

SECURITIES AND EXCHANGE COMMISSION  
(Release No. 34-78232; File No. SR-PHLX-2016-70)

July 6, 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”),<sup>1</sup> and Rule 19b-4 thereunder,<sup>2</sup> notice is hereby given that on June 22, 2016, NASDAQ PHLX LLC (“Phlx” or “Exchange”) filed with the Securities and Exchange Commission (“Commission”) the proposed rule change as described in Items I and II 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 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.

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

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

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.<sup>3</sup>

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.

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<sup>3</sup> 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).

## 2. Statutory Basis

The Exchange believes that the proposed rule change is consistent with the provisions of Section 6 of the Act,<sup>4</sup> in general, and with Section 6(b)(5) of the Act,<sup>5</sup> 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.

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<sup>4</sup> 15 U.S.C. 78f.

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

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: (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 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.<sup>6</sup>

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<sup>6</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, along with a brief description and text of the proposed rule change 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.

A proposed rule change filed under Rule 19b-4(f)(6) normally does not become operative for 30-days from the date of filing. However, Rule 19b-4(f)(6)(iii)<sup>7</sup> permits the Commission to designate a shorter time if such action is consistent with the protection of investors and the public interest. The Exchange has asked the Commission to waive the 30-day operative delay so that it may implement the proposed rule change on July 11, 2016, contemporaneously with a similar Nasdaq rule that was previously approved by the Commission<sup>8</sup> and a virtually identical proposed rule change submitted by NASDAQ BX, Inc.<sup>9</sup>

The Commission believes that waiving the 30-day operative delay is consistent with the protection of investors and the public interest. The Exchange proposes to modify the way in which orders are accepted prior to the commencement of trading for securities that are subject to a trading halt. The Exchange notes that the current functionality for accepting orders prior to the Exchange releasing the security for trading is used infrequently and therefore the proposed rule change will have little impact on its customers. Further, the Commission does not believe that the proposed rule change raises any new or novel issues. Accordingly, the Commission hereby waives the 30-day operative delay and designates the proposed rule change as operative upon filing.<sup>10</sup>

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<sup>7</sup> 17 CFR 240.19b-4(f)(6)(iii).

<sup>8</sup> See supra note 3.

<sup>9</sup> See SR-BX-2016-033 submitted on June 22, 2016.

<sup>10</sup> For purposes only of waiving the 30-day operative delay, the Commission has also considered the proposed rule's impact on efficiency, competition, and capital formation. See 15 U.S.C. 78c(f).

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 necessary or appropriate in the public interest, for the protection of investors, or 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-2016-70 on the subject line.

##### Paper Comments:

- Send paper comments in triplicate to 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 website (<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-2016-70, 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.<sup>11</sup>

Brent J. Fields  
Secretary

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