A proposed rule change to amend Rule 3100 and the Exchange process for commencing trading of a security that is the subject of a trading halt.
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 Proposed Rule Change

   (a) NASDAQ PHLX LLC (“Phlx” or “Exchange”), pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 (“Act”)\(^1\) and Rule 19b-4 thereunder,\(^2\) is filing with the Securities and Exchange Commission (“SEC” or “Commission”) a proposed rule change to amend Rule 3100 and the Exchange process for commencing trading of a security that is the subject of a trading halt.

   A notice of the proposed rule change for publication in the Federal Register is attached hereto as Exhibit 1 and 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:

   Jonathan F. Cayne
   Senior Associate General Counsel
   Nasdaq, Inc.
   (301) 978-8493

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

a. **Purpose**

The Exchange is proposing to make a minor modification to the Exchange process for commencing trading of a security that is the subject of a trading halt. Specifically, the Exchange is proposing to modify the way in which orders are accepted prior to the commencement of trading for securities subject to a trading halt. This change will simplify the order submission operations for market participants during trading halts.³

Currently, Exchange Rule 3100(c)(3)(B) provides that during any trading halt or pause, market participants may enter orders during the trading halt or pause and designate such orders to be held until the termination of the trading halt or pause. Under this rule, such orders will be held in a suspended state until the termination of the halt or pause, at which time they will be entered into the system. The Exchange proposes that Rule 3100(c)(3)(B) be revised to simply state that orders entered during any trading halt or pause will not be accepted.

The implementation of the existing functionality for accepting orders prior to the Exchange releasing the security for trading has not been widely used and the Exchange believes the proposed rule change will both improve and simplify the Exchange process for market participants. The Exchange will issue an Equity Trader Alert notifying Exchange member firms of the change prior to implementation on July 11, 2016.

³ The proposed rule change is consistent with the recently approved filing of The NASDAQ Stock Market LLC (“Nasdaq”) as to the process for commencing trading of a security that is the subject of a trading halt. See Securities Exchange Act Release No. 77445 (March 25, 2016), 81 FR 18658 (March 31, 2016) (SR-NASDAQ-2016-008).
b. **Statutory Basis**

The Exchange believes that the proposed rule change is consistent with the provisions of Section 6 of the Act, in general, and with Section 6(b)(5) of the Act, in particular, in that the proposal is designed to prevent fraudulent and manipulative acts and practices, to promote just and equitable principles of trade, to foster cooperation and coordination with persons engaged in regulating, clearing, settling, processing information with respect to, and facilitating transactions in securities, to remove impediments to and perfect the mechanism of a free and open market and a national market system, and, in general, to protect investors and the public interest.

The Exchange believes that the proposed rule change will remove impediments to and perfect the mechanism of a free and open market and a national market system through an improved and simplified Exchange process for commencing trading of a security that is the subject of a trading halt. Specifically, this will be accomplished by revising Exchange Rule 3100(c)(3)(B) to simply state that orders entered during any trading halt or pause will not be accepted.

The current functionality for accepting orders prior to the Exchange releasing the security for trading is used infrequently and consequently the proposed rule change will have little impact on customers. To the extent that there is any impact, it will be that rejecting orders rather than holding them in a suspended state will clarify the state of participant orders, thereby reducing potential confusion. The implementation of the existing functionality for accepting orders prior to the Exchange releasing the security for

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trading has not been widely used and the Exchange believes the proposed rule change will both improve and simplify the Exchange process for market participants.

The proposed rule change also will remove impediments to and perfect the mechanism of a free and open market through competition. Specifically, the proposed rule change will enhance competition by increasing the Exchange’s attractiveness as a venue for trading securities because, as stated above, it will both improve and simplify the Exchange process for market participants.

4. **Self-Regulatory Organization’s Statement on Burden on Competition**

   The Exchange does not believe that the proposed rule change will result in any burden on competition that is not necessary or appropriate in furtherance of the purposes of the Act, as amended. The Exchange believes that the proposed rule change will result in an improved and simplified process for market participants, which in turn will reduce potential confusion during important market events. The Exchange believes that this change will enhance competition by increasing its attractiveness as a venue for trading securities.

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

   Written comments were neither solicited nor 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 proposed rule change is filed for immediate effectiveness pursuant to Section 19(b)(3)(A)\(^6\) of the Act and Rule 19b-4(f)(6) thereunder.\(^7\) The Exchange asserts that the 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 after its filing date, 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 proposed rule change does not significantly affect the protection of investors or the public interest because the current process is used infrequently and the Exchange believes the proposed rule change will improve and clarify for market participants the Exchange process for commencing trading of a security that is the subject of a trading halt or pause.

The Exchange does not believe that the proposed rule change will result in any significant burden on competition. The Exchange believes that this change will enhance competition by increasing its attractiveness as a venue for trading securities. The Exchange believes that the proposed rule change will result in an improved and simplified process for market participants, which in turn will reduce potential confusion during important market events. The Exchange believes the rule change qualifies for immediate effectiveness as a “non-controversial” rule change under Rule 19b-4(f)(6) of the Act because it is designed to lessen potential confusion for market participants and the Exchange hopes to implement the proposed rule change contemporaneously with the


Nasdaq rule change\(^8\) on July 11, 2016. By implementing the change contemporaneously with Nasdaq and NASDAQ BX, Inc. the Exchange believes it will be simpler for market participants since they will not have to manage different states of implementation across the three markets.

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.

A proposed rule change filed under Rule 19b-4(f)(6) normally does not become operative prior to 30 days after the date of filing. Rule 19b-4(f)(6)(iii), however, permits the Commission to designate a shorter time if such action is consistent with the protection of investors and the public interest.

The Exchange requests that the Commission waive the 30-day operative delay contained in Rule 19b-4(f)(6)(iii) because the proposed rule change will prove beneficial to market participants and would help to eliminate the potential for investor confusion. Specifically, the Exchange is seeking to simplify its process and feels that any reduction

\(^8\) See note 3.
in complexity benefits market participants greatly as it allows them to simplify their interaction with the market and, in turn, reduce the likelihood of errors. Thus, in the interest of protecting investors and the public interest, the Exchange requests that the Commission waive the operative delay so that it may implement the change immediately.

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

   The proposed rule change is substantially similar to a recently approved filing of Nasdaq as to the process for commencing trading of a security that is the subject of a trading halt.\(^9\)

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**

   Exhibit 1. Completed notice of proposed rule change for publication in the Federal Register.

   Exhibit 5. Text of the proposed rule change.

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EXHIBIT 1

SECURITIES AND EXCHANGE COMMISSION
(Release No. 34-; File No. SR-PHLX-2016-70)

June __, 2016

Self-Regulatory Organizations; NASDAQ PHLX LLC; Notice of Filing and Immediate Effectiveness of Proposed Rule Change to Amend Rule 3100

Pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 (“Act”), and Rule 19b-4 thereunder, notice is hereby given that on June 13, 2016, NASDAQ PHLX LLC (“Phlx” or “Exchange”) filed with the Securities and Exchange Commission (“SEC” or “Commission”) the proposed rule change as described in Items I, II, and III below, which Items have been prepared by the Exchange. The Commission is publishing this notice to solicit comments on the proposed rule change from interested persons.

I. Self-Regulatory Organization’s Statement of the Terms of the Substance of the Proposed Rule Change

The Exchange is proposing to amend Rule 3100 and the Exchange process for commencing trading of a security that is the subject of a trading halt.

The text of the proposed rule change is available at http://nasdaq.cchwallstreet.com/, at the Exchange’s principal office, 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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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 proposing to make a minor modification to the Exchange process
for commencing trading of a security that is the subject of a trading halt. Specifically, the
Exchange is proposing to modify the way in which orders are accepted prior to the
commencement of trading for securities subject to a trading halt. This change will
simplify the order submission operations for market participants during trading halts.3

Currently, Exchange Rule 3100(c)(3)(B) provides that during any trading halt or
pause, market participants may enter orders during the trading halt or pause and designate
such orders to be held until the termination of the trading halt or pause. Under this rule,
such orders will be held in a suspended state until the termination of the halt or pause, at
which time they will be entered into the system. The Exchange proposes that Rule
3100(c)(3)(B) be revised to simply state that orders entered during any trading halt or
pause will not be accepted.

The implementation of the existing functionality for accepting orders prior to the
Exchange releasing the security for trading has not been widely used and the Exchange
believes the proposed rule change will both improve and simplify the Exchange process

3 The proposed rule change is consistent with the recently approved filing of The
NASDAQ Stock Market LLC (“Nasdaq”) as to the process for commencing
trading of a security that is the subject of a trading halt. See Securities Exchange
Act Release No. 77445 (March 25, 2016), 81 FR 18658 (March 31, 2016) (SR-
NASDAQ-2016-008).
for market participants. The Exchange will issue an Equity Trader Alert notifying Exchange member firms of the change prior to implementation on July 11, 2016.

2. Statutory Basis

The Exchange believes that the proposed rule change is consistent with the provisions of Section 6 of the Act,\(^4\) in general, and with Section 6(b)(5) of the Act,\(^5\) in particular, in that the proposal is designed to prevent fraudulent and manipulative acts and practices, to promote just and equitable principles of trade, to foster cooperation and coordination with persons engaged in regulating, clearing, settling, processing information with respect to, and facilitating transactions in securities, to remove impediments to and perfect the mechanism of a free and open market and a national market system, and, in general, to protect investors and the public interest.

The Exchange believes that the proposed rule change will remove impediments to and perfect the mechanism of a free and open market and a national market system through an improved and simplified Exchange process for commencing trading of a security that is the subject of a trading halt. Specifically, this will be accomplished by revising Exchange Rule 3100(c)(3)(B) to simply state that orders entered during any trading halt or pause will not be accepted.

The current functionality for accepting orders prior to the Exchange releasing the security for trading is used infrequently and consequently the proposed rule change will have little impact on customers. To the extent that there is any impact, it will be that rejecting orders rather than holding them in a suspended state will clarify the state of


participant orders, thereby reducing potential confusion. The implementation of the existing functionality for accepting orders prior to the Exchange releasing the security for trading has not been widely used and the Exchange believes the proposed rule change will both improve and simplify the Exchange process for market participants.

The proposed rule change also will remove impediments to and perfect the mechanism of a free and open market through competition. Specifically, the proposed rule change will enhance competition by increasing the Exchange’s attractiveness as a venue for trading securities because, as stated above, it will both improve and simplify the Exchange process for market participants.

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

The Exchange does not believe that the proposed rule change will result in any burden on competition that is not necessary or appropriate in furtherance of the purposes of the Act, as amended. The Exchange believes that the proposed rule change will result in an improved and simplified process for market participants, which in turn will reduce potential confusion during important market events. The Exchange believes that this change will enhance competition by increasing its attractiveness as a venue for trading securities.

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

Written comments were neither solicited nor 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) of the Act and Rule 19b-4(f)(6) thereunder. The Exchange believes that this proposed rule change is properly designated as non-controversial because it will result in an improved and simplified process for market participants, which in turn will reduce potential confusion during important market events.

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.

IV. Solicitation of Comments

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

Electronic comments:

- Use the Commission's Internet comment form (http://www.sec.gov/rules/sro.shtml); or
• Send an e-mail to rule-comments@sec.gov. Please include File Number SR-PHLX-2016-70 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-2016-70. 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 on official business days between the hours of 10:00 a.m. and 3:00 p.m. Copies of such filing also will be available for inspection and copying at the principal offices 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-2016-70, 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.\textsuperscript{6}

Robert W. Errett  
Deputy Secretary

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\textsuperscript{6} 17 CFR 200.30-3(a)(12).
The text of the proposed rule change is below. Proposed new language is underlined; proposed deletions are in brackets.

NASDAQ OMX PSX

NASDAQ OMX PSX (Rules 3000—3407)

Rule 3000. NASDAQ OMX PSX

Rule 3100. Limit Up-Limit Down Plan and Trading Halts on PSX

(a) – (b) No change.

(c) Procedure for Initiating and Terminating a Trading Halt

(1) – (2) No change.

(3)(A) No change.

(B) During any trading halt or pause, [market participants may enter orders entered during the trading halt or pause will not be accepted] and designate such orders to be held until the termination of the trading halt or pause. Such orders will be held in a suspended state until the termination of the halt or pause, at which time they will be entered into the system.

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