the holdings of common or voting stock of the member organization. Moreover, to the extent a member organization is publicly held, the Exchange may readily access the largest holders of member organization's stock. To the extent the member organization is privately held, the Exchange may request a list of shareholders from the member organization. The ownership of a member organization is not a regulatory issue, but rather it was an issue to the Exchange when the requirement was adopted because it was member-owned. As such, influence of a member organization translated to influence of the Exchange. The Exchange is now a wholly-owned subsidiary of a publicly-traded company; therefore, member organization influence as owners of the Exchange is no longer an issue.<sup>3</sup> The Exchange notes that neither BX nor Nasdaq have a similar requirement. As a consequence, the Exchange does not believe the rule serves a regulatory purpose and it is accordingly proposing to delete the rule.

#### Rule 797

Rule 797 concerns loans to officers and directors of member organizations. Specifically, the rule prohibits a member organization from making any loan to any officer or director of the member organization. The Exchange believes that the rule is outdated and a remnant from when the Exchange was a member-owned organization. The Exchange notes that neither BX nor Nasdaq has a similar prohibition. Moreover, the Exchange notes that corporate law is generally a function of state law, which in most

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<sup>3</sup> The Exchange is wholly-owned by Nasdaq, Inc.

cases allows loans to officers and directors.<sup>4</sup> Thus, the Exchange does not believe the rule serves a regulatory purpose and it is accordingly proposing to delete the rule.

### Rule 798

Rule 798 discusses what is required of a corporation to be issued a permit by the Exchange. A permit provides the right to a member to trade on the Exchange and the right to vote for a Member Representative Director. Permits are established by the Board of Directors. A corporation may be issued a permit by the Exchange if the corporation is incorporated under the laws of the Commonwealth of Pennsylvania, and all of its shares are owned by the Exchange. The rule further provides that such a corporate member whose shares are owned by the Exchange is not liable for dues. This rule was intended to permit Exchange membership for the Exchange's subsidiary, the Stock Clearing Corporation of Philadelphia ("SCCP").<sup>5</sup> The Exchange has since wound down SCCP and made it inactive. Thus, the Exchange is deleting the rule.

## 2. Statutory Basis

The Exchange believes that its proposal is consistent with Section 6(b) of the Act,<sup>6</sup> in general, and furthers the objectives of Section 6(b)(5) of the Act,<sup>7</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

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<sup>4</sup> See, e.g., DEL. CODE ANN. tit. 8, § 143 (2015).

<sup>5</sup> See Securities Exchange Act Release No. 57134 (January 11, 2008), 73 FR 3306 (January 17, 2008) (SR-Phlx-2005-68) at note 6 (establishing the purpose of the requirement).

<sup>6</sup> 15 U.S.C. 78f(b).

<sup>7</sup> 15 U.S.C. 78f(b)(5).

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 the proposed changes are consistent with just and equitable principles of trade because they delete outdated and potentially confusing rules. Each of the rules that the Exchange proposes to delete is anachronistic and does not have application to the Exchange's current function as a for-profit exchange whereby members no longer own the Exchange,<sup>8</sup> but rather are granted permits to trade thereon. Thus, the governance and ownership requirements of Rules 792, 794 and 797, which generally restrict member organizations from taking corporate actions that they would otherwise be able to do, are no longer relevant.

Eliminating Rule 798 is consistent with just and equitable principles of trade because the Exchange no longer operates SCCP, which was the sole reason for the rule's adoption. Thus, removing it from the rules promotes clarity and eliminates potential confusion caused by allowing it to remain.

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. Rather it is designed to promote competition among exchanges by removing archaic and overly restrictive rules in comparison to the rules of other exchanges. Thus, the Exchange is able to compete without the needless restrictions currently imposed by the deleted rules. Last, the proposed changes promote clarity in the application of the Exchange's rules by eliminating unneeded rules.

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<sup>8</sup> See note 3 above.

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

The foregoing rule change has become effective pursuant to Section 19(b)(3)(A) of the Act.<sup>9</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-2016-01 on the subject line.

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<sup>9</sup> 15 U.S.C. 78s(b)(3)(A).

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-2016-01. 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-2016-01 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>10</sup>

Robert W. Errett  
Deputy Secretary

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<sup>10</sup> 17 CFR 200.30-3(a)(12).

**EXHIBIT 5**

*New text is underlined, deleted text in brackets.*

**NASDAQ OMX PHLX Rules**

\* \* \* \* \*

**Rule 792. Reserved[Control of Voting Stock**

The officers and directors of a member organization that is a corporation shall have working control of such member organization. They shall own at least fifty-five per cent (55%) of the voting stock, and shall have contributed at least thirty per cent (30%) of the total capital represented by all classes of stock; provided, however, that the Exchange may waive these requirements in specific cases, when it appears that a majority of the officers and a majority of the directors are actively engaged in the conduct of the business of such member organization.]

\* \* \* \* \*

**Rule 794. Reserved[Assignment of Holdings**

No holder of ten per cent (10%) or more of the common or voting stock in a member organization that is a corporation shall sell, assign, transfer, pledge, or hypothecate his holdings of common or voting stock in such member organization, except to such member organization or to officers or directors thereof, without written notice to the Exchange.]

\* \* \* \* \*

**Rule 797. Reserved[Loans to Officers and Directors**

No member organization that is a corporation shall make any loans to any officer or director thereof.]

**Rule 798. Reserved[Admission of Corporation**

A corporation may be issued a permit by the Exchange, provided such corporation is incorporated under the laws of the Commonwealth of Pennsylvania, and all of its shares are owned by the Exchange. Such corporate member, whose shares are owned by the Exchange, shall not be liable for dues.]

\* \* \* \* \*