

Required fields are shown with yellow backgrounds and asterisks.

Page 1 of * 21	SECURITIES AND EXCHANGE COMMISSION WASHINGTON, D.C. 20549 Form 19b-4		File No.* SR - 2016 - * 86	Amendment No. (req. for Amendments *)
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 checked="" type="checkbox"/>	Section 19(b)(3)(A) * <input type="checkbox"/>
			Section 19(b)(3)(B) * <input type="checkbox"/>	
Pilot <input type="checkbox"/>	Extension of Time Period for Commission Action * <input type="checkbox"/>	Date Expires * <input type="text"/>	Rule <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 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"/>			
Description				
Provide a brief description of the action (limit 250 characters, required when Initial is checked *).				
<input type="text" value="A proposal to delete or amend outdated rule language relating to obligations of Specialists."/>				
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 *	<input type="text" value="Carla"/>	Last Name *	<input type="text" value="Behnfeldt"/>	
Title *	<input type="text" value="Associate General Counsel"/>			
E-mail *	<input type="text" value="carla.behnfeldt@nasdaq.com"/>			
Telephone *	<input type="text" value="(215) 496-5208"/>	Fax	<input type="text"/>	
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	<input type="text" value="08/12/2016"/>	<input type="text" value="Executive Vice President and General Counsel"/>		
By	<input type="text" value="Edward S. Knight"/>	<input type="text"/>		
(Name *)		<input type="text" value="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

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

Add Remove View

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 (“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 proposal to delete or amend outdated rule language contained in Rules 1022, Securities Accounts and Orders of Specialists and Registered Options Traders, 1036, Affiliated Persons of Specialists, and 1037, Floor Reports of Exchanges Options Transactions, as explained further below.

A notice of the proposed rule change for publication in the Federal Register is attached 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 the Board of Directors of the Exchange on July 25, 2016. 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.
(215) 496-5208

¹ 15 U.S.C. 78s(b)(1).

² 17 CFR 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 is proposing to delete or amend several rules pertaining to the obligations of specialists, as follows.³

Rule 1022

Rule 1022 (b) and (c) currently provide that each specialist or Registered Options Trader ("ROT") shall provide certain reports of options and orders in a manner provided by the Exchange. Section (b) requires each specialist or ROT, no later than 10:00 A.M. on the business day following order entry date, to report to the Exchange opening positions and each purchase and sale in each option in which the Specialist or ROT is registered for each account reported pursuant to Rule 1022.⁴

Likewise, Section (c) requires each specialist or ROT, no later than 10:00 A.M. on the business day following order entry date, to report to the Exchange every order entered by the specialist or ROT for the purchase or sale of a security underlying any stock or Exchange-Traded Fund Share options contract traded on the Exchange or a security convertible into or exchangeable for such underlying security as well as opening and closing positions in all such securities held in each account reported pursuant to the

³ A "specialist" is an Exchange member who is registered as an options specialist pursuant to Exchange Rule 1020(a). Specialists are subject to quoting and registration obligations set forth in Rules 1014(b), 1020 and 1080.02.

⁴ The report is required to designate the time and type of tick at which such transaction was effected.

rule.⁵ The requirements of both Sections (c) and (d) are qualified – the reports are required to be made “in a manner prescribed by the Exchange.”

The Exchange is deleting Sections (b) and (c) as obsolete and reserving those sections. The Exchange has previously stated with respect to Rule 1022 that the required reports of activity in each option, as well as activity in the underlying stock, is reviewed daily to insure compliance with Exchange and SEC rules and regulation.⁶ However, the Exchange does not require nor does it currently receive the reports specified in those sections because it believes that the burden of filing the reports would outweigh the benefits and it does not believe the reports are necessary to fulfill its regulatory obligations given other sources of information now available to the Exchange. While current Exchange staff is unaware whether a circular was issued advising specialists that they were no longer required to provide the reports required under Rule 1022, the reports have not been required by or received by the Exchange for 15 years or more.

The information referred to in Section (b) is available from The Options Clearing Corporation. Much of the information called for in Section (c) is now available to the Exchange in the ISG Equity Audit Trail known among the exchanges as ECAT.

Rule 1036

Section (a) of Rule 1036, Affiliated Persons of Specialists, currently requires every limited partner, approved person and every party who is affiliated with a specialist

⁵ The report pertaining to orders must include the terms of each order, identification of the brokerage firms through which the orders were entered, the times of entry or cancellation, the times reports of executions were received and, if all or part of the order was executed, the quantity and execution price.

⁶ See Securities Exchange Act Release No. 19940 (July 1, 1983), 48 FR 31950 (July 12, 1983).

member organization to agree, in a stipulation approved by the Exchange, not to violate any Exchange rule or cause a specialist or a specialist member organization to violate these or any other rules relating to specialists. The Exchange currently does not collect such stipulations. The violation of such a stipulation would have provided the Exchange with a separate basis for proceeding against the provider of the stipulation in the event of an Exchange rule violation by that person or by a specialist or specialist member organization. However, the Exchange has determined that the burden of collecting such stipulations would outweigh any benefits and is accordingly proposing to delete and reserve Section (a) of Rule 1036.

Rule 1036(b) provides that no issuer, or parent or subsidiary thereof, or any officer, director or 10% stockholder thereof, may become an approved person in a specialist member organization whose members are registered in a security of that issuer. Rule 1036(b) however applies only to options trading on the Exchange. Therefore, the Exchange is amending Rule 1036(b) to refer to members who are registered in options overlying a security of that issuer.⁷

Rule 1037

Rule 1037, Floor Reports of Exchanges Options Transactions, provides for a specialist's liability for missed orders on the book. Under the rule a specialist was liable for any loss sustained for orders entrusted to him which should have been executed, and for which he should have sent an execution report, when the specialist was made aware of the error by 9:30 on the business day following the submission of the order.⁸ Rule 1037

⁷ The Exchange is also correcting the rule by changing the word "who" to "whose".

⁸ In a May 17, 1991 amendment to SR-Phlx-91-21, the Exchange amended the introductory language of Rule 1037 by replacing "12:00 noon" with "9:30 AM".

is being deleted as obsolete and reserved. Due to the migration of the Exchange to a new electronic trading system (“Phlx XL II”) in 2009, missed orders by Specialists no longer occur because Specialists no longer handle orders for other market participants in their capacity as Specialists.⁹ Missed orders cannot occur because orders are not held or guaranteed by Specialists, who now trade only for their own accounts in that capacity. The deletion of Rule 1037 should prevent confusion that may result from having obsolete rules in the Exchange’s rulebook.

b. Statutory Basis

The Exchange believes that its proposal is consistent with Section 6(b) of the Act,¹⁰ in general, and furthers the objectives of Section 6(b)(5) of the Act,¹¹ 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 deleting obsolete provisions and generally providing clarity to the rules.

The same change was also made to Commentary .03. It appears that although the change to Commentary .03 was then carried over into the rulebook, the same change to the introductory language was inadvertently overlooked and thus not reflected in the rulebook. See Securities Exchange Act Release No. 32695 (July 29, 1993), 58 FR 41821 (August 5, 1993).

⁹ In May 2009, the Exchange enhanced the options trading system and adopted corresponding rules referring to it as “Phlx XL II.” See Securities Exchange Act Release No. 59995 (May 28, 2009), 74 FR 26750 (June 3, 2009) (SR-Phlx-2009-32). Thereafter, the Exchange submitted a number of filings updating various rules and deleting obsolete provisions. See Securities Exchange Act Release Nos. 61397 (January 22, 2010), 75 FR 4893 (January 29, 2010) (SR-Phlx-2010-07); 63036 (October 4, 2010), 75 FR 62621 (October 12, 2010) (SR-Phlx-2010-131); and 67469 (July 19, 2012), 77 FR 43633 (July 25, 2012) (SR-Phlx-2012-92).

¹⁰ 15 U.S.C. 78f(b).

¹¹ 15 U.S.C. 78f(b)(5).

Rule 1022

The amendments to Rule 1022 are consistent with the Act because they delete requirements that specialists and ROTs provide reports which the Exchange no longer needs in order to fulfill its regulatory responsibilities. The elimination of the requirements reduces an unnecessary burden on ROTs and specialists, which therefore removes an impediment to a free and open market and a national market system.

Rule 1036

The amendments to Rule 1036 are consistent with the Act because they clarify that Rule 1036(b) applies to option specialist member organizations. They also eliminate requirements that certain affiliates of specialists or related persons provide stipulations the collection of which the Exchange believes to be a burden that is not outweighed by its benefits. The elimination of the requirement reduces an unnecessary burden on the Exchange, which therefore removes an impediment to a free and open market and a national market system.

Rule 1037

The deletion of Rule 1037 is consistent with the Act because this rule language is operationally obsolete, as explained above; moreover, having clear and up-to-date rules should promote just and equitable principles of trade on the Exchange. The proposal should result in a more accurate and understandable rule book, particularly for Exchange specialists who no longer operate a book or handle orders for accounts other than their own.

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. The proposal raises neither intra-market nor inter-market competition issues. The proposal deletes or amends obsolete or unnecessary provisions or clarifies rules and therefore does not impact how the market operates today.

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

The Exchange does not consent to an extension of the time period for Commission action.

7. Basis for Summary Effectiveness Pursuant to Section 19(b)(3) or for Accelerated Effectiveness Pursuant to Section 19(b)(2)

Not applicable.

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

Not applicable.

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-2016-86)

August __, 2016

Self-Regulatory Organizations; NASDAQ PHLX LLC; Notice of Filing of Proposed Rule Change to Delete or Amend Outdated Rule Language

Pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 (“Act”)¹, and Rule 19b-4 thereunder,² notice is hereby given that on August 12, 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 delete or amend outdated rule language contained in Rules 1022, Securities Accounts and Orders of Specialists and Registered Options Traders, 1036, Affiliated Persons of Specialists, and 1037, Floor Reports of Exchanges Options Transactions

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

¹ 15 U.S.C. 78s(b)(1).

² 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 is proposing to delete or amend several rules pertaining to the obligations of specialists, as follows.³

Rule 1022

Rule 1022 (b) and (c) currently provide that each specialist or Registered Options Trader (“ROT”) shall provide certain reports of options and orders in a manner provided by the Exchange. Section (b) requires each specialist or ROT, no later than 10:00 A.M. on the business day following order entry date, to report to the Exchange opening positions and each purchase and sale in each option in which the Specialist or ROT is registered for each account reported pursuant to Rule 1022.⁴

Likewise, Section (c) requires each specialist or ROT, no later than 10:00 A.M. on the business day following order entry date, to report to the Exchange every order

³ A “specialist” is an Exchange member who is registered as an options specialist pursuant to Exchange Rule 1020(a). Specialists are subject to quoting and registration obligations set forth in Rules 1014(b), 1020 and 1080.02.

⁴ The report is required to designate the time and type of tick at which such transaction was effected.

entered by the specialist or ROT for the purchase or sale of a security underlying any stock or Exchange-Traded Fund Share options contract traded on the Exchange or a security convertible into or exchangeable for such underlying security as well as opening and closing positions in all such securities held in each account reported pursuant to the rule.⁵ The requirements of both Sections (c) and (d) are qualified – the reports are required to be made “in a manner prescribed by the Exchange.”

The Exchange is deleting Sections (b) and (c) as obsolete and reserving those sections. The Exchange has previously stated with respect to Rule 1022 that the required reports of activity in each option, as well as activity in the underlying stock, is reviewed daily to insure compliance with Exchange and SEC rules and regulation.⁶ However, the Exchange does not require nor does it currently receive the reports specified in those sections because it believes that the burden of filing the reports would outweigh the benefits and it does not believe the reports are necessary to fulfill its regulatory obligations given other sources of information now available to the Exchange. While current Exchange staff is unaware whether a circular was issued advising specialists that they were no longer required to provide the reports required under Rule 1022, the reports have not been required by or received by the Exchange for 15 years or more.

⁵ The report pertaining to orders must include the terms of each order, identification of the brokerage firms through which the orders were entered, the times of entry or cancellation, the times reports of executions were received and, if all or part of the order was executed, the quantity and execution price.

⁶ See Securities Exchange Act Release No. 19940 (July 1, 1983), 48 FR 31950 (July 12, 1983).

The information referred to in Section (b) is available from The Options Clearing Corporation. Much of the information called for in Section (c) is now available to the Exchange in the ISG Equity Audit Trail known among the exchanges as ECAT.

Rule 1036

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Rule 1036(b) provides that no issuer, or parent or subsidiary thereof, or any officer, director or 10% stockholder thereof, may become an approved person in a specialist member organization whose members are registered in a security of that issuer. Rule 1036(b) however applies only to options trading on the Exchange. Therefore, the Exchange is amending Rule 1036(b) to refer to members who are registered in options overlying a security of that issuer.⁷

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Rule 1037

Rule 1037, Floor Reports of Exchanges Options Transactions, provides for a specialist's liability for missed orders on the book. Under the rule a specialist was liable for any loss sustained for orders entrusted to him which should have been executed, and for which he should have sent an execution report, when the specialist was made aware of the error by 9:30 on the business day following the submission of the order.⁸ Rule 1037 is being deleted as obsolete and reserved. Due to the migration of the Exchange to a new electronic trading system ("Phlx XL II") in 2009, missed orders by Specialists no longer occur because Specialists no longer handle orders for other market participants in their capacity as Specialists.⁹ Missed orders cannot occur because orders are not held or guaranteed by Specialists, who now trade only for their own accounts in that capacity. The deletion of Rule 1037 should prevent confusion that may result from having obsolete rules in the Exchange's rulebook.

⁸ In a May 17, 1991 amendment to SR-Phlx-91-21, the Exchange amended the introductory language of Rule 1037 by replacing "12:00 noon" with "9:30 AM". The same change was also made to Commentary .03. It appears that although the change to Commentary .03 was then carried over into the rulebook, the same change to the introductory language was inadvertently overlooked and thus not reflected in the rulebook. See Securities Exchange Act Release No. 32695 (July 29, 1993), 58 FR 41821 (August 5, 1993).

⁹ In May 2009, the Exchange enhanced the options trading system and adopted corresponding rules referring to it as "Phlx XL II." See Securities Exchange Act Release No. 59995 (May 28, 2009), 74 FR 26750 (June 3, 2009) (SR-Phlx-2009-32). Thereafter, the Exchange submitted a number of filings updating various rules and deleting obsolete provisions. See Securities Exchange Act Release Nos. 61397 (January 22, 2010), 75 FR 4893 (January 29, 2010) (SR-Phlx-2010-07); 63036 (October 4, 2010), 75 FR 62621 (October 12, 2010) (SR-Phlx-2010-131); and 67469 (July 19, 2012), 77 FR 43633 (July 25, 2012) (SR-Phlx-2012-92).

2. Statutory Basis

The Exchange believes that its proposal is consistent with Section 6(b) of the Act,¹⁰ in general, and furthers the objectives of Section 6(b)(5) of the Act,¹¹ 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 deleting obsolete provisions and generally providing clarity to the rules.

Rule 1022

The amendments to Rule 1022 are consistent with the Act because they delete requirements that specialists and ROTs provide reports which the Exchange no longer needs in order to fulfill its regulatory responsibilities. The elimination of the requirements reduces an unnecessary burden on ROTs and specialists, which therefore removes an impediment to a free and open market and a national market system.

Rule 1036

The amendments to Rule 1036 are consistent with the Act because they clarify that Rule 1036(b) applies to option specialist member organizations. They also eliminate requirements that certain affiliates of specialists or related persons provide stipulations the collection of which the Exchange believes to be a burden that is not outweighed by its benefits. The elimination of the requirement reduces an unnecessary burden on the Exchange, which therefore removes an impediment to a free and open market and a national market system.

¹⁰ 15 U.S.C. 78f(b).

¹¹ 15 U.S.C. 78f(b)(5).

Rule 1037

The deletion of Rule 1037 is consistent with the Act because this rule language is operationally obsolete, as explained above; moreover, having clear and up-to-date rules should promote just and equitable principles of trade on the Exchange. The proposal should result in a more accurate and understandable rule book, particularly for Exchange specialists who no longer operate a book or handle orders for accounts other than their own.

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. The proposal raises neither intra-market nor inter-market competition issues. The proposal deletes or amends obsolete or unnecessary provisions or clarifies rules and therefore does not impact how the market operates today.

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

Within 45 days of the date of publication of this notice in the Federal Register or within such longer period (i) as the Commission may designate up to 90 days of such date if it finds such longer period to be appropriate and publishes its reasons for so finding or (ii) as to which the Exchange consents, the Commission shall: (a) by order approve or disapprove such proposed rule change, or (b) institute proceedings to determine whether the proposed rule change should be 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. Please include File Number SR-Phlx-2016-86 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-2016-86. 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-2016-86 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.¹²

Robert W. Errett
Deputy Secretary

¹² 17 CFR 200.30-3(a)(12).

EXHIBIT 5

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

* * * * *

Options Rules

* * * * *

Rule 1022. Securities Accounts and Orders of Specialists and Registered Options Traders

(a) *Identification of Accounts*—In a manner prescribed by the Exchange, each Specialist and Registered Options Trader shall file with the Exchange upon request and keep current a list identifying all accounts for stock, Exchange-Traded Fund Share, option and related securities or foreign currencies, physical commodities, physical commodity options, commodity futures contracts, options on commodity futures contracts, any other derivatives based on such commodity and other related trading in which the Specialist or Registered Options Trader may, directly or indirectly, engage in trading activities or over which he exercises investment discretion. No Specialist or Registered Options Trader shall engage in stock, Exchange-Traded Fund Share, option, or related securities or foreign currencies, physical commodities, physical commodity options, commodity futures contracts, options on commodity futures contracts, any other derivatives based on such commodity and other related trading in an account which has not been reported (pursuant to this Rule) in a manner prescribed by the Exchange.

(b) Reserved. [*Reports of Options*—In a manner prescribed by the Exchange, each Specialist or Registered Options Trader shall, no later than 10:00 A.M. on the business day following order entry date, report to the Exchange opening positions and each purchase and sale in each option in which the Specialist or Registered Options Trader is registered for each account reported pursuant to this Rule. The report shall designate the time and type of tick at which such transaction was effected.]

(c) Reserved. [*Reports of Orders*—In a manner prescribed by the Exchange, each Specialist or Registered Options Trader shall, no later than 10:00 A.M. on the business day following order entry date, report to the Exchange every order entered by the Specialist or Registered Options Trader for the purchase or sale of a security underlying any stock or Exchange-Traded Fund Share options contract traded on the Exchange or a security convertible into or exchangeable for such underlying security as well as opening and closing positions in all such securities held in each account reported pursuant to this Rule. The report pertaining to orders must include the terms of each order, identification of the brokerage firms through which the orders were entered, the times of entry or cancellation, the times reports of executions were received and, if all or part of the order was executed, the quantity and execution price.]

(d) No Specialist or Registered Options Trader in options on a foreign currency shall fail to make available to the Exchange such books, records or other information maintained by or in the possession of such person, or any corporation or partnership associated with such person's member organization, pertaining to transactions by such person, corporation or partnership for its own account in any foreign currency with respect to which options are traded on the Exchange, in any futures contract on such a foreign currency, in any option contract on such a foreign currency (including options on foreign currency futures contracts), or in other foreign currency derivatives as may be called for under the Rules of the Exchange or as may be requested by the Exchange in the course of any investigation, any examination or other official inquiry.

••• *Commentary:* ----- No change.

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Rule 1036. Affiliated Persons Of Specialists

(a) Reserved. [Every limited partner, approved person and every party who is affiliated with a specialist member organization must agree, in a stipulation approved by the Exchange, not to violate any Exchange Rule or cause a specialist or a specialist member organization to violate these or any other Rules relating to specialists.]

(b) No issuer, or parent or subsidiary thereof, or any officer, director or 10% stockholder thereof, may become an approved person in a specialist member organization [who]whose members are registered in options overlying a security of that issuer.

Rule 1037. Reserved. Floor Reports Of Exchanges Options Transactions

If a specialist shall fail to send a report with respect to an option contract order which he executed or should have executed and the member or member organization giving the specialist such order shall have notified the specialist by 12:00 noon on the following business day, the specialist shall be responsible for any loss which may be sustained until such time as he answers the request.

••• *Commentary:* -----

.01 A report shall be deemed to have been sent by a specialist if he prepares and has available a CENTRAMART confirmation.

.02 Members and member organizations expecting reports should make requests for reports promptly.

.03 In the event a report has not been sent by a specialist with respect to an option contract order which he executed or should have

executed and the member or member organization leaving such order with the specialist for execution makes a request to the specialist for a report later than 9:30 A.M. on the business day following the day on which such order was executed or should have been executed, the specialist shall not, without his consent, be responsible for any loss sustained, except as deemed necessary by an Options Exchange Official in the interest of maintaining just and equitable principles of trade.]

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