

Required fields are shown with yellow backgrounds and asterisks.

Page 1 of * 7	SECURITIES AND EXCHANGE COMMISSION WASHINGTON, D.C. 20549 Form 19b-4		File No.* SR - 2016 - * 10	Amendment No. (req. for Amendments *) 1
Filing by NASDAQ PHLX LLC Pursuant to Rule 19b-4 under the Securities Exchange Act of 1934				
Initial * <input type="checkbox"/>	Amendment * <input checked="" type="checkbox"/>	Withdrawal <input type="checkbox"/>	Section 19(b)(2) * <input checked="" type="checkbox"/>	Section 19(b)(3)(A) * <input type="checkbox"/>
			Section 19(b)(3)(B) * <input type="checkbox"/>	
			Rule	
Pilot <input type="checkbox"/>	Extension of Time Period for Commission Action * <input type="checkbox"/>	Date Expires * <input type="text"/>	<input type="checkbox"/> 19b-4(f)(1) <input type="checkbox"/> 19b-4(f)(2) <input type="checkbox"/> 19b-4(f)(3)	<input type="checkbox"/> 19b-4(f)(4) <input type="checkbox"/> 19b-4(f)(5) <input type="checkbox"/> 19b-4(f)(6)
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) * <input type="checkbox"/>		Section 806(e)(2) * <input type="checkbox"/>	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"/>		
Description				
Provide a brief description of the action (limit 250 characters, required when Initial is checked *).				
<input type="text"/>				
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 *	Angela	Last Name *	Dunn	
Title *	Associate General Counsel			
E-mail *	Angela.Dunn@nasdaq.com			
Telephone *	(215) 496-5692	Fax	<input type="text"/>	
Signature				
Pursuant to the requirements of the Securities Exchange Act of 1934,				
has duly caused this filing to be signed on its behalf by the undersigned thereunto duly authorized.				
(Title *)				
Date	03/21/2016	Executive Vice President and General Counsel		
By	Edward S. Knight	<input type="text"/>		
(Name *)				
NOTE: Clicking the button at right will digitally sign and lock this form. A digital signature is as legally binding as a physical signature, and once signed, this form cannot be changed.				
<input type="button" value="edward.knight@nasdaq.com"/>				

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.

Partial Amendment No. 1 to SR-Phlx-2016-10

NASDAQ PHLX LLC (“Exchange”), 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”) this Partial Amendment No. 1 to rule filing SR-Phlx-2016-10 relating to Exchange Rule 1000(b)(14) (Applicability, Definitions and References). SR-Phlx-2016-10 seeks to add specificity to the definition of a Professional with respect to the manner in which the volume threshold will be calculated by the Exchange. This Amendment No. 1 proposes to amend the proposed rule text to Exchange Rule 1000(b)(14) and the Form 19b-4 and Exhibit 1 regarding the counting of Professional orders. The Exchange proposes to (1) amend the references to the number of Complex Orders which count as single and multiple orders; (2) clarify certain rule text to make clear when an order will be counted as multiple orders; (3) add additional rule text to make the rule clear.

Number of Complex Orders

Specifically, the Exchange proposes to amend Exhibit 5 to delete language referring to “4 legs” in the rule text at Exchange Rule 1000(b)(14)(i)(c) and replace it with language referring to “8 legs” and delete language referring to “5 legs” in the rule text at Exchange Rule 1000(b)(14)(i)(b) and (c) and replace it with language referring to “9 legs.” These changes are reflected in the attached Exhibit 4. The Exchange also proposes to amend the language stating “four legs” in Form 19b4 at pages 6, 13 and 18

¹ 15 U.S.C. 78s(b)(1).

² 17 CFR 240.19b-4.

and change that language to “eight legs” and amend “five legs” in Form 19b4 at pages 6, 13, 14, and 18 and footnote 10 and change that language to “nine legs.”

Therefore, the third sentence of the first full paragraph of page 6 would be changed as follows with respect to the Cancel and Replace language:

A cancel and replace order is a type of order that replaces a prior order. The Exchange believes that the second order (the replacement order) should be counted as a new order. Complex Orders consisting of **eight** legs or fewer will be counted as a single order, and with Complex Orders of **nine** options legs or more, each leg will count as a separate order.

The first sentence and the last two sentences of the second full paragraph of pages 13-14 x shall be amended as follows:

Further, the Exchange’s interpretation that Complex Orders consisting of **eight** legs or fewer will be counted as a single order, and respecting Complex Orders of **nine** options legs or more, each leg will count as a separate order is consistent with the Act, because the Exchange believes that **nine** or more options legs is sufficient quantity to justify counting these orders separately toward the volume count. The initial purpose of the rule change was to distinguish retail investors over market Professionals. The Exchange believes that typically Customer orders will not be as complex as to have **nine** legs and therefore using **nine** as the threshold reasonably differentiates Customer orders from Professional orders. The Exchange believes that **nine** or more options legs evidences the distinction between the trading behavior of a retail investors as compared to a market Professional that would engaged in Complex Orders with **nine** or more options legs.

The third full paragraph of Form 19b4 on page 18 shall be amended as follows:

The Exchange’s interpretation that Complex Orders consisting of **eight** legs or fewer will be counted as a single order, and respecting Complex Orders of **nine** legs or more, each leg will count as a separate order does not create an undue burden on intra-market competition because the Exchange will apply this method of calculation uniformly among its member organizations.

Footnote 10 of Form 19b4 would be amended as follows:

Orders that have **nine** legs, where one leg is a stock, will be considered one order. Stock orders shall not count toward the number of legs.

Finally, the Exchange proposes these same amendments to Exhibit 1 at pages 24, 31, 32 and 36 and footnote 10.

Clarify Rule Text

The Exchange proposes to amend Rule 1000(b)(14)(i)(b) to replace the words “with the exception of” with “including.” This change is reflected in the attached Exhibit 4. The Exchange also proposes to amend Form 19b4 at page 6. The Exchange proposes to amend the third sentence of the first full paragraph by replacing the words “The exception” at the start of the sentence with “In addition,” adding a comma after “orders” and removing “which.” The current sentence would be replaced with the following sentence:

In addition to the cancel and replace orders, “single-strike algorithms,” are a series of cancel and replace orders in an individual strike which track the NBBO.

A similar amendment would be made to Exhibit 1 at page 24.

Additional Rule Text

The Exchange proposes to amend Exchange Rule 1000(b)(14)(i)(d) to add additional rule text to make clear how an order that cancels and replaces a subordinate order will be handled. The Exchange proposes to add the following rule text to 1000(b)(14)(i)(d) after the second sentence:

An order that cancels and replaces the subordinate order on the same side and series will count as one order.

EXHIBIT 4

The text of the proposed rule change is marked below to show changes from the text of the proposed rule change as originally filed. Double-underlined text is new and stricken text is being removed.

NASDAQ PHLX Rules

* * * * *

Options Rules

* * * * *

Rule 1000. Applicability, Definitions and References

(a) **Applicability.** The Rules in this Part shall be applicable to the trading on the Exchange in option contracts issued by the Options Clearing Corporation, the terms and conditions of such contracts, the exercise and settlement thereof, the handling of orders, and the conduct of accounts and other matters relating to options trading. Except to the extent that specific Rules in this Part govern or unless the context otherwise requires, the provisions of the By-Laws and of all other Rules and Policies of the Board of Directors shall be applicable to the trading on the Exchange of option contracts.

(b) **Definitions.** The following terms as used in the Rules shall, unless the context otherwise indicates, have the meanings herein specified:

1. – 13. No change.

14. The term “professional” means any person or entity that (i) is not a broker or dealer in securities, and (ii) places more than 390 orders in listed options per day on average during a calendar month for its own beneficial account(s). A professional will be treated in the same manner as an off-floor broker-dealer for purposes of Rules 1014(g)(except with respect to all-or-none orders, which will be treated like customer orders, except that orders submitted pursuant to Rule 1080(n) for the beneficial account(s) of professionals with an all-or-none designation will be treated in the same manner as off-floor broker-dealer orders), 1033(e), 1064.02 (except professional orders will be considered customer orders subject to facilitation), 1080(n) and 1080.07 as well as Options Floor Procedure Advices B-6 and F-5. Member organizations must indicate whether orders are for professionals.

(i) Calculation of Professional Orders. With respect to computing the number of orders in listed options per day on average during a calendar month for its own beneficial account(s), the following shall apply:

(a) Each order is counted toward the number of orders, regardless of the options exchange to which the order was routed in determining Professional orders, except FLEX orders.

(b) A cancel and replace order which replaces a prior order shall be counted as a second order, or multiple new orders in the case of Complex Order comprising 59 options legs or more, ~~with the exception of including~~ “single-strike algorithms.” A cancel message is not an order. A series of cancel and replace orders in an individual strike, which track the NBBO, shall be counted as new orders.

(c) Complex Orders consisting of 48 legs or fewer will be counted as a single order, and respecting Complex Orders of 59 options legs or more, each leg will count as a separate order. Stock orders shall not count toward the number of legs.

(d) An order that converts into multiple subordinate orders to achieve an execution strategy shall be counted as one order per side and series, even if the order is routed away. An order that cancels and replaces the resulting subordinate order and results in multiple sides/series shall be counted as a new order per side and series. An order that cancels and replaces the subordinate order on the same side and series will count as one order. For purposes of counting Customer orders, if one Customer order on the same side and series is subsequently broken-up by a broker into multiple orders for purposes of execution or routed away, this order will count as one order.

15. – 44. No change.

(c) – (g) No change.

* * * * *