

Required fields are shown with yellow backgrounds and asterisks.

Page 1 of * 16	SECURITIES AND EXCHANGE COMMISSION WASHINGTON, D.C. 20549 Form 19b-4	File No.* SR - 2016 - * 36	Amendment No. (req. for Amendments *)
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Filing by NASDAQ 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"/>
			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)(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	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"/>
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**Description**

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

Proposal to delete Exchange Rules 902 and 907.

**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 \* John Last Name \* Pickford  
 Title \* Enforcement Counsel  
 E-mail \* John.Pickford@nasdaq.com  
 Telephone \* (215) 496-5273 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 03/17/2016 Executive Vice President and General Counsel  
 By Edward S. Knight

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 \***

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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**

Add Remove View

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**

Add Remove View

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 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> is filing with the Securities and Exchange Commission (“Commission”) a proposal to delete the following Rules: 902 entitled, “Admission to Partnership-Partnership Arrangements”; and 907 entitled, “Partners and Officers.”

A notice of the proposed rule change for publication in the Federal Register is at Exhibit 1 and the text of the amended Exchange rule is at 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. 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:

John Pickford  
Enforcement Counsel  
Nasdaq, Inc.  
(215) 496-5273.

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

<sup>2</sup> 17 C.F.R. 240.19b-4.

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

a. Purpose

The Exchange proposes to delete certain Phlx membership rules in order to harmonize and modernize the Exchange's Rulebook. Specifically, Exchange proposes to delete Rules: 902 entitled, "Admission to Partnership-Partnership Arrangements"; and 907, entitled "Partners and Officers." Rule 902 was retained through the demutualization process in 2004 and is no longer applicable to the business today. Although Rule 907 was established following the demutualization, the requirements are no longer necessary. The proposed changes related to the former need for the Exchange to more acutely understand the ownership structure of partnerships as discussed in greater detail below.

Rule 902 was applicable when Phlx offered seats to its members, prior to demutualization. Before demutualization, Phlx seats conveyed ownership of the Exchange, which created a greater obligation on Phlx to gather information on the members' corporate structure. Specifically, Phlx was obligated to maintain a heightened vigilance on the structure, ownership, and change of control in a partnership in order to ensure the financial integrity of its ownership structure.

Today, permits are issued to Exchange members and member organizations. The Exchange no longer needs to differentiate ownership structure as required under Rule 902 and 907 because the permit structure conveys no ownership of the Exchange to the membership. These membership rules related to partnerships are no longer applicable today. The distinctions regarding the admission of member as a partnership, as compared to a corporation, are no longer relevant. The Exchange proposes to remove these outdated Rules.

b. Statutory Basis

The Exchange believes that its proposal is consistent with Section 6(b) of the Act,<sup>3</sup> in general, and furthers the objectives of Section 6(b)(5) of the Act,<sup>4</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 Rules 902 and 907(a) are burdensome and unnecessary. These rules regarding admission of partnerships and changes to the partnership serve no modern purpose to the Exchange. The former ownership structure required the Exchange to be vigilant of the ownership structure of its members in case of financial distress or bankruptcy as the seat structure was vital to the financial condition of the Exchange. Before demutualization, members had an ownership interest in the Exchange. Today, permits convey no ownership and therefore such vigilance as to the ownership structure of members is not warranted.

The only changes to the rules since demutualization were in 2009 in order to replace the term “Membership Committee” with “Membership Department,” which was done in conjunction with other changes to the Exchange’s standing committees and corporate governance processes in order to make the Exchange more similar to the other Nasdaq SROs.

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<sup>3</sup> 15 U.S.C. 78f(b).

<sup>4</sup> 15 U.S.C. 78f(b)(5).

Rule 907(b) is burdensome and unnecessary as well. The obligations on the firm, its employees, and officers are not predicated on the requirement that one of the officers be a member of the exchange, therefore this rule has become obsolete. These rules have remained on the books of the exchange for several years, despite their obsolescence because they were not inconsistent with the membership process and the overall regulatory goals of the Exchange.

The removal of Rules 902 and 907 will promote just and equitable principles of trade, and foster cooperation and coordination with persons engaged in facilitating transactions in securities by removing burdensome requirements so that members and member organizations may properly focus on other relevant requirements which benefit the marketplace.

#### 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 delete certain unnecessary rules which today burden partnerships over corporations.

The deletions of Rules 902 and 907(a) will remove a current burden on competition which requires members and member organizations that are partnerships to disclose unnecessary information as compared to other corporate entities not structured as a partnership.

The deletion of 907(b) will remove a current burden on competition by eliminating the need to identify an officer that is a member of the exchange which will have no practical effect on the exchange's interaction with the company. The Exchange

does not believe that there is any impact on 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

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)<sup>5</sup> of the Act and Rule 19b-4(f)(6) thereunder<sup>6</sup> 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 Exchange believes that the elimination of Rules 902 and 907 does not significantly affect the protection of investors or the public interest because the current rules are unnecessary and serve no purpose. The Exchange believes that the proposed elimination of Rules 902 and 907 does not impose any significant burden on competition, rather the elimination of these rules will remove an unnecessary burden from members and member organizations structured as a partnership.

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

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<sup>5</sup> 15 U.S.C. 78s(b)(3)(A).

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

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.

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

The proposed rule change is not based on the rules of another self-regulatory organization or of the Commission.

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-2016-36)

March \_\_, 2016

Self-Regulatory Organizations; NASDAQ PHLX LLC; Notice of Filing and Immediate Effectiveness of Proposed Rule Change Relating to Partnerships.

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 17, 2016, NASDAQ 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 these Rules: 902 entitled, “Admission to Partnership-Partnership Arrangements”; and 907 entitled, “Partners and Officers.” The text of the proposed rule change is available on the Exchange’s Website at <http://www.nasdaqtrader.com/micro.aspx?id=PHLXRulefilings>, at the principal office of the Exchange, and at the Commission’s Public Reference Room.

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 Exchange proposes to delete certain Phlx membership rules in order to harmonize and modernize the Exchange's Rulebook. Specifically, Exchange proposes to delete Rules: 902 entitled, "Admission to Partnership-Partnership Arrangements"; and 907, entitled "Partners and Officers." Rule 902 was retained through the demutualization process in 2004 and is no longer applicable to the business today. Although Rule 907 was established following the demutualization the requirements are no longer necessary. The proposed changes related to the former need for the Exchange to more acutely understand the ownership structure of partnerships as discussed in greater detail below.

Rule 902 was applicable when Phlx offered seats to its members, prior to demutualization. Before demutualization, Phlx seats conveyed ownership of the Exchange, which created a greater obligation on Phlx to gather information on the members' corporate structure. Specifically, Phlx was obligated to maintain a heightened vigilance on the structure, ownership, and change of control in a partnership in order to ensure the financial integrity of its ownership structure.

Today, permits are issued to Exchange members and member organizations. The Exchange no longer needs to differentiate ownership structure as required under Rule 902 and 907 because the permit structure conveys no ownership of the Exchange to the membership. These membership rules related to partnerships are no longer applicable

today. The distinctions regarding the admission of member as a partnership, as compared to a corporation, are no longer relevant. The Exchange proposes to remove these outdated Rules.

#### Statutory Basis

The Exchange believes that its proposal is consistent with Section 6(b) of the Act,<sup>3</sup> in general, and furthers the objectives of Section 6(b)(5) of the Act,<sup>4</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 Rules 902 and 907(a) are burdensome and unnecessary. These rules regarding admission of partnerships and changes to the partnership serve no modern purpose to the Exchange. The former ownership structure required the Exchange to be vigilant of the ownership structure of its members in case of financial distress or bankruptcy as the seat structure was vital to the financial condition of the Exchange. Before demutualization, members had an ownership interest in the Exchange. Today, permits convey no ownership and therefore such vigilance as to the ownership structure of members is not warranted.

The only changes to the rules since demutualization were in 2009 in order to replace the term “Membership Committee” with “Membership Department,” which was

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<sup>3</sup> 15 U.S.C. 78f(b).

<sup>4</sup> 15 U.S.C. 78f(b)(5).

done in conjunction with other changes to the Exchange's standing committees and corporate governance processes in order to make the Exchange more similar to the other Nasdaq SROs.

Rule 907(b) is burdensome and unnecessary as well. The obligations on the firm, its employees, and officers are not predicated on the requirement that one of the officers be a member of the exchange, therefore this rule has become obsolete. These rules have remained on the books of the exchange for several years, despite their obsolescence because they were not inconsistent with the membership process and the overall regulatory goals of the Exchange.

The removal of Rules 902 and 907 will promote just and equitable principles of trade, and foster cooperation and coordination with persons engaged in facilitating transactions in securities by removing burdensome requirements so that members and member organizations may properly focus on other relevant requirements which benefit the marketplace.

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 delete certain unnecessary rules which today burden partnerships over corporations.

The deletions of Rules 902 and 907(a) will remove a current burden on competition which requires members and member organizations that are partnerships to disclose unnecessary information as compared to other corporate entities not structured as a partnership.

The deletion of 907(b) will remove a current burden on competition by eliminating the need to identify an officer that is a member of the exchange which will have no practical effect on the exchange's interaction with the company. The Exchange does not believe that there is any impact on 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)(iii) of the Act<sup>5</sup> and subparagraph (f)(6) of Rule 19b-4 thereunder.<sup>6</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. The Exchange has provided the Commission written notice of its intent to file the proposed rule change,

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<sup>5</sup> 15 U.S.C. 78s(b)(3)(a)(iii).

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

along with a brief description and text of the proposed rule change, at least five business days prior to the date of filing of the proposed rule change.

#### 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-2016-36 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-2016-36. 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-2016-36 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>7</sup>

Robert W. Errett  
Deputy Secretary

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<sup>7</sup> 17 CFR 200.30-3(a)(12).

**EXHIBIT 5**

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

**NASDAQ PHLX Rules**

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**Rule 902. Reserved. [Admission to Partnership—Partnership Arrangements**

A member who intends to form a member organization that is a partnership or to admit any person to partnership in such firm or to alter the terms of an existing member organization partnership arrangement shall notify the Membership Department in writing prior to taking such action, and shall submit such papers and information in connection therewith as said department may require. A member who intends to form a member organization with characteristics essentially similar to a partnership, including, but not limited to, limited liability partnerships, limited liability companies or business trusts, shall submit for review the organization's "Certificate of Organization" and "Operating Agreement" and/or any other similar information to the Membership Department. Such formation, admission or change shall not become effective unless approved by the Membership Department.]

\* \* \* \* \*

**Rule 907. Reserved. [Partners and Officers**

(a) Except as otherwise permitted by the Membership Department, any member organization that is not a corporation shall have at all times at least one (1) constituent partner (or person in a similar position) who is a member of the Exchange.

(b) Except as otherwise permitted by the Membership Department, any member organization that is a corporation shall have at all times at least one (1) officer who is a member.]

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