

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

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

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

**Description**

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

A proposal to amend certain rules governing trading of index options.

**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 \*  Last Name \*

Title \*

E-mail \*

Telephone \*  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

By

(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.

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**

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**

Add Remove View

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 (“Exchange” or “Phlx”), 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 certain rules governing trading of index options.

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

(b) Not applicable.

(c) Not applicable.

2. Procedures of the Self-Regulatory Organization

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

Questions and comments on the proposed rule change may be directed to Carla Behnfeldt, Associate General Counsel, Nasdaq, Inc., at (215) 496-5208.

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

a. Purpose

The Exchange is amending various rules regarding index options. The amendments delete certain outdated language relating primarily to index options which

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

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

the Exchange no longer lists. The amendments also conform certain language in the Phlx rules to that of Chapter XIV, Index Rules, of the NASDAQ Options Market LLC (“NOM”), and make a number of grammatical and technical corrections.

#### Deletions of Obsolete Rule Text

The Exchange is deleting references to the following in Rule 1001A, Position Limits, Rule 1009A, Designation of the Index, Sections (g) and (h), and Rule 1101A, Terms of Options Contracts, Section (a) and Commentary .01, as applicable, relating to indexes on which the Exchange no longer lists options: SIG Energy MLP Index, NASDAQ China Index, MSCI EM Index, MSCI EAFE Index, PHLX Computer Box Maker Index, PHLX Defense Index, PHLX Drug Index, PHLX Europe Index, PHLX World Energy Index, SIG Investment Managers Index, SIG Cable, Media & Entertainment Index, SIG Semiconductor Equipment Index, SIG Semiconductor Device Index, SIG Specialty Retail Index, SIG Steel Producers Index, SIG Footwear and Athletic Index, SIG Education Index, SIG Restaurant Index, SIG Coal Producers Index, U.S. Top 100 Index, the OTC Industrial Average Index, TheStreet.com Internet Sector Index, Wellspring Bioclinical Trials Index, Hapoalim American Israeli Index, Hapoalim Index, SIG KCI Coal Index, NASDAQ Internet Index, Full Value MSCI EM Index, Full Value MSCI EAFE Index, Value Line Composite Index, National Over-the-Counter Index and the SIG Casino Gaming Index.

The Exchange is also deleting obsolete language from Rule 1000A(14), the definition of “expiration date” regarding index options expiring prior to February 1, 2015. It is also deleting Rule 1101A(b)(iv), Quarterly Expiring Index Options, and is also

amending the definition of “expiration date” in Rule 1000A(b)(14) because the Exchange no longer lists quarterly expiring index options.

#### Rules Amended to Conform to NOM Rules

The Exchange has amended certain rules to conform more closely to NOM rules governing the same subject matter. In Rule 1000A(b)(5) the word “securities” replaces the word “stocks” in the definition of “underlying security” or “underlying securities”.<sup>3</sup> In Rule 1000A(b)(13), the definition of European options is amended to take into account the case of an option expiring on a day that is not a business day.<sup>4</sup> The Exchange has also added to Rule 1000A(b) in section (17) a new definition of “American option” or “American-style index option”.<sup>5</sup>

#### Rules Amended to Correct Cross References or Provide Clarity

The Exchange has rewritten Rule 1001A, Position Limits, subsection (a) solely for clarity. No change in meaning is intended. As revised, the rule states that “[t]he position limit for a broad-based (market) index option shall be 25,000 contracts on the same side of the market except as provided below. Certain positions must be aggregated in accordance with paragraph (d) or (e) below”.

Rule 1001A, Commentary .04, Delta-Based Index Hedge Exemption is amended at section (C) in the definition of “permitted pricing model” by replacing an incorrect reference to “Commentary .09(c)(3), Exchange Rule 1001”, which was recently deleted, with a reference to “Exchange Rule 1001(n)” which replaced it. For the same reason, in

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<sup>3</sup> See NOM Chapter XIV, Section 2(q).

<sup>4</sup> See NOM Chapter XIV, Section 2(h).

<sup>5</sup> See NOM Chapter XIV, Section 2(b).

Section (D)(2)(i) of that Commentary, an incorrect reference to “Commentary .06 to Exchange Rule 1001” is replaced with a reference to Exchange Rule 1001(k). Rule 1000A(b)(14) which defines “expiration date” is amended by the deletion of a reference to the Exchange “on which such option is listed,” since the rule applies only to options listed on Phlx.

b. Statutory Basis

The Exchange believes that its proposal is consistent with Section 6(b) of the Act<sup>6</sup> in general, and furthers the objectives of Section 6(b)(5) of the Act<sup>7</sup> in particular, in that it is designed to promote just and equitable principles of trade, 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, by updating and clarifying outdated rules relating to index options trading. The proposed rule change is also consistent with Section 6(b)(1) of the Act<sup>8</sup> in that it enables the Exchange to be so organized as to have the capacity to be able to carry out the purposes of the Act and to comply, and to enforce compliance by its exchange members and persons associated with its exchange members, with the provisions of the Act, the rules and regulations thereunder, and the rules of the Exchange. The amendments should enable Phlx members to better understand the Exchange’s index options rules and the Exchange to better enforce compliance with those rules.

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

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

<sup>8</sup> 15 U.S.C. 78f(b)(1).

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

The Exchange does not believe that the proposed rule change will impose any burden on competition not necessary or appropriate in furtherance of the purposes of the Act because the rule merely updates and clarifies outdated rules relating to index options and conforms certain Phlx rules to NOM rules.

5. Self-Regulatory Organization's Statement on Comments on the Proposed Rule Change Received from Members, Participants, or Others

No written comments were either solicited or received

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>9</sup> of the Act and Rule 19b-4(f)(6) thereunder<sup>10</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 this proposed rule change does not significantly affect the protection of investors or the public interest and it does not impose any significant burden on competition because it merely updates and clarifies outdated rules relating to index options and conforms certain Phlx rules to NOM rules.

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

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

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 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

As stated above, amended Rules 1000A(b)(5) and 1000A(b)(13) and new 1000A(b)(17) as proposed herein are substantially identical to similar NOM rules, except that the Exchange-proposed definitions of “European-style index option” and “American-style index option” in 1000A(b)(13) and (17), respectively, extend those definitions to also cover the shortened terms “European option” and “American option” (where the NOM definitions do not), as those shorter terms are also in common usage.

9. Security-Based Swap Submissions Filed Pursuant to Section 3C of the Act

Not applicable.

10. Advance Notices Filed Pursuant to Section 806(e) of the Payment, Clearing and Settlement Supervision Act

Not applicable.

11. Exhibits

1. Notice of proposed rule for publication in the Federal Register.
5. Text of the proposed rule change.

**EXHIBIT 1**

SECURITIES AND EXCHANGE COMMISSION  
(Release No. \_\_\_\_\_ ; File No. SR-Phlx-2016-61)

May \_\_, 2016

Self-Regulatory Organizations; NASDAQ PHLX LLC; Notice of Filing and Immediate Effectiveness of Proposed Rule Change to Amend Certain Rules Governing Trading of Index Options

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 25, 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 certain rules governing trading of index options.

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

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

In its filing with the Commission, the Exchange included statements concerning the purpose of and basis for the proposed rule change and discussed any comments it

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

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

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

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

1. Purpose

The Exchange is amending various rules regarding index options. The amendments delete certain outdated language relating primarily to index options which the Exchange no longer lists. The amendments also conform certain language in the Phlx rules to that of Chapter XIV, Index Rules, of the NASDAQ Options Market LLC (“NOM”), and make a number of grammatical and technical corrections.

Deletions of Obsolete Rule Text

The Exchange is deleting references to the following in Rule 1001A, Position Limits, Rule 1009A, Designation of the Index, Sections (g) and (h), and Rule 1101A, Terms of Options Contracts, Section (a) and Commentary .01, as applicable, relating to indexes on which the Exchange no longer lists options: SIG Energy MLP Index, NASDAQ China Index, MSCI EM Index, MSCI EAFE Index, PHLX Computer Box Maker Index, PHLX Defense Index, PHLX Drug Index, PHLX Europe Index, PHLX World Energy Index, SIG Investment Managers Index, SIG Cable, Media & Entertainment Index, SIG Semiconductor Equipment Index, SIG Semiconductor Device Index, SIG Specialty Retail Index, SIG Steel Producers Index, SIG Footwear and Athletic Index, SIG Education Index, SIG Restaurant Index, SIG Coal Producers Index, U.S. Top 100 Index, the OTC Industrial Average Index, TheStreet.com Internet Sector Index, Wellspring Bioclinical Trials Index, Hapoalim American Israeli Index, Hapoalim Index,

SIG KCI Coal Index, NASDAQ Internet Index, Full Value MSCI EM Index, Full Value MSCI EAFE Index, Value Line Composite Index, National Over-the-Counter Index and the SIG Casino Gaming Index.

The Exchange is also deleting obsolete language from Rule 1000A(14), the definition of “expiration date” regarding index options expiring prior to February 1, 2015. It is also deleting Rule 1101A(b)(iv), Quarterly Expiring Index Options, and is also amending the definition of “expiration date” in Rule 1000A(b)(14) because the Exchange no longer lists quarterly expiring index options.

#### Rules Amended to Conform to NOM Rules

The Exchange has amended certain rules to conform more closely to NOM rules governing the same subject matter. In Rule 1000A(b)(5) the word “securities” replaces the word “stocks” in the definition of “underlying security” or “underlying securities”.<sup>3</sup> In Rule 1000A(b)(13), the definition of European options is amended to take into account the case of an option expiring on a day that is not a business day.<sup>4</sup> The Exchange has also added to Rule 1000A(b) in section (17) a new definition of “American option” or “American-style index option”.<sup>5</sup>

#### Rules Amended to Correct Cross References or Provide Clarity

The Exchange has rewritten Rule 1001A, Position Limits, subsection (a) solely for clarity. No change in meaning is intended. As revised, the rule states that “[t]he position limit for a broad-based (market) index option shall be 25,000 contracts on the

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<sup>3</sup> See NOM Chapter XIV, Section 2(q).

<sup>4</sup> See NOM Chapter XIV, Section 2(h).

<sup>5</sup> See NOM Chapter XIV, Section 2(b).

same side of the market except as provided below. Certain positions must be aggregated in accordance with paragraph (d) or (e) below”.

Rule 1001A, Commentary .04, Delta-Based Index Hedge Exemption is amended at section (C) in the definition of “permitted pricing model” by replacing an incorrect reference to “Commentary .09(c)(3), Exchange Rule 1001”, which was recently deleted, with a reference to “Exchange Rule 1001(n)” which replaced it. For the same reason, in Section (D)(2)(i) of that Commentary, an incorrect reference to “Commentary .06 to Exchange Rule 1001” is replaced with a reference to Exchange Rule 1001(k). Rule 1000A(b)(14) which defines “expiration date” is amended by the deletion of a reference to the Exchange “on which such option is listed,” since the rule applies only to options listed on Phlx.

## 2. Statutory Basis

The Exchange believes that its proposal is consistent with Section 6(b) of the Act<sup>6</sup> in general, and furthers the objectives of Section 6(b)(5) of the Act<sup>7</sup> in particular, in that it is designed to promote just and equitable principles of trade, 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, by updating and clarifying outdated rules relating to index options trading. The proposed rule change is also consistent with Section 6(b)(1) of the Act<sup>8</sup> in that it enables the Exchange to be so organized as to have the capacity to be able to carry out the purposes of the Act and to comply, and to enforce

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

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

<sup>8</sup> 15 U.S.C. 78f(b)(1).

compliance by its exchange members and persons associated with its exchange members, with the provisions of the Act, the rules and regulations thereunder, and the rules of the Exchange. The amendments should enable Phlx members to better understand the Exchange's index options rules and the Exchange to better enforce compliance with those rules.

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

The Exchange does not believe that the proposed rule change will impose any burden on competition not necessary or appropriate in furtherance of the purposes of the Act because the rule merely updates and clarifies outdated rules relating to index options and conforms certain Phlx rules to NOM rules.

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>9</sup> and subparagraph (f)(6) of Rule 19b-4 thereunder.<sup>10</sup>

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

<sup>10</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

At any time within 60 days of the filing of the proposed rule change, the Commission summarily may temporarily suspend such rule change if it appears to the Commission that such action is: (i) necessary or appropriate in the public interest; (ii) for the protection of investors; or (iii) otherwise in furtherance of the purposes of the Act. If the Commission takes such action, the Commission shall institute proceedings to determine whether the proposed rule should be approved or disapproved.

#### IV. Solicitation of Comments

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

##### Electronic comments:

- Use the Commission's Internet comment form (<http://www.sec.gov/rules/sro.shtml>); or
- Send an e-mail to [rule-comments@sec.gov](mailto:rule-comments@sec.gov). Please include File Number SR-Phlx-2016-61 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-2016-61. 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

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proposed rule change, or such shorter time as designated by the Commission. The Exchange has satisfied this requirement.

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-2016-61 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>11</sup>

Robert W. Errett  
Deputy Secretary

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<sup>11</sup> 17 CFR 200.30-3(a)(12).

**Exhibit 5**

Proposed new text is underlined. Deleted text is [bracketed].

**Rules of the Exchange**

\* \* \* \* \*

**Options Rules**

\* \* \* \* \*

**Rule 1000A. Applicability and Definitions**

(a) No change.

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

(1) – (4) No change.

(5) The term "underlying security" or "underlying securities" with respect to an index option contract means any of the [stocks] securities that are the basis for the calculation of the index.

(6) – (9) No change.

(10) The term "covered" in respect of a short position in an index call option contract in an account means that the writer holds in the same account a long position in an index call option for the same underlying index with the same index multiplier as the short call and the expiration date of the long call is the same as or subsequent to the expiration date of the short call and the exercise price of the long call is equal to or less than the exercise price of the short call. The term "covered" in respect of a short position in an index put option contract in an account means that the writer holds in the same account a long position in an index put option for the same underlying index with the same index multiplier as the short put and the expiration date of the long put is the same as [of]or subsequent to the expiration date of the short put and the exercise price of the long put is equal to or greater than the exercise price of the short put.

(11) – (12) No change.

(13) [The term "European option" means an option contract that can be exercised only on the day it expires.] The term "European option" or "European-style index option" means an option on an industry or market index that can be exercised only on the business day of expiration, or, in the case of an option contract expiring on a day that is not a business day, on the last business day prior to the day it expires.

(14) The term "expiration date" means, in the case of options on stock indexes, [(i) in the case of such an option expiring prior to February 1, 2015, 11:59 P.M. Eastern Time, the Saturday immediately following the third Friday of the expiration month of such option contract; and (ii) in the case of such an option expiring on or after February 1, 2015, 11:59 P.M. Eastern Time, ]the third Friday of the expiration month of such option contract, or if such Friday is a day on which the Exchange [on which such option is listed] is not open for business, the preceding day on which [such]the Exchange is open for business[; except quarterly expiring options shall expire at 11:59 P.M. Eastern Time, on the first business day of the month following the end of the quarter].

(15) – (16) No change.

(17) The term “American option” or “American-style index option” means an option on an industry or market index that can be exercised on any business day prior to expiration.

### **Rule 1001A. Position Limits**

(a) [Except as otherwise indicated, the] The position limit for a broad-based (market) index option shall be 25,000 contracts on the same side of the market[. All other broad-based (market) index options contracts shall be subject to a contract limitation] except as provided below.[, except certain] Certain positions must be aggregated in accordance with paragraph (d) or (e) below[:].

(i) – (iii) No change.

(b)(i) In determining compliance with Rule 1001, option contracts on a narrow-based (industry) index shall, subject to the procedures specified in subparagraph (iii) of this Rule, be subject to the following position limits:

— 18,000 contracts (or 54,000 contracts for options on the PHLX Oil Service Sector, PHLX Semiconductor Sector, PHLX Utility Sector, PHLX Gold/Silver Sector, PHLX Housing Sector, [SIG Energy MLP Index,]and SIG Oil Exploration & Production Index[ and the NASDAQ China Index ]) if the Exchange determines, at the time of a review conducted pursuant to subparagraph (ii) of this paragraph (b), that any single underlying stock accounted, on average, for 30% or more of the index value during the 30-day period immediately preceding the review; or

— 24,000 contracts (or 72,000 contracts for options on the PHLX Oil Service Sector, PHLX Semiconductor Sector, PHLX Utility Sector, PHLX Gold/Silver Sector, PHLX Housing Sector, [SIG Energy MLP Index, ]and SIG Oil Exploration & Production Index[ and the NASDAQ China Index]) if the Exchange determines, at the time of a review conducted pursuant to subparagraph (ii) of this paragraph (b), that any single underlying stock accounted, on average, for 20% or more of the index value or that any five underlying stocks together accounted, on average, for more than 50% of the index value, but that no single stock in the group accounted, on average, for 30% or more of the index value, during the 30-day period immediately preceding the review; or

— 31,500 contracts (or 94,500 contracts for options on the PHLX Oil Service Sector, PHLX Semiconductor Sector, PHLX Utility Sector, PHLX Gold/Silver Sector, PHLX Housing Sector, [SIG Energy MLP Index, and SIG Oil Exploration & Production Index] and the NASDAQ China Index)) if the Exchange determines that the conditions specified above which would require the establishment of a lower limit have not occurred, or

— 44,000 contracts total with respect to the KBW Bank Index.

(ii) – (iii) No change.

(c) – (f) No change.

. . . . **Commentary:** -----

**.01 - .03** No change.

**.04 Delta-Based Index Hedge Exemption**

The Delta-Based Index Hedge Exemption is in addition to the standard limit and other exemptions available under Exchange Rules. An index option position of a member or, non-member affiliate of a member that is delta neutral shall be exempt from established position limits as prescribed under this Rule 1001A, subject to the following:

(A) – (B) No change.

(C) A "permitted pricing model" shall have the meaning as defined in [Commentary .09(c)(3),] Exchange Rule 1001(n).

(D) Effect on Aggregation of Accounts

(1) No change.

(2) Notwithstanding subparagraph (D)(1), the net delta of an option position held by an entity entitled to rely on this exemption, or by a separate and distinct trading unit of such entity, may be calculated without regard to positions in correlated instruments held by an affiliated entity or by another trading unit within the same entity, provided that:

(i) the entity demonstrates to the Exchange's satisfaction that no control relationship, as defined in [Commentary .06 to] Exchange Rule 1001(k), exists between such affiliates or trading units[\*]; and

(ii) No change.

(3) No change.

(E) – (G) No change.

\* \* \* \* \*

### **Rule 1009A. Designation of the Index**

(a) – (f) No change.

[(g) MSCI EM Index

(i) The Exchange may trade options on the MSCI EM Index if each of the following conditions is satisfied:

- (1) The index is broad-based, as defined in Rule 1000A(b)(11);
- (2) Options on the index are designated as P.M.-settled index options;
- (3) The index is capitalization-weighted, price-weighted, modified capitalization-weighted or equal dollar-weighted;
- (4) The index consists of 500 or more component securities;
- (5) All of the component securities of the index will have a market capitalization of greater than \$100 million;
- (6) No single component security accounts for more than fifteen percent (15%) of the weight of the index, and the five highest weighted component securities in the index do not, in the aggregate, account for more than fifty percent (50%) of the weight of the MSCI EM Index;
- (7) Non-U.S. component securities (stocks or ADRs) that are not subject to comprehensive surveillance agreements do not, in the aggregate, represent more than twenty-two and a half percent (22.5%) of the weight of the index;
- (8) The current index value is widely disseminated at least once every fifteen (15) seconds by one or more major market data vendors during the time options on the index are traded on the Exchange;
- (9) The Exchange reasonably believes it has adequate system capacity to support the trading of options on the index, based on a calculation of the Exchange's current Independent System Capacity Advisor (ISCA) allocation and the number of new messages per second expected to be generated by options on such index; and
- (10) The Exchange has written surveillance procedures in place with respect to surveillance of trading of options on the index.

(ii) The following maintenance listing standards shall apply to each class of index options originally listed pursuant to paragraph (g).

- (1) The conditions set forth in subparagraphs (g)(i) (1), (2), (3), (4), (7) (8), (9) and (10) must continue to be satisfied. The conditions set forth in subparagraphs (g)(i) (5) and (6) must be satisfied only as of the first day of January and July in each year;
- (2) The total number of component securities in the index may not increase or decrease by more than thirty-five percent (35%) from the number of component securities in the index at the time of its initial listing.

In the event a class of index options listed on the Exchange fails to satisfy the maintenance listing standards set forth herein, the Exchange shall not open for trading any additional series of options of that class unless the continued listing of that class of index options has been approved by the Commission under Section 19(b)(2) of the Exchange Act.

(h) MSCI EAFE Index

(i) The Exchange may trade options on the MSCI EAFE Index if each of the following conditions is satisfied:

- (1) The index is broad-based, as defined in Rule 1000A(b)(11);
- (2) Options on the index are designated as P.M.-settled index options;
- (3) The index is capitalization-weighted, price-weighted, modified capitalization-weighted or equal dollar-weighted;
- (4) The index consists of 500 or more component securities;
- (5) All of the component securities of the index will have a market capitalization of greater than \$100 million;
- (6) No single component security accounts for more than fifteen percent (15%) of the weight of the index, and the five highest weighted component securities in the index do not, in the aggregate, account for more than fifty percent (50%) of the weight of the MSCI EAFE Index;
- (7) Non-U.S. component securities (stocks or ADRs) that are not subject to comprehensive surveillance agreements do not, in the aggregate, represent more than twenty percent (20%) of the weight of the index;
- (8) The current index value is widely disseminated at least once every fifteen (15) seconds by one or more major market data vendors during the time options on the index are traded on the Exchange;

(9) The Exchange reasonably believes it has adequate system capacity to support the trading of options on the index, based on a calculation of the Exchange's current Independent System Capacity Advisor (ISCA) allocation and the number of new messages per second expected to be generated by options on such index; and

(10) The Exchange has written surveillance procedures in place with respect to surveillance of trading of options on the index.

(ii) The following maintenance listing standards shall apply to each class of index options originally listed pursuant to paragraph (h).

(1) The conditions set forth in subparagraphs (h)(i) (1), (2), (3), (4), (7) (8), (9) and (10) must continue to be satisfied. The conditions set forth in subparagraphs (h)(i) (5) and (6) must be satisfied only as of the first day of January and July in each year;

(2) The total number of component securities in the index may not increase or decrease by more than thirty-five percent (35%) from the number of component securities in the index at the time of its initial listing.

In the event a class of index options listed on the Exchange fails to satisfy the maintenance listing standards set forth herein, the Exchange shall not open for trading any additional series of options of that class unless the continued listing of that class of index options has been approved by the Commission under Section 19(b)(2) of the Exchange Act.]

\* \* \* \* \*

#### **Rule 1101A. Terms of Option Contracts**

(a) The Exchange shall determine fixed point intervals of exercise prices for index options (options on indexes). Generally, except as provided in Commentary .04 below, the exercise (strike) price intervals will be no less than \$5, provided that the Exchange may determine to list strike prices at no less than \$2.50 intervals for options on the following indexes (which may also be known as sector indexes):

[(i) PHLX Computer Box Maker Index, if the strike price is less than \$200,

(ii) PHLX Defense Index, if the strike price is less than \$200,

(iii) PHLX Drug Index, if the strike price is less than \$200,

(iv) PHLX Europe Index, if the strike price is less than \$200,]

(i) – (iv) Reserved.

(v) PHLX Gold/Silver Index, if the strike price is less than \$200,

- (vi) PHLX Housing Index, if the strike price is less than \$200,
- (vii) PHLX Oil Service Index, if the strike price is less than \$200,
- (viii) PHLX Semiconductor Index, if the strike price is less than \$200,
- (ix) PHLX Utility Index, if the strike price is less than \$200,
- [(x) PHLX World Energy Index, if the strike price is less than \$200,
- (xi) SIG Investment Managers Index<sup>TM</sup>, if the strike price is less than \$200,
- (xii) SIG Cable, Media & Entertainment Index<sup>TM</sup>, if the strike price is less than \$200,
- (xiii) SIG Casino Gaming Index<sup>TM</sup>, if the strike price is less than \$200,
- (xiv) SIG Semiconductor Equipment Index<sup>TM</sup>, if the strike price is less than \$200,
- (xv) SIG Semiconductor Device Index<sup>TM</sup>, if the strike price is less than \$200,
- (xvi) SIG Specialty Retail Index<sup>TM</sup>, if the strike price is less than \$200,
- (xvii) SIG Steel Producers Index<sup>TM</sup>, if the strike price is less than \$200,
- (xviii) SIG Footwear & Athletic Index<sup>TM</sup>, if the strike price is less than \$200,
- (xix) SIG Education Index<sup>TM</sup>, if the strike price is less than \$200,
- (xx) SIG Restaurant Index<sup>TM</sup>, if the strike price is less than \$200,
- (xxi) SIG Coal Producers Index<sup>TM</sup>, if the strike price is less than \$200,]
- (x) – (xxi) Reserved.
- (xxii) SIG Oil Exploration & Production Index<sup>TM</sup>, if the strike price is less than \$200,
- (xxiii) PHLX/KBW Bank Index, if the strike price is less than \$200,
- (xxiv) KBW Capital Markets Index, if the strike price is less than \$200,
- (xxv) KBW Insurance Index, if the strike price is less than \$200,
- (xxvi) KBW Mortgage Finance Index, if the strike price is less than \$200,
- (xxvii) KBW Regional Banking Index, if the strike price is less than \$200,

- [(xxviii) TheStreet.com Internet Sector, if the strike price is less than \$200,  
(xxix) Wellspring Bioclinical Trials Index<sup>TM</sup>, if the strike price is less than \$200,  
(xxx) Hapoalim American Israeli Index or Hapoalim Index, if the strike price is less than \$200,]

(xxviii) – (xxx) Reserved.

- (xxxi) Russell 2000<sup>®</sup> Index, if the strike price is less than \$200,  
(xxxii) Reduced Value Russell 2000<sup>®</sup> Index, if the strike price is less than \$200,  
(xxxiii) NASDAQ China Index<sup>SM</sup>, if the strike price is less than \$200,  
(xxxiv) SIG Energy MLP Index<sup>TM</sup>, if the strike price is less than \$200,  
[(xxxv) SIG KCI Coal Index (SCP)<sup>TM</sup>, if the strike price is less than \$200,  
(xxxvi) NASDAQ Internet Index<sup>SM</sup> (QNET), if the strike price is less than \$200,]

(xxxv) – (xxxvi) Reserved.

- (xxxvii) Reduced Value Nasdaq 100<sup>®</sup> Index (Reduced Value Nasdaq 100<sup>®</sup> Options),  
(xxxviii) Reduced value long term options, also known as LEAPS;  
(xxxix) Russell 3000<sup>®</sup> Index, if the strike price is less than \$200;  
(xl) Russell 3000<sup>®</sup> Value Index, if the strike price is less than \$200;  
(xli) Russell 3000<sup>®</sup> Growth Index, if the strike price is less than \$200;  
(xlii) Russell 2500<sup>TM</sup> Index, if the strike price is less than \$200;  
(xliii) Russell 2500<sup>TM</sup> Value Index, if the strike price is less than \$200;  
(xliv) Russell 2500<sup>TM</sup> Growth Index, if the strike price is less than \$200;  
(xlv) Russell 2000<sup>®</sup> Value Index, if the strike price is less than \$200;  
(xlvi) Russell 2000<sup>®</sup> Growth Index, if the strike price is less than \$200;  
(xlvii) Russell 1000<sup>®</sup> Index , if the strike price is less than \$200;  
(xlviii) Russell 1000<sup>®</sup> Value Index , if the strike price is less than \$200;

- (xlix) Russell 1000<sup>®</sup> Growth Index, if the strike price is less than \$200;
- (l) Russell Top 200<sup>®</sup> Index , if the strike price is less than \$200;
- (li) Russell Top 200<sup>®</sup>Value Index , if the strike price is less than \$200;
- (lii) Russell Top 200<sup>®</sup> Growth Index , if the strike price is less than \$200;
- (liii) Russell MidCap<sup>®</sup> Index , if the strike price is less than \$200;
- (liv) Russell MidCap<sup>®</sup> Value Index , if the strike price is less than \$200;
- (lv) Russell MidCap<sup>®</sup> Growth Index, if the strike price is less than \$200;
- (lvi) Russell Small Cap Completeness<sup>®</sup> Index , if the strike price is less than \$200;
- (lvii) Russell Small Cap Completeness<sup>®</sup> Value Index, if the strike price is less than \$200;
- (lviii) Russell Small Cap Completeness<sup>®</sup> Growth Index, if the strike price is less than \$200;
- (lix) Reduced Value Russell 3000<sup>®</sup> Index, if the strike price is less than \$200;
- (lx) Reduced Value Russell 3000<sup>®</sup> Value Index, if the strike price is less than \$200;
- (lxi) Reduced Value Russell 3000<sup>®</sup> Growth Index, if the strike price is less than \$200;
- (lxii) Reduced Value Russell 2500<sup>TM</sup> Index, if the strike price is less than \$200;
- (lxiii) Reduced Value Russell 2500<sup>TM</sup> Value Index, if the strike price is less than \$200;
- (lxiv) Reduced Value Russell 2500<sup>TM</sup> Growth Index, if the strike price is less than \$200;
- (lxv) Reduced Value Russell 2000<sup>®</sup> Value Index, if the strike price is less than \$200;
- (lxvi) Reduced Value Russell 2000<sup>®</sup> Growth Index, if the strike price is less than \$200;
- (lxvii) Reduced Value Russell 1000<sup>®</sup> Index , if the strike price is less than \$200;
- (lxviii) Reduced Value Russell 1000<sup>®</sup> Value Index , if the strike price is less than \$200;
- (lxix) Reduced Value Russell 1000<sup>®</sup> Growth Index, if the strike price is less than \$200;
- (lxx) Reduced Value Russell Top 200<sup>®</sup> Index , if the strike price is less than \$200;
- (lxxi) Reduced Value Russell Top 200<sup>®</sup> Value Index , if the strike price is less than \$200;

- (lxxii) Reduced Value Russell Top 200<sup>®</sup> Growth Index , if the strike price is less than \$200;
- (lxxiii) Reduced Value Russell MidCap<sup>®</sup> Index , if the strike price is less than \$200;
- (lxxiv) Reduced Value Russell MidCap<sup>®</sup> Value Index, if the strike price is less than \$200;
- (lxxv) Reduced Value Russell MidCap<sup>®</sup> Growth Index, if the strike price is less than \$200;
- (lxxvi) Reduced Value Russell Small Cap Completeness<sup>®</sup> Index , if the strike price is less than \$200;
- (lxxvii) Reduced Value Russell Small Cap Completeness<sup>®</sup> Value Index, if the strike price is less than \$200; and
- (lxxviii) Reduced Value Russell Small Cap Completeness<sup>®</sup> Growth Index, if the strike price is less than \$200;
- [(lxxix) Full Value MSCI EM Index, if the strike price is less than \$200; and
- (lxxx) Full Value MSCI EAFE Index, if the strike price is less than \$200.]
- (lxxix) - (lxxx) Reserved.

The Exchange may also determine to list strike prices at no less than \$2.50 intervals for options on indexes delineated in this rule in response to demonstrated customer interest or specialist request. For purposes of this paragraph, demonstrated customer interest includes institutional (firm) corporate or customer interest expressed directly to the Exchange or through the customer's floor brokerage unit, but not interest expressed by an ROT with respect to trading for the ROT's own account.

Notwithstanding any other provision regarding strike prices in this Rule 1101A, non- Short Term Options that are on an index class that has been selected to participate in the Short Term Option Series Program (referred to as a "Related non-Short Term Option series") shall be opened during the month prior to expiration of such Related non-Short Term Option series in the same manner as permitted in this Rule 1101A(b)(vi) and in the same strike price intervals that are permitted in this Rule 1101A(b)(vi).

(b) No change.

(i) – (iii) No change.

**(iv) [Quarterly Expiring Index Options**

The Exchange may list quarterly expiring options on the following indexes: the Gold and Silver Index (XAU), the Utility Index (UTY), the National Over-the-Counter Index (XOC), the Value Line Composite Index (VLE), the Philadelphia Stock Exchange/Keefe, Bruyette & Woods, Inc.

Bank Index (BKX) and the Phone Index (PNX) which expires on the first business day of the month following the end of the calendar quarter. For each of these options, the Exchange may list up to eight quarterly expiration cycles. Except as otherwise provided, all Exchange rules applicable to stock index options on the XAU, UTY, XOC, VLE, BKX and PNX will also be applicable to quarterly expiring index options listed pursuant to this section.] Reserved.

(v) – (vi) No change.

(c) No change.

••• *Commentary:* -----

**.01** Transactions in broad-based (market) index options traded on the Exchange, including [Value Line Composite Index options, National Over-the-Counter Index options, U.S. Top 100 Index options, the OTC Industrial Average Index options, ]Full Value Russell 2000<sup>®</sup> Options and Reduced Value Russell 2000<sup>®</sup> Options, Full and Reduced Value Russell 3000<sup>®</sup> Index, Full and Reduced Value Russell 3000<sup>®</sup> Value Index, Full and Reduced Value Russell 3000<sup>®</sup> Growth Index, Full and Reduced Value Russell 2500<sup>TM</sup> Index, Full and Reduced Value Russell 2500<sup>TM</sup> Value Index, Full and Reduced Value Russell 2500<sup>TM</sup> Growth Index, Full and Reduced Value Russell 2000<sup>®</sup> Value Index, Full and Reduced Value Russell 2000<sup>®</sup> Growth Index, Full and Reduced Value Russell 1000<sup>®</sup> Index, Full and Reduced Value Russell 1000<sup>®</sup> Value Index, Full and Reduced Value Russell 1000<sup>®</sup> Growth Index, Full and Reduced Value Russell Top 200<sup>®</sup> Index, Full and Reduced Value Russell Top 200<sup>®</sup> Value Index, Full and Reduced Value Russell Top 200<sup>®</sup> Growth Index, Full and Reduced Value Russell MidCap<sup>®</sup> Index, Full and Reduced Value Russell MidCap<sup>®</sup> Value Index, Full and Reduced Value Russell MidCap<sup>®</sup> Growth Index, Full and Reduced Value Russell Small Cap Completeness<sup>®</sup> Index, Full and Reduced Value Russell Small Cap Completeness<sup>®</sup> Value Index, and Full and Reduced Value Russell Small Cap Completeness<sup>®</sup> Growth Index and Full Value Nasdaq 100 Options and Reduced Value Nasdaq 100 Options[, and Full Value MSCI EM Index] may be effected on the Exchange until 4:15 P.M. each business day, through the expiration date. [Transactions in option on the Full Value MSCI EAFE Index may be effected on the Exchange until 4:15 P.M. each business day, except that on the business day of expiration, or, in the case of an option contract expiring on a day that is not a business day, the business day prior to the expiration date, transactions may be effected on the Exchange until 11:00 A.M.] Transactions in Alpha Index options may also be effected on the Exchange until 4:15 P.M. each business day, through the expiration date.

**.02 - .04** No change.

\* \* \* \* \*