Pursuant to Rule 19b-4 under the Securities Exchange Act of 1934

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) *

☑ ☐ ☐ ☐ ☐ ☐

Pilot ☐ Extension of Time Period for Commission Action * Date Expires *

☑ ☐ ☐ ☐ ☐ ☐ ☐ ☐

Notice of proposed change pursuant to the Payment, Clearing, and Settlement Act of 2010

Section 806(e)(1) * Section 806(e)(2) *

☐ ☐

Security-Based Swap Submission pursuant to the Securities Exchange Act of 1934

Section 3C(b)(2) *

☑ ☐

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

A proposal to amend Rule 1063, Responsibilities of Floor Brokers.

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 * Carla Last Name * Behnfeldt

Title * Associate General Counsel E-mail * carla.behnfeldt@nasdaq.com Telephone * (215) 496-5208 Fax ☐

Signature

Pursuant to the requirements of the Securities Exchange Act of 1934,

has duly caused this filing to be signed on its behalf by the undersigned thereunto duly authorized.

(Title *)

Date 09/27/2016 Executive Vice President and General Counsel

By Edward S. Knight

(Title *)

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.

edward.knight@nasdaq.com
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 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”), 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 (“Commission”) a proposal to amend Rule 1063, Responsibilities of Floor Brokers, as described below.

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

   (b) Not applicable.

   (c) Not applicable.

2. **Procedures of the Self-Regulatory Organization**

   The proposed rule change was approved by 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 Behnfeltdt  
   Associate General Counsel  
   Nasdaq, Inc.  
   215-496-5208

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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 purpose of the proposal is to update Rule 1063(b), which provides in relevant part that an Options Floor Broker handling a contingency order\(^3\) that is dependent upon the price of the underlying security shall be responsible for satisfying the dependency requirement\(^4\) on the basis of the last reported price of the underlying security in the primary market that is generally available on the Options Floor at any given time.

      The Exchange is deleting the requirement that the satisfaction of the dependency requirement must be on the basis of the last reported price of the underlying security “in the primary market.” The Exchange believes that requiring the dependency to be satisfied by the last reported price on the primary market is unnecessarily restrictive in light of the number of exchanges upon which the underlying security could trade, and the resulting availability of potentially more current prices than the last reported price of the primary market. As proposed to be revised, the dependency requirement may be satisfied by the last reported price of the underlying security in any market if that price is generally available on the Options Floor at any given time, not just by the last price reported on the primary market.

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3. Rule 1066, Certain Types of Floor-Based (Non-PHLX-XL) Orders Defined, defines a contingency order as “a limit or market order to buy or sell that is contingent upon a condition being satisfied while the order is at the post.”

4. The dependency requirement is the requirement to fulfill the contingency, which is the underlying security trading at a particular price.
b. **Statutory Basis**

The Exchange believes that its proposal is consistent with Section 6(b) of the Act\(^5\) in general, and furthers the objectives of Section 6(b)(5) of the Act\(^6\) in particular, in that it is designed to promote just and equitable principles of trade and to protect investors and the public interest, by updating Rule 1063 to reflect that the underlying security may trade in multiple markets, all of which report prices which may be generally available on the Options Floor for purposes of determining that an underlying stock price dependency has been met. Amending Rule 1063(b) to eliminate the requirement that satisfaction of the dependency requirement must be on the basis of the last reported price of the underlying security in the primary market that is generally available on the Options Floor at any given time should also promote just and equitable principles of trade by facilitating more trading and encouraging crowd participation.

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. With respect to intra-market competition, the proposed language will apply to all Floor Brokers equally. With respect to inter-market competition, market participants may choose to trade on another options exchange.

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

No written comments were either solicited or received.


6. **Extension of Time Period for Commission Action**
   
   Not applicable.

7. **Basis for Summary Effectiveness Pursuant to Section 19(b)(3) or for Accelerated Effectiveness Pursuant to Section 19(b)(2)**
   
   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 proposed rule change.
Self-Regulatory Organizations; NASDAQ PHLX LLC; Notice of Filing of Proposed Rule Change to Amend Rule 1063, Responsibilities of Floor Brokers

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 September 27, 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 Substance of the Proposed Rule Change

The Exchange proposes to a proposal to amend Rule 1063, Responsibilities of Floor Brokers, as described below.


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 purpose of the proposal is to update Rule 1063(b), which provides in relevant
   part that an Options Floor Broker handling a contingency order\(^3\) that is dependent upon
   the price of the underlying security shall be responsible for satisfying the dependency
   requirement\(^4\) on the basis of the last reported price of the underlying security in the
   primary market that is generally available on the Options Floor at any given time.

   The Exchange is deleting the requirement that the satisfaction of the dependency
   requirement must be on the basis of the last reported price of the underlying security “in
   the primary market.” The Exchange believes that requiring the dependency to be
   satisfied by the last reported price on the primary market is unnecessarily restrictive in
   light of the number of exchanges upon which the underlying security could trade, and the
   resulting availability of potentially more current prices than the last reported price of the
   primary market. As proposed to be revised, the dependency requirement may be satisfied
   by the last reported price of the underlying security in any market if that price is generally

\(^3\) Rule 1066, Certain Types of Floor-Based (Non-PHLX-XL) Orders Defined,
   defines a contingency order as “a limit or market order to buy or sell that is
   contingent upon a condition being satisfied while the order is at the post.”

\(^4\) The dependency requirement is the requirement to fulfill the contingency, which
   is the underlying security trading at a particular price.
available on the Options Floor at any given time, not just by the last price reported on the primary market.

2. **Statutory Basis**

The Exchange believes that its proposal is consistent with Section 6(b) of the Act\(^5\) in general, and furtheres the objectives of Section 6(b)(5) of the Act\(^6\) in particular, in that it is designed to promote just and equitable principles of trade and to protect investors and the public interest, by updating Rule 1063 to reflect that the underlying security may trade in multiple markets, all of which report prices which may be generally available on the Options Floor for purposes of determining that an underlying stock price dependency has been met. Amending Rule 1063(b) to eliminate the requirement that satisfaction of the dependency requirement must be on the basis of the last reported price of the underlying security in the primary market that is generally available on the Options Floor at any given time should also promote just and equitable principles of trade by facilitating more trading and encouraging crowd participation.

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. With respect to intra-market competition, the proposed language will apply to all Floor Brokers equally. With respect to inter-market competition, market participants may choose to trade on another options exchange.

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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-2016-98 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-2016-98. 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-2016-98 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.7

Robert W. Errett
Deputy Secretary

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Proposed new language is underlined. Proposed deletions are enclosed in brackets.

NASDAQ PHLX Rules
Rules of the Exchange

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OPTIONS RULES

Rules Applicable to Trading of Options on Stocks, Exchange-Traded Fund Shares and Foreign Currencies (Rules 1000—1095)

* * * * *

Rule 1063. Responsibilities of Floor Brokers
(a) No change.

(b) Contingency order. An Options Floor Broker handling a contingency order that is dependent upon the price of the underlying security shall be responsible for satisfying the dependency requirement on the basis of the last reported price of the underlying security[ in the primary market] that is generally available on the Options Floor at any given time. Unless mutually agreed by the members involved, an execution or non-execution that results shall not be altered by the fact that such reported price is subsequently found to have been erroneous.

(c) - (f) No change.

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

.01 -.02 No change.

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