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) *

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

Description

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

A proposal to amend Rule 1066, Certain Types of Floor-Based (Non PHLX XL) Orders Defined.

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 * Edith Last Name * Hallahan
Title * AVP Principal Associate General Counsel
E-mail * edith.hallahan@nasdaq.com
Telephone * (215) 496-5179 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.

(Date *) 01/19/2016
By Edward S. Knight

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.

Executive Vice President and General Counsel

edward.knight@nasdaq.com
<table>
<thead>
<tr>
<th>Exhibit 1A - Notice of Proposed Rule Change, Security-Based Swap Submission, or Advance Notice by Clearing Agencies *</th>
</tr>
</thead>
<tbody>
<tr>
<td>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).</td>
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<tr>
<th>Exhibit 4 - Marked Copies</th>
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<tbody>
<tr>
<td>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.</td>
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<th>Exhibit 5 - Proposed Rule Text</th>
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<tbody>
<tr>
<td>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.</td>
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<th>Partial Amendment</th>
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<tr>
<td>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.</td>
</tr>
</tbody>
</table>
1. **Text of the Proposed Rule Change**

   (a) NASDAQ OMX PHLX LLC (“Exchange” or “Phlx”), pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 (“Act”)¹ and Rule 19b-4 thereunder,² is filing with the Securities and Exchange Commission (“Commission”) a proposal to amend Rule 1066, Certain Types of Floor-Based (Non-PHLX XL) Orders Defined, as described further below.

   A notice of the proposed rule change for publication in the Federal Register is attached hereto as **Exhibit 1**. The text of the proposed rule change is attached as **Exhibit 5**.

   (b) Not applicable.

   (c) Not applicable.

2. **Procedures of the Self-Regulatory Organization**

   The proposed rule change was approved by senior management of the Exchange pursuant to authority delegated by the Board of Directors of the Exchange (the “Board”) on July 1, 2015. Exchange staff will advise the Board of any action taken pursuant to delegated authority. No other action is necessary for the filing of the rule change.

   Questions and comments on the proposed rule change may be directed to Edith Hallahan, Principal Associate General Counsel, Nasdaq, Inc., at 215-496-5179.

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

   a. **Purpose**

   The purpose of the proposal is to update Rule 1066 in several ways by deleting obsolete and duplicative provisions. Rule 1066 describes the order types that can be executed on the options trading floor, as opposed to electronically through the Phlx XL trading system.³

   First, the Exchange proposes to delete the following two order types related to the opening: (i) opening-only-market order;⁴ and (ii) limit on opening order.⁵ Both of these order types became obsolete when the Exchange automated the opening process.⁶ Rule 1017(c), Orders Represented by Floor Brokers, clearly states that to be considered in the determination of the opening price and to participate in the opening trade, orders represented by Floor Brokers must be entered onto the book electronically.⁷ Thus, these

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³ See Rule 1080.

⁴ An opening-only-market order is a market order which is to be executed in whole or in part during the opening rotation of an options series or not at all. See Rule 1066(c)(5).

⁵ A limit on opening order is a limit order which is to be executed in whole or in part during the opening rotation of an options series or not at all. See Rule 1066(c)(9).


⁷ Floor Brokers enter orders onto the electronic book using the Options Floor Broker Management System. See Rule 1063(e).
order types that are only valid on the opening can no longer be entered manually under Rule 1066.\(^8\)

Second, the Exchange proposes to delete Commentary .01 to Rule 1066, which governs spread, straddle and combination orders respecting foreign currency options. This commentary is obsolete because the Exchange no longer lists American style foreign currency options such that there can no longer be a spread, straddle or combination order involving American and European style contracts.\(^9\) The Exchange continues to list European style foreign currency options contracts.

Third, the Exchange proposes to delete Commentary .02 to Rule 1066, which governs multi-spread transactions in foreign currency options. This provision is duplicative, because Rule 1066 and Rule 1033 apply to foreign currency options regardless of this commentary. Specifically, the combination of two spread type orders is governed by Rule 1033(h), Multi-Spread Priority. Similarly, three-way spread type priority is addressed in Rule 1033(f). A multi-spread transaction consisting of a spread type order along with a ratio spread type order is addressed by Rule 1033(g).

In the last sentence, Commentary .02 defines the permissible ratio between a spread type order and a ratio spread type order as ranging between one-to-one and three-to-one, as determined by the Exchange; however, the Exchange permits ratios equal to or greater than one-to-three (.333) and less than or equal to three-to-one (3.00). For example, a one-to-two (.5) ratio, a two-to-three (.667) ratio, or a two-to-one (2.0) ratio is

\(^8\) Rule 1080(b)(i)(A) permits the electronic entry of these order types.

\(^9\) American style options can be exercised at any time until they expire. See Rule 1000(b)(34).
permissible, whereas a one-to-four (.25) ratio or a four-to-one (4.0) ratio is not. This is enumerated in Rule 1033(g).

b. Statutory Basis

The Exchange believes that its proposal is consistent with Section 6(b) of the Act\textsuperscript{10} in general, and furthers the objectives of Section 6(b)(5) of the Act\textsuperscript{11} in particular, in that it is designed to promote just and equitable principles of trade and to protect investors and the public interest, by updating Rule 1066 to eliminate obsolete and duplicative provisions. Obsolete opening-related order types could potentially confuse investors, as could references to an expiration style that is not offered respecting foreign currency options. Duplicative provisions between Rule 1033 and Rule 1066 could also be confusing, such that the Exchange believes that the proposed deletions should help streamline these rules.

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

The Exchange does not believe that the proposed rule change will impose any burden on competition not necessary or appropriate in furtherance of the purposes of the Act. The proposal merely updates obsolete and duplicative provisions. The proposal affects all participants who trade on the options trading floor equally, such that it does not impact intra-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.

\textsuperscript{10} 15 U.S.C. 78f(b).

\textsuperscript{11} 15 U.S.C. 78f(b)(5).
6. **Extension of Time Period for Commission Action**

Not applicable.

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

The foregoing rule change has become effective pursuant to Section 19(b)(3)(A)\textsuperscript{12} of the Act and Rule 19b-4(f)(6) thereunder\textsuperscript{13} in that it effects a change that: (i) does not significantly affect the protection of investors or the public interest; (ii) does not impose any significant burden on competition; and (iii) by its terms, does not become operative for 30 days after the date of the filing, or such shorter time as the Commission may designate if consistent with the protection of investors and the public interest.

The proposal does not significantly affect the protection of investors or the public interest, because it merely updates a rule for clarity and accuracy. It raises no novel regulatory issues. Nor does the proposal impose any significant burden on competition, as described above.

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


\textsuperscript{13} 17 CFR 240.19b-4(f)(6).
the Commission takes such action, the Commission shall institute proceedings to
determine whether the proposed rule should be approved or disapproved.

   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. Text of the proposed rule change.
EXHIBIT 1

SECURITIES AND EXCHANGE COMMISSION
(Release No. __ ; File No. SR-Phlx-2016-08)

January __, 2016

Self-Regulatory Organizations; NASDAQ OMX PHLX LLC; Notice of Filing and Immediate Effectiveness of Proposed Rule Change to Amend Rule 1066

Pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 (“Act”)

1, and Rule 19b-4 thereunder, notice is hereby given that on January 19, 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 amend Rule 1066, Certain Types of Floor-Based (Non-PHLX XL) Orders Defined, as described further below.

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


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 the proposal is to update Rule 1066 in several ways by deleting obsolete and duplicative provisions. Rule 1066 describes the order types that can be executed on the options trading floor, as opposed to electronically through the Phlx XL trading system.\(^3\)

First, the Exchange proposes to delete the following two order types related to the opening: (i) opening-only-market order;\(^4\) and (ii) limit on opening order.\(^5\) Both of these order types became obsolete when the Exchange automated the opening process.\(^6\) Rule 1017(c), Orders Represented by Floor Brokers, clearly states that to be considered in the determination of the opening price and to participate in the opening trade, orders

\(^3\) See Rule 1080.

\(^4\) An opening-only-market order is a market order which is to be executed in whole or in part during the opening rotation of an options series or not at all. See Rule 1066(c)(5).

\(^5\) A limit on opening order is a limit order which is to be executed in whole or in part during the opening rotation of an options series or not at all. See Rule 1066(c)(9).

represented by Floor Brokers must be entered onto the book electronically.\textsuperscript{7} Thus, these order types that are only valid on the opening can no longer be entered manually under Rule 1066.\textsuperscript{8}

Second, the Exchange proposes to delete Commentary .01 to Rule 1066, which governs spread, straddle and combination orders respecting foreign currency options. This commentary is obsolete because the Exchange no longer lists American style foreign currency options such that there can no longer be a spread, straddle or combination order involving American and European style contracts.\textsuperscript{9} The Exchange continues to list European style foreign currency options contracts.

Third, the Exchange proposes to delete Commentary .02 to Rule 1066, which governs multi-spread transactions in foreign currency options. This provision is duplicative, because Rule 1066 and Rule 1033 apply to foreign currency options regardless of this commentary. Specifically, the combination of two spread type orders is governed by Rule 1033(h), Multi-Spread Priority. Similarly, three-way spread type priority is addressed in Rule 1033(f). A multi-spread transaction consisting of a spread type order along with a ratio spread type order is addressed by Rule 1033(g).

In the last sentence, Commentary .02 defines the permissible ratio between a spread type order and a ratio spread type order as ranging between one-to-one and three-to-one, as determined by the Exchange; however, the Exchange permits ratios equal to or

\textsuperscript{7} Floor Brokers enter orders onto the electronic book using the Options Floor Broker Management System. \textsuperscript{See} Rule 1063(c).

\textsuperscript{8} Rule 1080(b)(i)(A) permits the electronic entry of these order types.

\textsuperscript{9} American style options can be exercised at any time until they expire. \textsuperscript{See} Rule 1000(b)(34).
greater than one-to-three (.333) and less than or equal to three-to-one (3.00). For example, a one-to-two (.5) ratio, a two-to-three (.667) ratio, or a two-to-one (2.0) ratio is permissible, whereas a one-to-four (.25) ratio or a four-to-one (4.0) ratio is not. This is enumerated in Rule 1033(g).

2. **Statutory Basis**

The Exchange believes that its proposal is consistent with Section 6(b) of the Act\(^\text{10}\) in general, and furthers the objectives of Section 6(b)(5) of the Act\(^\text{11}\) in particular, in that it is designed to promote just and equitable principles of trade and to protect investors and the public interest, by updating Rule 1066 to eliminate obsolete and duplicative provisions. Obsolete opening-related order types could potentially confuse investors, as could references to an expiration style that is not offered respecting foreign currency options. Duplicative provisions between Rule 1033 and Rule 1066 could also be confusing, such that the Exchange believes that the proposed deletions should help streamline these rules.

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

The Exchange does not believe that the proposed rule change will impose any burden on competition not necessary or appropriate in furtherance of the purposes of the Act. The proposal merely updates obsolete and duplicative provisions. The proposal affects all participants who trade on the options trading floor equally, such that it does not impact intra-market competition.

\(^{10}\) 15 U.S.C. 78f(b).

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)(iii) of the Act\(^{12}\) and subparagraph (f)(6) of Rule 19b-4 thereunder.\(^ {13}\)

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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\(^{13}\) 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.
IV. Solicitation of Comments

Interested persons are invited to submit written data, views, and arguments concerning the foregoing, including whether the proposed rule change is consistent with the Act. Comments may be submitted by any of the following methods:

Electronic comments:

- Use the Commission’s Internet comment form 
  (http://www.sec.gov/rules/sro.shtml); or
- Send an e-mail to rule-comments@sec.gov. Please include File Number SR-Phlx-2016-08 on the subject line.

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-2016-08. 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-2016-08 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. 14

Robert W. Errett
Deputy Secretary

EXHIBIT 5

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

**NASDAQ OMX PHLX Rules**

* * * * *

**Options Rules**

* * * * *

**Rule 1066. Certain Types of Floor-Based (Non-PHLX XL) Orders Defined**

These order types are eligible for entry by a Floor Broker for execution through the Options Floor Broker Management System ("FBMS") and, respecting transactions where there is no Floor Broker involved, for execution by members in the trading crowd.

(a) - (b) No change.

(c) *Contingency Order.* A contingency order is a limit or market order to buy or sell that is contingent upon a condition being satisfied while the order is at the post.

(1) - (4) No change.

(5) *[Opening-Only-Market Order.* An opening-only-market order is a market order which is to be executed in whole or in part during the opening rotation of an options series or not at all.] Reserved.

(6) - (8) No change.

[(9) Limit on Opening Order. A limit on opening order is a limit order which is to be executed in whole or in part during the opening rotation of an options series or not at all.]

(d) - (h) No change.

[***Commentary: *******]

.01 For options on foreign currencies, a spread, straddle and combination order may consist of a combination of American style and European style contracts (for example, a straddle may consist of the purchase of 10 American style currency calls and the purchase of 10 European style currency puts). In addition, a spread order in foreign currency options may consist of the purchase of American style calls and sale of European style calls having identical terms. In all other respects, spread, straddle
and combination orders involving both American style and European style foreign currency options must meet the definitions in Rule 1066(f).

.02 For options on foreign currencies, a multi-spread transaction consisting of spread, straddle or combination orders may be executed. A multi-spread transaction combines any two spread type orders for the same account as defined in Rule 1066(f). A permissible multi-spread transaction combines any of the following: a two-way transaction with another two-way transaction of the same spread type; a three-way transaction with another three-way transaction of the same spread type; or a two-way transaction with a three-way transaction of the same spread type. In addition, a multi-spread transaction includes the combination of a spread type order with a ratio spread type order. The ratio between the spread type order and the ratio spread type order comprising the multi-spread transaction may range from one-to-one to three-to-one, which will be determined by the Exchange.

* * * * *