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Required fields are shown with yellow backgrounds and asterisks.

Page 1 of \* 15

SECURITIES AND EXCHANGE COMMISSION  
WASHINGTON, D.C. 20549  
Form 19b-4

File No.\* SR - 2016 - \* 92  
Amendment No. (req. for Amendments \*) 1

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 type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Pilot	Extension of Time Period for Commission Action *	Date Expires *	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) *			Section 3C(b)(2) *		
<input type="checkbox"/>			<input type="checkbox"/>		
Exhibit 2 Sent As Paper Document		Exhibit 3 Sent As Paper Document			

### Description

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

### 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 *	Andrew	Last Name *	Madar
Title *	Senior Associate General Counsel		
E-mail *	andrew.madar@nasdaq.com		
Telephone *	(301) 978-8420	Fax	(301) 978-8472

### 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 09/29/2016

Executive Vice President and General Counsel

By Edward S. Knight

(Name \*)

edward.knight@nasdaq.com

NOTE: Clicking the button at right will digitally sign and lock this form. A digital signature is as legally binding as a physical signature, and once signed, this form cannot be changed.

SECURITIES AND EXCHANGE COMMISSION  
WASHINGTON, D.C. 20549

For complete Form 19b-4 instructions please refer to the EDDS website.

**Form 19b-4 Information \***

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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 \***

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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 being deemed not properly filed. See also Rule 0-3 under the Act (17 CFR 240.0-3)

**Exhibit 1A- Notice of Proposed Rule Change, Security-Based Swap Submission, or Advance Notice by Clearing Agencies \***

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The Notice section of this Form 19b-4 must comply with the guidelines for publication in the Federal Register as well as any requirements for electronic filing as published by the Commission (if applicable). The Office of the Federal Register (OFR) offers guidance on Federal Register publication requirements in the Federal Register Document Drafting Handbook, October 1998 Revision. For example, all references to the federal securities laws must include the corresponding cite to the United States Code in a footnote. All references to SEC rules must include the corresponding cite to the Code of Federal Regulations in a footnote. All references to Securities Exchange Act Releases must include the release number, release date, Federal Register cite, Federal Register date, and corresponding file number (e.g., SR-[SRO]-xx-xx). A material failure to comply with these guidelines will result in the proposed rule change, security-based swap submission, or advance notice being deemed not properly filed. See also Rule 0-3 under the Act (17 CFR 240.0-3)

**Exhibit 2 - Notices, Written Comments, Transcripts, Other Communications**

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Exhibit Sent As Paper Document



Copies of notices, written comments, transcripts, other communications. If such documents cannot be filed electronically in accordance with Instruction F, they shall be filed in accordance with Instruction G.

**Exhibit 3 - Form, Report, or Questionnaire**

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Exhibit Sent As Paper Document



Copies of any form, report, or questionnaire that the self-regulatory organization proposes to use to help implement or operate the proposed rule change, or that is referred to by the proposed rule change.

**Exhibit 4 - Marked Copies**

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The full text shall be marked, in any convenient manner, to indicate additions to and deletions from the immediately preceding filing. The purpose of Exhibit 4 is to permit the staff to identify immediately the changes made from the text of the rule with which it has been working.

**Exhibit 5 - Proposed Rule Text**

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The self-regulatory organization may choose to attach as Exhibit 5 proposed changes to rule text in place of providing it in Item I and which may otherwise be more easily readable if provided separately from Form 19b-4. Exhibit 5 shall be considered part of the proposed rule change.

**Partial Amendment**

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If the self-regulatory organization is amending only part of the text of a lengthy proposed rule change, it may, with the Commission's permission, file only those portions of the text of the proposed rule change in which changes are being made if the filing (i.e. partial amendment) is clearly understandable on its face. Such partial amendment shall be clearly identified and marked to show deletions and additions.

**Partial Amendment No. 1 to SR-Phlx-2016-92**

On September 7, 2016, NASDAQ PHLX LLC (“Phlx” or “Exchange”) filed with the Securities and Exchange Commission (“SEC” or “Commission”) a proposed rule change (“Proposal”) to adopt paragraph (d) and Commentary .12 to Exchange Rule 3317 to describe changes to system functionality necessary to implement the Regulation NMS Plan to Implement a Tick Size Pilot Program (“Plan”).<sup>1</sup> The Exchange also proposed amendments to Rule 3317 (a) and (c) to clarify how the Trade-at exception may be satisfied. The SEC published the Proposal in the Federal Register for notice and comment on September 20, 2016.<sup>2</sup> The comment period will expire on October 4, 2016.<sup>3</sup>

Phlx is filing this Partial Amendment No. 1 to clarify certain aspects of the Proposal. First, Phlx proposes to clarify how orders will be treated in various scenarios by changing references in the rule text from “added to the Exchange Book” to “ranked on the Exchange Book.” This change applies to the description of Price to Comply Orders, Non-Displayed Orders, Post-Only Orders, and orders with Reserve Size. For example, the rule text discussing the treatment of a Price to Comply Order in a Test Group Three Pilot Security describes the treatment of a buy (sell) Price to Comply Order if the order is not executable against any previously posted orders on the Exchange Book, and if the limit price of that order would lock or cross a Protected Quotation of another market center. The proposed rule text currently says that “the Order will display at one minimum price increment below (above) the Protected Quotation, and the Order will be added to the Exchange Book . . . .” Phlx believes that changing these references to “ranked on the Exchange Book” will more accurately describe the Exchange’s treatment of these order types in the relevant scenarios.

Phlx also proposes to amend the price at which an order will be ranked in certain scenarios. This change will apply to Price to Comply Orders and Post-Only Orders that are not attributable.<sup>4</sup> As initially proposed, if there is a Price to Comply Order in a Test Group Three Pilot Security that is not executable against any previously posted orders on the Exchange Book, and if the limit price of that order would lock or cross a Protected Quotation of another market center, the order will display at one minimum price

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<sup>1</sup> See Securities Exchange Act Release No. 74892 (May 6, 2015), 80 FR 27513 (May 13, 2015) (“Approval Order”).

<sup>2</sup> See Securities Exchange Act Release No. 78835 (September 14, 2016), 81 FR 64552 (September 20, 2016) (SR-Phlx-2016-92).

<sup>3</sup> Id.

<sup>4</sup> As described in Rule 3301B, attribution “permits a Participant to designate that the price and size of the Order will be displayed next to the Participant’s MPID in market data disseminated by PSX. An Order with Attribution is referred to as an ‘Attributable Order’ and an Order without attribution is referred to as a ‘Non-Attributable Order.’” See Rule 3301B(i). As part of this Partial Amendment, Phlx also proposes to clarify that Rule 3317(d)(4), which addresses the treatment of Post-Only Orders, only applies to Post-Only Orders that are not attributable.

increment below (above) the Protected Quotation, and the Order will be added to the Exchange Book at the midpoint of the Order’s displayed price and the National Best Offer (National Best Bid).<sup>5</sup> Similarly, if there is a Post-Only Order in a Test Group Three Pilot Security, and if the limit price of that order would lock or cross a Protected Quotation of another market center, the order will display at one minimum price increment below (above) the Protected Quotation, and the order will be added to the Exchange Book at the midpoint of the order’s displayed price and the National Best Offer (National Best Bid). Phlx is amending this language so that the order in these scenarios will be ranked on the Exchange book at the current midpoint of the National Best Bid and Offer (“NBBO”). Phlx believes that this change is appropriate because the displayed price of an order posted on the Exchange book is reflected as part of the NBBO and thus the amended language is simpler and easier for participants to understand.

Finally, Phlx is proposing several clarifications related to Reserve Size as set forth in Rule 3317(d)(8). First, Phlx proposes to change the reference in Rule 3317(d)(8) from “Reserve Order” to “Order with Reserve Size.” As set forth in Rule 3301(B), Reserve Size is an order attribute, not an order type, and this proposed change will align the concept and usage of Reserve Size in the two rules.

Second, as set forth in Rule 3301(A), the Reserve Size attribute is only available for Price to Comply Orders and Price to Display Orders, and only for those orders that use the RASH or FIX protocols. Phlx therefore proposes to amend Rule 3317(d)(8) to clarify that the provision related to Orders with Reserve Size only applies to Price to Comply Orders and Price to Display Orders that utilize the RASH or FIX protocols.

Third, Phlx proposes to clarify the treatment of Orders with Reserve Size in Test Group Three Pilot Securities in an away locked market scenario – specifically, when the order is not executable against any previously posted orders on the Phlx book, and the limit price of the order would lock or cross a Protected Quotation of another market center. For Price to Comply Orders with Reserve Size, the displayed portion of the order will display at one minimum price increment below (above) the Protected Quotation, and the displayed and non-displayed portions of the order will be ranked on the Phlx Book at the current midpoint of the NBBO. For Price to Display Orders with Reserve Size, the displayed portion of the order will display and be ranked at one minimum price increment below (above) the Protected Quotation, and the non-displayed portion of the order will be ranked on the Phlx Book at the current midpoint of the NBBO.

As initially proposed, Rule 3317(d)(8) discussed the away locked market scenario as it applied to Orders with Reserve Size that are not attributable, and Orders with Reserve Size that are attributable. Since the Reserve Size order attribute is only available for Price to Comply Orders and Price to Display Orders that utilize the two different

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<sup>5</sup> For Price to Comply Orders, Price to Comply Orders with Reserve Size, and Price to Display Order with Reserve Size, the order must also not be executable against any previously posted orders on the Phlx Book. See proposed Rule 3317(d)(2) and (d)(8).

protocols, Phlx believes that amending the rule language to specifically discuss these two order types will provide more clarity to participants as to how those orders will be treated in the away locked market scenario. Similarly, Phlx believes that the proposed amendment provides greater clarity as to the display and ranking of both order types. Finally, Phlx believes that, for purposes of ranking the displayed and non-displayed portions of Price to Comply Orders and the non-displayed portion of Price to Display Orders, changing the reference from the midpoint of the order's displayed price and the National Best Offer (National Best Bid) to the current midpoint of the NBBO is appropriate because the displayed price of an order posted on the Exchange book is reflected as part of the NBBO and thus the amended language is simpler and easier for participants to understand.

The Exchange believes that this amendment are 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 prevent fraudulent and manipulative acts and practices, 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. The Exchange submitted its initial Proposal to make changes to its handling of Order Types and Order Attributes necessary to implement the requirements of the Plan, and believes that this amendment provides additional clarity as to the treatment of Order Types and Order Attributes under the Plan.

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

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

**EXHIBIT 4**

Exhibit 4 shows the changes proposed in this Partial Amendment No. 1, with the proposed changes in the original filing shown as if adopted. Proposed additions in this Partial Amendment No. 1 appear underlined; proposed deletions appear in brackets.

**NASDAQ PHLX Rules**

\* \* \* \* \*

**3317. Compliance with Regulation NMS Plan to Implement a Tick Size Pilot**

## (a) Tick Size Pilot Program

## (1) Definitions.

(A) – (C) No change.

(D) “Trade-at Intermarket Sweep Order” means a limit order for a Pilot Security that meets the following requirements:

(i) No change.

(ii) Simultaneously with the routing of the limit order identified as a Trade-at Intermarket Sweep Order, one or more additional limit orders, as necessary, are routed to execute against the full size of any protected bid, in the case of a limit order to sell, or the full displayed size of any protected offer, in the case of a limit order to buy, for the Pilot Security with a price that is better than or equal to the limit price of the limit order identified as a Trade-at Intermarket Sweep Order. These additional routed orders also must be marked as Trade-at Intermarket Sweep Orders or Intermarket Sweep Orders.

(E) No change.

## (2) – (5) No change.

## (b) No change.

## (c) Compliance with Quoting and Trading Restrictions

## (1) – (2) No change.

(3) Pilot Securities in Test Group Three shall be subject to the following requirements:

(A) – (C) No change.

(D) Pilot Securities in Test Group Three will be subject to the following Trade-at Prohibition:

(i) – (ii) No change.

(iii) Members may execute a sell order for a Pilot Security in Test Group Three at the price of a Protected Bid or execute a buy order for a Pilot Security in Test Group Three at the price of a Protected Offer if any of the following circumstances exist:

a. – i. No change.

j. The order is executed by a Trading Center that simultaneously routed Trade-at Intermarket Sweep Orders or Intermarket Sweep Orders to execute against the full displayed size of the Protected Quotation that was traded at;

k. – o. No change.

(iv) No change.

(d) Operation of Order Types and Order Attributes

This section sets forth PSX's specific procedures for handling, executing, re-pricing and displaying of certain Order Types and Order Attributes applicable to Pilot Securities. Unless otherwise indicated, this section applies to orders in all three Test Group Pilot Securities.

(1) All Order Types. Any Order Type in a security of any of the Test Groups that requires a price and does not otherwise qualify for an exemption, will not be accepted if it is in a minimum price increment other than \$0.05. This minimum price increment applies to repricing and rounding by the System, unless otherwise noted below.

(2) Price to Comply Order. A Price to Comply Order in a Test Group Pilot Security will operate as described in Rule 3301A(b)(1) except as provided under this paragraph. If a Price to Comply Order for a Test Group Three Pilot Security is partially executed upon entry and the remainder would lock a Protected Quotation of another market center, the unexecuted portion of the Order will be cancelled. If the Order is not executable against any previously posted orders on the Exchange Book, and the limit price of a buy (sell) Price to Comply Order in a Test Group Three Pilot Security would lock or cross a Protected Quotation of another market center, the Order will display at one minimum price increment below (above) the Protected Quotation, and the Order will be [added to]ranked on the Exchange Book at the current midpoint of the NBBO[of the Order's displayed price and the National Best Offer (National Best Bid)]. Price to Comply Orders in a Test Group Three Pilot Security will be adjusted repeatedly in accordance with changes to the NBBO until

such time as the Price to Comply Order is able to be ranked and displayed at its original entered limit price.

(3) Non-Displayed Order. A Non-Displayed Order in a Test Group Pilot Security will operate as described in Rule 3301A(b)(3) except as provided under this paragraph. A resting Non-Displayed Order in a Test Group Three Pilot security cannot execute at the price of a Protected Quotation of another market center unless the incoming Order otherwise qualifies for an exception to the Trade-at prohibition provided under Rule 3317(c)(3)(D). If the limit price of a buy (sell) Non-Displayed Order in a Test Group Three Pilot Security would lock or cross a Protected Quotation of another market center, the Order will be [added to]ranked on the Exchange Book at either one minimum increment below (above) the National Best Offer (National Best Bid) or at the midpoint of the NBBO, whichever is higher (lower). If market conditions allow, a Non-Displayed Order in a Test Group Three Pilot Security will be adjusted repeatedly in accordance with changes to the NBBO up (down) to the Order's limit price. For a Non-Displayed Order in a Test Group Three Pilot Security entered through RASH or FIX, if after being posted to the Exchange Book, the NBBO changes so that the Non-Displayed Order would no longer be executable at its posted price due to the requirements of Regulation NMS or the Plan, the Non-Displayed Order will be repriced to a price that is at either one minimum increment below (above) the National Best Offer (National Best Bid) or at the midpoint of the NBBO, whichever is higher (lower) and will receive a new timestamp. For a Non-Displayed Order in a Test Group Three Pilot Security entered through OUCH or FLITE, if after such a Non-Displayed Order is posted to the Exchange Book, the NBBO changes so that the Non-Displayed Order would no longer be executable at its posted price due to the requirements of Regulation NMS or the Plan, the Non-Displayed Order will be cancelled back to the Participant.

(4) Post-Only Order. A Post-Only Order in a Test Group Pilot Security will operate as described in Rule 3301A(b)(4) except as provided under this paragraph. For orders that are not attributable, i[I]f the limit price of a buy (sell) Post-Only Order in a Test Group Three Pilot Security would lock or cross a Protected Quotation of another market center, the Order will display at one minimum price increment below (above) the Protected Quotation, and the Order will be [added to]ranked on the Exchange Book at the current midpoint of the NBBO[of the Order's displayed price and the National Best Offer (National Best Bid)]. If market conditions allow, the Post-Only Order in a Test Group Three Pilot Security will be adjusted repeatedly in accordance with changes to the NBBO or the best price on the Exchange Book, as applicable until such time as the Post-Only Order is able to be ranked and displayed at its original entered limit price.

(5) Market Maker Peg Order. A Market Maker Peg Order in a Test Group Pilot Security will operate as described in Rule 3301A(b)(5) except as provided under this paragraph. The displayed price of a Market Maker Peg Order in a Test Group Pilot Security will be rounded up (down) to the nearest minimum price increment for bids (offers), if it would otherwise display at an increment smaller than the minimum price

increment. For example, if the NBB is \$10.05 and NBO is \$10.15, and the Designated Percentage (as defined in Rule 3213) is 28%, the displayed price of a Market Maker Peg Order to buy 100 shares of a Test Group Pilot Security would be \$7.25 (i.e.,  $\$10.05 - (\$10.05 \times 0.28) = \$7.236$ , rounded up to \$7.25). Using the same market, but with a Market Maker Peg Order to sell 100 shares, the displayed price of the Order would be \$12.95 (i.e.,  $\$10.15 + (\$10.15 \times 0.28) = \$12.992$ , rounded down to \$12.95).

(6) Midpoint Peg Post-Only Order. A Midpoint Peg Post-Only Order in a Test Group Pilot Security will operate as described in Rule 3301A(b)(6) except as provided under this paragraph. A Midpoint Peg Post-Only Order in a Test Group Pilot Security may execute at the midpoint of the NBBO in an increment other than the minimum price increment.

(7) Midpoint Pegging. An Order with Midpoint Pegging in a Test Group Pilot Security will operate as described in Rule 3302A(d) except as provided under this paragraph. An order in a Test Group Pilot Security with Midpoint Pegging may execute at the midpoint of the NBBO in an increment other than the minimum price increment.

(8) Reserve Size. An Order with Reserve Size in a Test Group Pilot Security will operate as described in Rule 3302A(h) except as provided under this paragraph. A resting Order in a Test Group Three Pilot Security with a Reserve Size (either a Price to Comply Order or a Price to Display Order through RASH or FIX) may not execute the non-displayed Reserve Size at the price of a Protected Quotation of another market center unless the incoming Order otherwise qualifies for an exception to the Trade-at prohibition provided under Rule 3317(c)(3)(D). If an [Reserve] Order with Reserve Size for a Test Group Three Pilot Security is partially executed upon entry and the remainder would lock a Protected Quotation of another market center, the unexecuted portion of the Order will be cancelled. If the Order is not executable against any previously posted orders on the Exchange Book, and the limit price of a buy (sell) [Reserve]Price to Comply Order with Reserve Size in a Test Group Three Pilot Security[that is not attributable] would lock or cross a Protected Quotation of another market center, the displayed portion of the Order will display at one minimum price increment below (above) the Protected Quotation, and the displayed and non-displayed portions of the Order will be [added to]ranked on the Exchange Book at the current midpoint of the NBBO[Order's displayed price and the National Best Offer (National Best Bid)]. If the Order is not executable against any previously posted orders on the Exchange Book, and the limit price of a buy (sell) [Reserve]Price to Display Order with Reserve Size in a Test Group Three Pilot Security[that is attributable] would lock or cross a Protected Quotation of another market center, the displayed portion of the Order will display and be[adjusted] ranked[and displayed] at one minimum price increment below (above) the Protected Quotation, and the non-displayed[Reserve Size] portion of the Order will be [added to]ranked on the Exchange Book at the current midpoint of the NBBO[Order's displayed price and the National Best Offer (National Best Bid)]. If after being posted to the Exchange Book, the NBBO changes so that the [Reserve] Order with Reserve Size in a Test Group Three Pilot Security would no longer be executable at its

[posted]ranked price due to the requirements of Regulation NMS or the Plan, the order will be adjusted in the same manner as described above.

(9) Good-till-Cancelled. An Order with a Time-in-Force of Good-till-Cancelled in a Test Group Pilot Security will operate as described in Rule 3302A(a)(3) except as provided under this paragraph. An order in a Test Group Security with a Good-till-Cancelled Time-in-Force that is adjusted pursuant to Rule 3311(b) will be adjusted based on a \$0.05 increment.

**Commentary:**

.01 - .11 No change.

.12 For purposes of qualifying for the Block Size exception under paragraph (c)(3)(D)(iii) of this Rule, the Order must have a size of 5,000 shares or more and the resulting execution upon entry must have a size of 5,000 shares or more in aggregate.

\* \* \* \* \*

**EXHIBIT 5**

New text is underlined.

**NASDAQ PHLX Rules**

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**3317. Compliance with Regulation NMS Plan to Implement a Tick Size Pilot**

## (a) Tick Size Pilot Program

## (1) Definitions.

(A) – (C) No change.

(D) “Trade-at Intermarket Sweep Order” means a limit order for a Pilot Security that meets the following requirements:

(i) No change.

(ii) Simultaneously with the routing of the limit order identified as a Trade-at Intermarket Sweep Order, one or more additional limit orders, as necessary, are routed to execute against the full size of any protected bid, in the case of a limit order to sell, or the full displayed size of any protected offer, in the case of a limit order to buy, for the Pilot Security with a price that is better than or equal to the limit price of the limit order identified as a Trade-at Intermarket Sweep Order. These additional routed orders also must be marked as Trade-at Intermarket Sweep Orders or Intermarket Sweep Orders.

(E) No change.

(2) – (5) No change.

(b) No change.

(c) Compliance with Quoting and Trading Restrictions

(1) – (2) No change.

(3) Pilot Securities in Test Group Three shall be subject to the following requirements:

(A) – (C) No change.

(D) Pilot Securities in Test Group Three will be subject to the following Trade-at Prohibition:

(i) – (ii) No change.

(iii) Members may execute a sell order for a Pilot Security in Test Group Three at the price of a Protected Bid or execute a buy order for a Pilot Security in Test Group Three at the price of a Protected Offer if any of the following circumstances exist:

a. – i. No change.

j. The order is executed by a Trading Center that simultaneously routed Trade-at Intermarket Sweep Orders or Intermarket Sweep Orders to execute against the full displayed size of the Protected Quotation that was traded at;

k. – o. No change.

(iv) No change.

(d) Operation of Order Types and Order Attributes

This section sets forth PSX's specific procedures for handling, executing, re-pricing and displaying of certain Order Types and Order Attributes applicable to Pilot Securities. Unless otherwise indicated, this section applies to orders in all three Test Group Pilot Securities.

(1) All Order Types. Any Order Type in a security of any of the Test Groups that requires a price and does not otherwise qualify for an exemption, will not be accepted if it is in a minimum price increment other than \$0.05. This minimum price increment applies to repricing and rounding by the System, unless otherwise noted below.

(2) Price to Comply Order. A Price to Comply Order in a Test Group Pilot Security will operate as described in Rule 3301A(b)(1) except as provided under this paragraph. If a Price to Comply Order for a Test Group Three Pilot Security is partially executed upon entry and the remainder would lock a Protected Quotation of another market center, the unexecuted portion of the Order will be cancelled. If the Order is not executable against any previously posted orders on the Exchange Book, and the limit price of a buy (sell) Price to Comply Order in a Test Group Three Pilot Security would lock or cross a Protected Quotation of another market center, the Order will display at one minimum price increment below (above) the Protected Quotation, and the Order will be ranked on the Exchange Book at the current midpoint of NBBO. Price to Comply Orders in a Test Group Three Pilot Security will be adjusted repeatedly in accordance with changes to the NBBO until such time as the Price to Comply Order is able to be ranked and displayed at its original entered limit price.

(3) Non-Displayed Order. A Non-Displayed Order in a Test Group Pilot Security will operate as described in Rule 3301A(b)(3) except as provided under this paragraph. A

resting Non-Displayed Order in a Test Group Three Pilot security cannot execute at the price of a Protected Quotation of another market center unless the incoming Order otherwise qualifies for an exception to the Trade-at prohibition provided under Rule 3317(c)(3)(D). If the limit price of a buy (sell) Non-Displayed Order in a Test Group Three Pilot Security would lock or cross a Protected Quotation of another market center, the Order will be ranked on the Exchange Book at either one minimum increment below (above) the National Best Offer (National Best Bid) or at the midpoint of the NBBO, whichever is higher (lower). If market conditions allow, a Non-Displayed Order in a Test Group Three Pilot Security will be adjusted repeatedly in accordance with changes to the NBBO up (down) to the Order's limit price. For a Non-Displayed Order in a Test Group Three Pilot Security entered through RASH or FIX, if after being posted to the Exchange Book, the NBBO changes so that the Non-Displayed Order would no longer be executable at its posted price due to the requirements of Regulation NMS or the Plan, the Non-Displayed Order will be repriced to a price that is at either one minimum increment below (above) the National Best Offer (National Best Bid) or at the midpoint of the NBBO, whichever is higher (lower) and will receive a new timestamp. For a Non-Displayed Order in a Test Group Three Pilot Security entered through OUCH or FLITE, if after such a Non-Displayed Order is posted to the Exchange Book, the NBBO changes so that the Non-Displayed Order would no longer be executable at its posted price due to the requirements of Regulation NMS or the Plan, the Non-Displayed Order will be cancelled back to the Participant.

(4) Post-Only Order. A Post-Only Order in a Test Group Pilot Security will operate as described in Rule 3301A(b)(4) except as provided under this paragraph. For orders that are not attributable, if the limit price of a buy (sell) Post-Only Order in a Test Group Three Pilot Security would lock or cross a Protected Quotation of another market center, the Order will display at one minimum price increment below (above) the Protected Quotation, and the Order will be ranked on the Exchange Book at the current midpoint of the NBBO. If market conditions allow, the Post-Only Order in a Test Group Three Pilot Security will be adjusted repeatedly in accordance with changes to the NBBO or the best price on the Exchange Book, as applicable until such time as the Post-Only Order is able to be ranked and displayed at its original entered limit price.

(5) Market Maker Peg Order. A Market Maker Peg Order in a Test Group Pilot Security will operate as described in Rule 3301A(b)(5) except as provided under this paragraph. The displayed price of a Market Maker Peg Order in a Test Group Pilot Security will be rounded up (down) to the nearest minimum price increment for bids (offers), if it would otherwise display at an increment smaller than the minimum price increment. For example, if the NBB is \$10.05 and NBO is \$10.15, and the Designated Percentage (as defined in Rule 3213) is 28%, the displayed price of a Market Maker Peg Order to buy 100 shares of a Test Group Pilot Security would be \$7.25 (i.e.,  $\$10.05 - (\$10.05 \times 0.28) = \$7.236$ , rounded up to \$7.25). Using the same market, but with a Market Maker Peg Order to sell 100 shares, the displayed price of the Order would be \$12.95 (i.e.,  $\$10.15 + (\$10.15 \times 0.28) = \$12.992$ , rounded down to \$12.95).

(6) Midpoint Peg Post-Only Order. A Midpoint Peg Post-Only Order in a Test Group Pilot Security will operate as described in Rule 3301A(b)(6) except as provided under this paragraph. A Midpoint Peg Post-Only Order in a Test Group Pilot Security may execute at the midpoint of the NBBO in an increment other than the minimum price increment.

(7) Midpoint Pegging. An Order with Midpoint Pegging in a Test Group Pilot Security will operate as described in Rule 3302A(d) except as provided under this paragraph. An order in a Test Group Pilot Security with Midpoint Pegging may execute at the midpoint of the NBBO in an increment other than the minimum price increment.

(8) Reserve Size. An Order with Reserve Size in a Test Group Pilot Security will operate as described in Rule 3302A(h) except as provided under this paragraph. A resting Order in a Test Group Three Pilot Security with a Reserve Size (either a Price to Comply Order or a Price to Display Order through RASH or FIX) may not execute the non-displayed Reserve Size at the price of a Protected Quotation of another market center unless the incoming Order otherwise qualifies for an exception to the Trade-at prohibition provided under Rule 3317(c)(3)(D). If an Order with Reserve Size for a Test Group Three Pilot Security is partially executed upon entry and the remainder would lock a Protected Quotation of another market center, the unexecuted portion of the Order will be cancelled. If the Order is not executable against any previously posted orders on the Exchange Book, and the limit price of a buy (sell) Price to Comply Order with Reserve Size in a Test Group Three Pilot Security would lock or cross a Protected Quotation of another market center, the displayed portion of the Order will display at one minimum price increment below (above) the Protected Quotation, and the displayed and non-displayed portions of the Order will be ranked on the Exchange Book at the current midpoint of the NBBO. If the Order is not executable against any previously posted orders on the Exchange Book, and the limit price of a buy (sell) Price to Display Order with Reserve Size in a Test Group Three Pilot Security would lock or cross a Protected Quotation of another market center, the displayed portion of the Order will be display and be ranked at one minimum price increment below (above) the Protected Quotation, and the non-displayed portion of the Order will be ranked on the Exchange Book at the current midpoint of the NBBO. If after being posted to the Exchange Book, the NBBO changes so that the Order with Reserve Size in a Test Group Three Pilot Security would no longer be executable at its ranked price due to the requirements of Regulation NMS or the Plan, the order will be adjusted in the same manner as described above.

(9) Good-till-Cancelled. An Order with a Time-in-Force of Good-till-Cancelled in a Test Group Pilot Security will operate as described in Rule 3302A(a)(3) except as provided under this paragraph. An order in a Test Group Security with a Good-till-Cancelled Time-in-Force that is adjusted pursuant to Rule 3311(b) will be adjusted based on a \$0.05 increment.

**Commentary:**

.01 - .11 No change.

.12 For purposes of qualifying for the Block Size exception under paragraph (c)(3)(D)(iii) of this Rule, the Order must have a size of 5,000 shares or more and the resulting execution upon entry must have a size of 5,000 shares or more in aggregate.

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