

Required fields are shown with yellow backgrounds and asterisks.

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 \*).

Exchange proposal to amend Rules 90/1 910 and 921.

**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 Nasdaq, Inc.  
 E-mail \* john.pickford@nasdaq.com  
 Telephone \* (215) 492-5273 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 05/02/2016 Executive Vice President and General Counsel  
 By Edward S. Knight  
 (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 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 amend the following Rules: 900.1, General Powers and Duties of Membership Department; 910, Qualifications as Member Organization; and 921, Qualifications; Designation of Executive Representative.

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 (“Board”) 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 modify certain Phlx membership rules in order to harmonize them with Nasdaq and BX rules and to modernize the Exchange's Rulebook. Specifically, Exchange proposes to amend Rule 900.1 entitled, "General Powers and Duties of Membership Department" by eliminating sections (b) and (d) which are the provisions regarding partnerships as distinct membership classifications. The exchange also proposes to eliminate the provisions regarding partnerships from Rule 910(j), Qualifications as Member Organization. The Exchange will reserve those sections of the rules in order to allow for future membership needs. Sections of each of these Rules were more relevant to the Phlx membership review process prior to demutualization in 2004 and specifically related to the review of partnerships and no longer reflect the information needed as part of the membership review. These provisions were retained following changes to the Exchange Bylaws in 2009, yet no longer were relevant to the regulatory needs of the Exchange. The proposed changes related to ownership structures of partnerships that the Exchange no longer needs as discussed in greater detail below. An additional amendment relates to the organizational changes that occurred following demutualization such that responsibilities that formerly were handled by the Board of Directors are now a responsibility of the Membership Department. The final change to Rule 921 entitled, "Qualification; Designation of Executive Representative" is proposed to align Phlx rules with existing NASDAQ and BX rule 1150.

The membership distinctions in Rule 900.1(b) and (d) and Rule 910(j) were applicable when Phlx offered seats to its members, prior to demutualization, yet remained

in the rules after this was concluded in 2004. Before demutualization, Phlx seats conveyed ownership of the Exchange, in addition to access, which created a greater obligation on Phlx to gather information on the members' legal business 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 and members ability to honor their trades and obligations. Rule 900.1(b) and 900.1(d) articulates obligations of partners and general partners as they relate to the Exchange that are no longer relevant as the partnership no longer conveys specific obligations that are distinct from any other member organization. Rule 910(j) relates to liabilities that were unique to the partnership, as a member, which are no longer applicable today.

Today, permits are issued to Exchange members and member organizations. The Exchange no longer needs to differentiate among types of entities because the permit structure conveys no ownership to the member. These membership rules related to partnerships are no longer applicable today. The distinctions regarding the admission of a member or member organization as a partnership, as compared to another ownership structure, are no longer relevant.

The Exchange also proposes to replace the references to the "Board of Directors" with the "Membership Department" as part of Rule 910(h). The responsibilities of the Board of Directors have changed. Consequently, the Board of Directors is no longer actively involved in the membership process, which is now operated in the same way as Nasdaq's and BX's and the review of the qualifications of Member Organizations is

handled by the Membership Department, as defined in Rule 1(p). This rule has become outdated and no longer reflects current business practices.

The final change relates to Rule 921(b); Phlx seeks to harmonize 921(b) with the existing Nasdaq and BX Rule 1150 by not requiring an executive representative to provide evidence of their acceptance of designation in writing. The membership form will continue to require the designation of the Executive Representative, but will no longer require the designated person to provide their signature. The elimination of the evidence of acceptance provision of 921 (b) does not impose any burden on competition rather it aligns the requirements of PHLX with that of Nasdaq and BX.

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 protect investors and the public interest by streamlining various aspects of the membership process. The Exchange believes that the provisions identified in Rule 900.1, 910, and 921 are outdated and unnecessary. These rules regarding partnerships and changes to the partnership rules no longer serves the needs of the Exchange.

As described above PHLX's former ownership 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 and the relationships among members. Before demutualization, members had an ownership

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

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

interest in the Exchange. Today, permits convey no ownership and therefore such vigilance as to the ownership structure of members is no longer warranted.

The removal of Rules 900.1(b) and (d), Rule 910(j) and part of 921(b) 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 the Rules 900.1(b) and (d), Rule 910(j) 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.

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>

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

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 the provisions of Rule 900.1, 910, and 921 do 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 the provisions of Rule 900.1, 910, and 921 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. The elimination of the evidence of acceptance provision of 921(b) does not impose any burden on competition rather it aligns the requirements of PHLX with that of Nasdaq and BX.

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

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<sup>6</sup> 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.

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

The proposed rule change to 900.1 and 910 are not based on the rules of another self-regulatory organization or of the Commission, however the changes to 910(b) is proposed to align with existing Nasdaq and BX Rule 1150 .

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.
3. Consolidated Nasdaq Stock Market, Nasdaq BX, Nasdaq PHLX Broker-Dealer Membership Application
5. Proposed Rule Text.

**EXHIBIT 1**

SECURITIES AND EXCHANGE COMMISSION  
(Release No. \_\_\_\_\_ ; File No. SR-Phlx-2016-38)

April \_\_, 2016

Self-Regulatory Organizations; NASDAQ PHLX LLC; Notice of Filing and Immediate Effectiveness of Proposed Rule Change to Amend Rules 900.1, 910, and 921

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 May 2, 2016, NASDAQ PHLX LLC (“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 the following Rules: 900.1, General Powers and Duties of Membership Department; 910, Qualifications as Member Organization; and 921, Qualifications; Designation of Executive Representative.

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

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

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

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

In its filing with the Commission, the Exchange included statements concerning the purpose of and basis for the proposed rule change and discussed any comments it received on the proposed rule change. The text of these statements may be examined at the places specified in Item IV below. The Exchange has prepared summaries, set forth in sections A, B, and C below, of the most significant aspects of such statements.

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

1. Purpose

The Exchange proposes to modify certain Phlx membership rules in order to harmonize them with Nasdaq and BX rules and to modernize the Exchange's Rulebook. Specifically, Exchange proposes to amend Rule 900.1 entitled, "General Powers and Duties of Membership Department" by eliminating sections (b) and (d) which are the provisions regarding partnerships as distinct membership classifications. The exchange also proposes to eliminate the provisions regarding partnerships from Rule 910(j), Qualifications as Member Organization. The Exchange will reserve those sections of the rules in order to allow for future membership needs. Sections of each of these Rules were more relevant to the Phlx membership review process prior to demutualization in 2004 and specifically related to the review of partnerships and no longer reflect the information needed as part of the membership review. These provisions were retained following changes to the Exchange Bylaws in 2009, yet no longer were relevant to the regulatory needs of the Exchange. The proposed changes related to ownership structures of partnerships that the Exchange no longer needs as discussed in greater detail below. An additional amendment relates to the organizational changes that occurred following

demutualization such that responsibilities that formerly were handled by the Board of Directors are now a responsibility of the Membership Department. The final change to Rule 921 entitled, “Qualification; Designation of Executive Representative” is proposed to align Phlx rules with existing NASDAQ and BX rule 1150.

The membership distinctions in Rule 900.1(b) and (d) and Rule 910(j) were applicable when Phlx offered seats to its members, prior to demutualization, yet remained in the rules after this was concluded in 2004. Before demutualization, Phlx seats conveyed ownership of the Exchange, in addition to access, which created a greater obligation on Phlx to gather information on the members’ legal business 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 and members ability to honor their trades and obligations. Rule 900.1(b) and 900.1(d) articulates obligations of partners and general partners as they relate to the Exchange that are no longer relevant as the partnership no longer conveys specific obligations that are distinct from any other member organization. Rule 910(j) relates to liabilities that were unique to the partnership, as a member, which are no longer applicable today.

Today, permits are issued to Exchange members and member organizations. The Exchange no longer needs to differentiate among types of entities because the permit structure conveys no ownership to the member. These membership rules related to partnerships are no longer applicable today. The distinctions regarding the admission of a member or member organization as a partnership, as compared to another ownership structure, are no longer relevant.

The Exchange also proposes to replace the references to the “Board of Directors” with the “Membership Department” as part of Rule 910(h). The responsibilities of the Board of Directors have changed. Consequently, the Board of Directors is no longer actively involved in the membership process, which is now operated in the same way as Nasdaq’s and BX’s and the review of the qualifications of Member Organizations is handled by the Membership Department, as defined in Rule 1(p). This rule has become outdated and no longer reflects current business practices.

The final change relates to Rule 921(b); Phlx seeks to harmonize 921(b) with the existing Nasdaq and BX Rule 1150 by not requiring an executive representative to provide evidence of their acceptance of designation in writing. The membership form will continue to require the designation of the Executive Representative, but will no longer require the designated person to provide their signature. The elimination of the evidence of acceptance provision of 921 (b) does not impose any burden on competition rather it aligns the requirements of PHLX with that of Nasdaq and BX.

## 2. 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 protect investors and the public interest by streamlining various aspects of the membership process. The Exchange believes that the provisions identified in Rule 900.1, 910, and 921 are outdated and unnecessary. These rules regarding partnerships and changes to the partnership rules no longer serves the needs of the Exchange.

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

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

As described above PHLX's former ownership 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 and the relationships among members. 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 no longer warranted.

The removal of Rules 900.1(b) and (d), Rule 910(j) and part of 921(b) 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 the Rules 900.1(b) and (d), Rule 910(j) 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.

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.

### 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

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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). 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.

- Send an e-mail to [rule-comments@sec.gov](mailto:rule-comments@sec.gov). Please include File Number SR-Phlx-2016-38 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-2016-38. 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-2016-38 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 3**

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**The NASDAQ Stock Market ("NQX") ~ NASDAQ BX ("BX")  
NASDAQ PHLX ("PHLX")  
(Collectively "NASDAQ")  
BROKER-DEALER MEMBERSHIP APPLICATION**

<b>A. Applicant Profile</b>		
Full legal name of Applicant Organization (must be a registered broker dealer with the Securities and Exchange Commission):		
Date:	CRD No.	SEC No. 8-
Main office address:		
Main phone:	Type of Organization:    Corporation    Partnership    LLC	
Name of individual completing application:		
Email Address:	Phone:	
<b>Application Type</b>		
<b>Full Membership</b> - Applicant is seeking membership to a NASDAQ SRO for the first time. Refer to required supplemental material in Section <b>M</b>	<b>Waive-In Membership</b> - Applicant must be approved on at least one other NASDAQ SRO or FINRA (FINRA members applying to NASDAQ for the first time are eligible to waive-in on NQX and BX)	<b>NQX/BX Continuing Membership - Rule 1017</b> <b>Addition of market making</b> <b>Change in control/ownership</b> <b>Other</b> _____
Indicate which NASDAQ SRO(s) Applicant is seeking membership on (check all that apply):		
The NASDAQ Stock Market Equity Options	NASDAQ BX Equity Options	NASDAQ PHLX Equity Options
Indicate NASDAQ SRO(s) on which Applicant is an <b>approved</b> member, if applicable:		
The NASDAQ Stock Market Equity Options	NASDAQ BX Equity Options	NASDAQ PHLX Equity Options
If Applicant is applying to PHLX, will PHLX be the Designated Examining Authority ("DEA")? Yes ~ Must provide <b>ALL</b> required supplemental material with this application as outlined in Sections <b>M</b> and <b>N</b> No ~ Provide the SRO assigned as DEA for Applicant Organization _____		
<b>B. Nature of Intended Activity (Check all that apply)</b>		
<b>OPTIONS</b>  <b>On-Floor Participants (PHLX Only)</b> Specialist Registered Options Trader ("ROT") Streaming Quote Trader ("SQT") Floor Broker  <b>Off-Floor Participants</b> Order Entry Market Maker Remote Specialist (PHLX only)		<b>EQUITY</b>  <b>Equity Trading</b> Market Maker Order Entry

<b>C. Clearing Information</b>	
<b>National Securities Clearing Corporation ("NSCC") Clearing</b>	<b>The Options Clearing Corporation ("OCC") Clearing</b>
<p>NASDAQ requires all Members to provide an NSCC account number for purposes of direct debit pursuant to exchange rules. Provide an NSCC account number which can be utilized for purposes of this requirement.</p> <p>Self-Clearing NSCC Account No.: _____</p> <p>Agreement with clearing agent NSCC Account No.: _____ Name of broker dealer acting as clearing agent: _____</p>	<p>All options participants <b>must</b> provide an executed clearing letter of guarantee.</p> <p>Self-Clearing OCC Account No.: _____ (Use Appendix <b>A</b>) Agreement with clearing agent OCC Account No.: _____ Name of broker dealer acting as clearing agent: _____ (Use Appendix <b>B</b>)</p>
<b>D. Executive Representative Designation</b>	
<p>All NASDAQ members are required to designate an executive representative who will be the sole person entitled to exercise such member's voting and designation rights set forth in exchange rules. Therefore, Applicant organization certifies that the below-named individual is qualified to act as its executive representative.</p>	
Executive Representative:	Title:
Email:	Phone:
<b>E. Compliance Officer</b>	
<p>Provide the name of the individual within your organization that is responsible for compliance.</p>	
Compliance Officer:	Title:
Email:	Phone:
<b>F. Billing Information</b>	
<p>Provide a billing contact to be designated for receipt of monthly invoices via email.</p>	
Billing Contact:	Title:
Email:	Phone:
<b>G. Emergency Management</b>	
<p>At least two individuals must be designated who would serve as 24/7 contacts in the event that an emergency arises outside of normal business hours. Please provide all information requested for both individuals.</p>	
<b>Primary Contact:</b>	<b>Secondary Contact:</b>
Title:	Title:
Email:	Email:
Business Phone:	Business Phone:
Cell:	Cell:

<b>H. Statutory Disqualification Disclosure</b>	
Pursuant to the Securities Exchange Act of 1934, NASDAQ may deny or condition trading privileges or bar an individual from becoming associated with a member, who is subject to a statutory disqualification. The term, statutory disqualification, is defined under section 3(a)(39)(F) of the Act.	
The Applicant organization does <b>NOT</b> have any person(s) associated with or employed by the Applicant organization that may be subject to statutory disqualification.	
The Applicant organization <b>DOES</b> have person(s) associated with or employed by the Applicant organization that may be subject to statutory disqualification. Attach the following information for each individual:	
<ul style="list-style-type: none"> <li>a. Name and individual CRD number</li> <li>b. Description of responsibilities within the organization</li> <li>c. All documents relating to the disqualification</li> <li>d. Explanation of action taken or approval by another SRO regarding the individual</li> </ul>	
<b>I. Affiliates</b>	
Does Applicant have any affiliates conducting securities transactions that are not registered with the Securities and Exchange Commission?	
Yes	No
If yes, has this arrangement been reviewed in relation to a previously filed NASDAQ member application?	
Yes	No - Provide additional information with respect to unregistered affiliate
<b>J. Office Space</b>	
Each office of a member shall not be occupied jointly with any non-member. Does Applicant share office space with a non-member (BD or non-BD)?	
Yes~ Must provide additional documentation related to space sharing arrangement (ie. agreements; floor plan)	No
<b>K. Qualifying Permit Holder Designation (PHLX Applicants Only See PHLX Rules 908 and 921)</b>	
PHLX applicants must designate a qualifying permit holder who must be an officer or partner associated with the organization. Applicant certifies that the below named individual will act as its qualifying permit holder. Please also provide a PHLX Individual Membership Application for the qualifying permit holder.	
Qualifying Permit Holder:	Title:
Date of Birth:	Individual CRD No.
Phone:	Email:
<b>L. Supplemental Material</b>	
<b>All</b> applicants (waive-in and full) must provide the following documents with this application:	
Executed NASDAQ Exchange Membership Agreement	
A copy of the Applicant's most recent FOCUS Report	
Non-refundable application fee as follows: \$350 – PHLX (Application fee <b>does not</b> apply to Applicants applying to PHLX for PSX only participation) \$2,000 – NQX \$2,000 – BX (Application fee <b>does not</b> apply to Applicants applying to BX for BX Options only participation)	
<b>NON-FINRA WAIVE-IN ATTESTATION:</b> An applicant that is an approved member of FINRA or one or more NASDAQ Exchanges shall have the option to apply for membership on another NASDAQ Exchange through an expedited process pursuant to NQX and BX Rule 1013(a)(5) and PHLX Rule 910(f)(3). Applicants who are eligible for this expedited review must execute the below attestation and submit the supplemental material requested in Section L above.	
I hereby certify that _____ (Applicant) is operating as an approved member of FINRA NQX BX PHLX and that there have been no material changes of business since that application and that the information provided remains complete and accurate with no substantial change to the business operations of Applicant.	
Authorized Applicant Signature:	Date:
Print Name:	Title:

M. Required Supplemental Material
Applicants <b>not eligible</b> for the waive-in expedited review process pursuant to NASDAQ Rules must also include the following with this application:
Summary of Applicant's business plan addressing type of business intended to be conducted on NASDAQ
Fully-executed NASDAQ U.S. Services Agreement
Evidence of established clearing arrangement
Most recent audited financial statement and a description of any material changes in the Applicant's financial condition since the date of the statement
Organizational chart identifying the Applicant's supervisory structure by associated person. This chart must identify <b>all</b> of Applicant's associated persons and should include names, titles, licenses/registrations and CRD numbers
Letters of attestation for any officer/director that will not be involved in the day to day management of the business and affairs of the firm
Branch Office Disclosure Form (See Appendix C, non FINRA member applicant's only)
Applicant's Written Supervisory Procedures ("WSP") Manual including Anti-Money Laundering, Business Continuity Plan and Risk procedures pursuant to SEC 15c3-5
Copy of any decision or order by a federal or state authority or SRO taking permanent or temporary adverse action with respect to a registration or licensing determination regarding the Applicant or an Associated Person
A statement indicating whether the Applicant or any person on Schedule A of the Applicant's Form BD is currently, or has been in the last ten years, the subject of any investigation or disciplinary proceeding conducted by any self-regulatory organization, the foreign equivalent of a self-regulatory organization, a foreign or international securities exchange, a contract market designated pursuant to the Commodity Exchange Act (the "Act") or any substantially equivalent foreign statute or regulation, a futures association registered under the Act or any equivalent foreign statute or regulation, the Commission or any other "appropriate regulatory agency" (as defined in the Act), the Commodity Futures Trading Commission, or any state financial regulatory agency regarding the Applicant or any person on Schedule A of the Applicant's Form BD and activity that has not been reported to the CRD, together with all relevant details, including any sanctions imposed
All examination reports and corresponding responses regarding the Applicant for the previous two years
Certificate of Insurance (Rule 652) (PHLX Trading Floor Only)
Additionally, if application is seeking <b>market maker</b> status: A description of the source and amount of capital to support its market making activities and the source of any additional capital that may become necessary A list of persons conducting the Applicant's market making activities, a list of the persons responsible for supervising these persons along with CRD numbers
Appropriate formation documents as follows: <u>Corporation</u> ; include executed Corporate Exhibits <u>Partnership</u> ; include an executed copy of the firm's Partnership Agreement <u>Limited Liability Company</u> ; include Operating Agreement and Articles of Organization or Certificate of Formation
N. Additional Supplemental Material (PHLX DEA Applicants)
Applicants for which PHLX will be the <b>Designated Examining Authority</b> must also submit the following:
Designation of Accountant Form and Auditor Engagement Letter pursuant to SEC Rule 17a-5(f)
Confirmation of required funds into a verifiable account of the firm, or if an existing firm, a FOCUS Filing or net capital computation with supporting documents for Allowable Assets
If Applicant answered yes in Section J– Office Space, a description of business operations conducted, blueprints, identification of common areas, communication lines and information barriers specific to shared space
Verification of error account, Floor Broker Error Account Notification Form, if applicable and available upon request
Evidence of Fidelity Bond coverage pursuant to PHLX Rule 705
Confirmation of U4 registrations for all off-floor traders, director / owner of the firm
If the firm has a Joint Back Office ("JBO") Arrangement with its clearing firm, provide a copy of the agreement. The firm must employ or have access to a qualified Series 27 Financial and Operations Principal ("FINOP")
Notification of Applicant's intent to use Electronic Storage Media ("ESM") for maintenance and archiving records pursuant to SEA Rule 17a-4(f), if applicable

**O. Application Filing Instructions**

Please be sure to include all relevant supplemental material with your application. Failure to include information may result in processing delays. Applications are deemed confidential and handled in a secure environment. Applicants should be prepared to provide such other reasonable information with respect to this application as NASDAQ may require.

Questions may be directed to NASDAQ Membership at +1 215 496 5159 or +1 215 496 5322.

Applications and supplemental material should be submitted by email to: [membership@nasdaq.com](mailto:membership@nasdaq.com).

**The NASDAQ Stock Market LLC ("NQX")**  
**The NASDAQ Options Market LLC ("NOM")**  
**NASDAQ BX, Inc. ("BX")**  
**NASDAQ PHLX LLC ("PHLX")**  
**(Collectively "NASDAQ")**  
**Membership Agreement**

Broker Dealer	CRD Number:
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In connection with this, and any subsequent NASDAQ membership application, and in the event that this application is approved, the Applicant hereby agrees to abide by the terms and conditions set forth below.

The Applicant undertakes to (1) engage only in those business activities permissible pursuant to its membership agreement(s) with FINRA, respecting a FINRA member, and the rules of NASDAQ and any other Self-Regulatory Organization of which the Applicant is a member; (2) obtain the prior approval of NASDAQ pursuant to NASDAQ Rules before removing or modifying any restrictions imposed on permissible business activities or before effecting any material change in business operations; and (3) file a written notice and application with NASDAQ at least 30 days prior to effecting a change in the ownership or control of the Applicant in circumstances where required by NASDAQ Rules.

The Applicant also agrees:

1. To comply with the federal securities laws, the rules and regulations thereunder, the NASDAQ By-Laws and Rules and all rulings, orders, directions and decisions issued and sanctions imposed under the NASDAQ Rules;
2. To pay such dues, assessments and other charges in the manner and amount as from time to time shall be fixed pursuant to the NASDAQ Rules;
3. That this Agreement has been executed on behalf of, and with the authority of, the above-named Applicant. The Undersigned and Applicant represent that the information and statements contained within the application and other information filed are current, true and complete.

The Undersigned and the Applicant further represent that to the extent that any information submitted is not amended, such information is currently accurate and complete and that all information contained in the Applicant's Uniform Application for Broker-Dealer Registration (Form BD) will be kept current and accurate by proper amendment of the Form BD as changes occur. Applicant further represents that the registrations for Associated Persons registered with NASDAQ will be kept current by proper amendment of Form U4 & Form U5.

By:

Print name \_\_\_\_\_

Title \_\_\_\_\_

Signature \_\_\_\_\_

Date \_\_\_\_\_

**APPENDIX A**

To be submitted by Applicants who are direct members of The Options Clearing Corporation

To: NASDAQ Membership Department

From: \_\_\_\_\_  
 (Individual Completing Form)  
 \_\_\_\_\_  
 (Participant Organization)

Re: Options Market Participant Letter of Guarantee

The Participant noted above is an approved member of The Options Clearing Corporation (“OCC”) and an approved Participant of:

- NASDAQ PHLX LLC (“PHLX”)**
- NASDAQ Options Market (“NOM”)**
- NASDAQ BX Options Market (“BX Options”)**

The Participant, as a Self-Clearing Member and in accordance with NASDAQ rules,<sup>1</sup> accepts financial responsibility for all transactions entered into by the Participant on NASDAQ. This letter shall be deemed to be a Letter of Guarantee and shall remain in effect until a written notice of revocation has been filed with NASDAQ Member Regulation. Any such revocation shall in no way relieve the Participant of its responsibility for Exchange transactions guaranteed prior to the effective date of the revocation.

Accepted and agreed to this date: \_\_\_\_\_

Clearing Member OCC Number: \_\_\_\_\_

Clearing Member National Securities  
Clearing Corporation (“NSCC”) Number:<sup>2</sup> \_\_\_\_\_

Clearing Member Representative Signature: \_\_\_\_\_

\_\_\_\_\_  
(phone number)

\_\_\_\_\_  
(print name/title)

**Please return executed form to:**  
NASDAQ Membership Department  
1900 Market Street, 2nd Floor  
Philadelphia, PA 19103  
[membership@nasdaq.com](mailto:membership@nasdaq.com)

<sup>1</sup> See PHLX Rule 911; NOM Chapter VII, Sec. 8; BX Options Chapter VII, Sec. 8

<sup>2</sup> See PHLX Rule 909; NOM Chapter XV, Section 1; BX Options Chapter XV, Sec. 1. If the NSCC Number provided is not affiliated with the Clearing Member, an additional written authorization signed by a representative of the NSCC Member must accompany this Letter of Guarantee.



**APPENDIX B**

To be submitted by Applicants with a third party clearing arrangement.

To: NASDAQ Membership Department

From: \_\_\_\_\_  
 (Individual Completing Form)  
 \_\_\_\_\_  
 (Participant Organization)

Re: Options Market Participant Letter of Guarantee

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The Participant noted above has represented to the undersigned Clearing Member, a member of The Options Clearing Corporation (“OCC”), that it is an approved participant of:

- NASDAQ PHLX LLC (“PHLX”)**
- NASDAQ Options Market (“NOM”)**
- NASDAQ BX Options Market (“BX Options”)**

The undersigned Clearing Member, in accordance with NASDAQ rules,<sup>1</sup> accepts financial responsibility for all transactions made by the above referenced Participant when such transactions are executed through the undersigned Clearing Member. This letter shall be deemed to be a Letter of Guarantee and shall remain in effect until a written notice of revocation has been filed with NASDAQ Member Regulation. Any such revocation shall in no way relieve the undersigned Clearing Member of responsibility for Exchange transactions guaranteed prior to the effective date of the revocation.

Accepted and agreed to this date: \_\_\_\_\_

Clearing Member Organization: \_\_\_\_\_

Clearing Member OCC Number: \_\_\_\_\_

Clearing Member National Securities  
 Clearing Corporation (“NSCC”) Number:<sup>2</sup> \_\_\_\_\_

Clearing Member Representative Signature: \_\_\_\_\_

\_\_\_\_\_ (phone number) \_\_\_\_\_ (print name/title)

**Please return executed form to:**  
 NASDAQ Membership Department  
 1900 Market Street, 2nd Floor  
 Philadelphia, PA 19103  
[membership@nasdaq.com](mailto:membership@nasdaq.com)

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<sup>1</sup> See PHLX Rule 911; NOM Chapter VII, Sec. 8; BX Options Chapter VII, Sec. 8

<sup>2</sup> See PHLX Rule 909; NOM Chapter XV, Sec. 1; BX Options Chapter XV, Sec. 1. If the NSCC Number provided is not affiliated with the Clearing Member, an additional written authorization signed by a representative of the NSCC Member must accompany this Letter of Guarantee.

**APPENDIX C**

<b>NASDAQ Branch Office Disclosure Form</b>	
<b>Please indicate the purpose of this filing:</b>	
<b>Initial</b>	<b>Amendment</b> Addition of branch office(s) Deletion of branch office(s)
<b>Section A. General Information</b>	
Firm name:	CRD No.: _____ BD No.: _____
Principal place of business:	
Member <b>does not</b> operate branch offices <i>Please return signed form to NASDAQ Membership.</i>	
Member <b>does</b> operate branch offices <i>Please complete a Section B for <u>each</u> branch office location.</i>	
<b>Section B. Branch Office Disclosure Information</b>	
<i>If the member has branch office locations, the following information must be provided for each location.</i>	
Branch office location:	
Telephone number:	Facsimile number:
Name and of individual responsible for supervision of branch office:	Individual CRD No.
Supervisor email address:	
Date branch office was established:	Number of traders at location:
Is this location a private residence?	Yes          No
Type of activity ( <b>provide a brief description of the type of activity that takes place at this branch office.</b> )	
<b>Section B. Branch Office Disclosure Information</b>	
<i>If the member has branch office locations, the following information must be provided for each location.</i>	
Branch office location:	
Telephone number:	Facsimile number:
Name and of individual responsible for supervision of branch office:	Individual CRD No.
Email address:	
Date branch office was established:	Number of employees at location:
Is this location a private residence?	Yes          No
Type of activity ( <b>provide a brief description of the type of activity that takes place at this branch office.</b> )	

<b>Section B. Branch Office Disclosure Information</b>	
<i>If the member has branch office locations, the following information must be provided for each location.</i>	
Branch office location:	
Telephone number:	Facsimile number:
Name and of individual responsible for supervision of branch office:	Individual CRD No.
Email address:	
Date branch office was established:	Number of employees at location:
Is this location a private residence?	Yes          No
Type of activity ( <b>provide a brief description of the type of activity that takes place at this branch office.</b> )	
<b>Section B. Branch Office Disclosure Information</b>	
<i>If the member has branch office locations, the following information must be provided for each location.</i>	
Branch office location:	
Telephone number:	Facsimile number:
Name and of individual responsible for supervision of branch office:	Individual CRD No.
Email address:	
Date branch office was established:	Number of employees at location:
Is this location a private residence?	Yes          No
Type of activity ( <b>provide a brief description of the type of activity that takes place at this branch office.</b> )	
<b>Section C. Signature</b>	
This Form is being submitted pursuant to NASDAQ rules (see PHLX Rule 748(f), NASDAQ and BX Rule 1002 (IM-1002-4). The information provided is true and correct as of the date of submission of this form to the Exchange. The undersigned has completed this form in compliance with Rule 748(f). Any amendments must be submitted to the Exchange no later than thirty (30) days from the date of any change to information provided herein.	
Authorized Signature:	Date:
Print Name:	Phone:

**EXHIBIT 5**

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

**NASDAQ PHLX Rules**

\* \* \* \* \*

**Rule 900.1. General Powers and Duties of Membership Department**

(a) - No Change

[(b) No member shall form a member organization that is a partnership and no member or member organization that is a partnership shall admit any person to partnership in such organization without the prior approval of the proposed partner or partners by the Membership Department. The Membership Department shall have supervision over partnership arrangements, and copies of all articles of partnership, or any changes therein, shall be presented to the Membership Department for approval before the effective date thereof, except that if such articles or changes therein have been approved by a registered national securities exchange, the Membership Department may waive this requirement.]

(b) - Reserved

(c) - No Change

[(d) If in a member organization that is a partnership the only general partner thereof, who was a member of this Exchange, dies or resigns, the remaining partners of such member organization may request the Membership Department to permit a continuing partnership consisting of all said remaining partners and no others (except that the estate of a deceased member may be a partner thereof) to have the status of a member organization for such period, not exceeding sixty (60) days from the date of such death or resignation, as the Membership Department may determine and under such conditions as it may fix. The Membership Department in its discretion may, at any time during such period, withdraw such permission and upon such withdrawal such status shall terminate.]

(d) - Reserved

(e) - No Change

\* \* \* \* \*

**Rule 910. Qualification as Member Organization**

(a) – (g) No Change.

(h) A member of the Exchange who has qualified a member organization or a member organization may apply to the [Board of Directors ]Membership Department for termination of the registration of the member organization. Such termination shall

become effective upon such date as the [Board of Directors ]Membership Department may determine and in no event shall it be effective until and unless the member organization and the member have discharged all commitments and liabilities to the Exchange and to its members and member organizations, or have made provision therefor satisfactory to the Membership Department. If the member who has qualified the member organization is prevented by death or incapacity from applying for the termination of such registration, the application may be made under the same terms and conditions as herein provided by his legal representative.

(i) No Change.

[(j) A member who is a general partner in a member organization that is a partnership is liable for the same discipline and penalties for any act or omission of said organization as for his own personal act or omission. The Board of Directors, by the affirmative vote of a majority of all Directors, may relieve him from the penalty therefor or may remit or reduce such penalty on such terms and conditions as the Board of Directors shall deem fair and equitable.]

\* \* \* \* \*

#### **Rule 921. Qualification; Designation of Executive Representative**

(a) – No change

(b) Each member organization must, as a condition of initial and continued registration as a member organization, designate and maintain one qualified Executive Representative, who will be the sole person entitled to exercise such member organization's voting and designation rights set forth in Article II of the By-Laws. Each member organization shall designate its Executive Representative in writing in such form or manner as shall be prescribed from time to time by the Exchange. [Each Executive Representative shall evidence his acceptance of such designation in writing in such form or manner as shall be prescribed from time to time by the Exchange.]

(c) – (d) No Change

\* \* \* \* \*