

*Required fields are shown with yellow backgrounds and asterisks.*

Filing by NASDAQ PHLX LLC  
 Pursuant to Rule 19b-4 under the Securities Exchange Act of 1934

<b>Initial *</b>	<b>Amendment *</b>	<b>Withdrawal</b>	<b>Section 19(b)(2) *</b>	<b>Section 19(b)(3)(A) *</b>	<b>Section 19(b)(3)(B) *</b>
<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
			Rule		
<b>Pilot</b>	<b>Extension of Time Period for Commission Action *</b>	<b>Date Expires *</b>	<input type="checkbox"/> 19b-4(f)(1)	<input type="checkbox"/> 19b-4(f)(4)	
<input type="checkbox"/>	<input type="checkbox"/>	<input type="text"/>	<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)	

<b>Notice of proposed change pursuant to the Payment, Clearing, and Settlement Act of 2010</b>	<b>Security-Based Swap Submission pursuant to the Securities Exchange Act of 1934</b>
<b>Section 806(e)(1) *</b>	<b>Section 806(e)(2) *</b>
<input type="checkbox"/>	<input type="checkbox"/>
	<b>Section 3C(b)(2) *</b>
	<input type="checkbox"/>

<b>Exhibit 2 Sent As Paper Document</b>	<b>Exhibit 3 Sent As Paper Document</b>
<input type="checkbox"/>	<input type="checkbox"/>

**Description**

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

A proposed rule change to amend Exchange Rules 1000 and 1063 to add functionality to the Options Floor Broker Management System.

**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 \*  Last Name \*

Title \*

E-mail \*

Telephone \*  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

By

(Name \*)

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 \***

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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-2017-34**

On July 18, 2017, NASDAQ PHLX, LLC (“Phlx” or the “Exchange”) filed with the Securities and Exchange Commission (“Commission”), pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 (“Act” or “Exchange Act”)<sup>1</sup> and Rule 19b-4 thereunder,<sup>2</sup> a proposed rule change to amend Exchange Rules 1000 and 1063 to add functionality to the Options Floor Broker Management System (“FBMS”), the electronic system through which Exchange Floor Brokers transmit orders to the Exchange’s trading system (the “System”). The Exchange also proposed to amend Options Floor Procedure Advice C-2. The proposed rule change was published for comment in the Federal Register on August 1, 2017.<sup>3</sup> The Commission received no comment letters on the proposed rule change. On September 11, 2017, the Commission extended its time frame for action on the Proposal until October 30, 2017.<sup>4</sup>

The Exchange hereby files Partial Amendment No. 1, which makes the following changes to its proposal.<sup>5</sup> First, Partial Amendment No. 1 eliminates the concept of a

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

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

<sup>3</sup> See Securities Exchange Act Release No. 81230 (July 27, 2017), 82 FR. 35858 (Aug. 1, 2017) (SR-Phlx-2017-34).

<sup>4</sup> See Securities Exchange Act Release No. 34-81567 (Sept. 11, 2017), 82 FR 43432 (Sept. 15, 2017).

<sup>5</sup> With this Partial Amendment No. 1, the Exchange is including Exhibit 4, which reflects changes to the text of the proposed rule change pursuant to this Partial Amendment No. 1, and Exhibit 5, which reflects changes to the current rule text that are proposed in the Proposal, as amended by this Partial Amendment No. 1. Except as otherwise noted, in this document as well as in Exhibits 4 and 5 hereto, proposed additions to the text are underlined and proposed deletions from the text are bracketed.

Snapshot “refresh” in which Floor Brokers, upon expiration of a Snapshot, could take a new Snapshot and obtain an additional 15 seconds to enter the terms of a trade into FBMS, without first re-announcing the trade to the crowd. The Partial Amendment now proposes that in all instances in which a Snapshot becomes invalid (e.g., expiration, rejection by the Trading System, or cancellation in anticipation of expiration or rejection), a Floor Broker may take a new Snapshot that reflects the market prevailing at the time the new Snapshot is taken, provided that the Floor Broker first re-announces the trade to the trading crowd and reaches a new agreement as to the terms of the trade. Second, the Amendment eliminates the proposal’s limitation on the number of times that a Floor Broker may refresh a Snapshot with respect to a single order. Third, the Amendment modifies the proposal so that each Snapshot will last for 30 seconds rather than 15 seconds (unless a Floor Broker opts to cancel the Snapshot prior to its expiration).

Together, these three changes simplify the proposal substantially while maintaining its utility to Floor Brokers and facilitating its administration and compliance. The Exchange originally proposed a 15 second limitation on the duration of a Snapshot as a compromise between the need of Floor Brokers for additional time to enter trades into FBMS without bearing the risk of interim market movements and the need of the Exchange to ensure timely trade reports to the consolidated tape. However, because the Exchange recognized that, in many instances, a single 15 second Snapshot might not be sufficient for Floor Brokers to fully calculate and enter the terms of complex or multi-leg trades, the Exchange also proposed to allow Floor Brokers to refresh their Snapshots up to three times with respect to a single order. Furthermore, the Exchange proposed

allowing Floor Brokers who their refreshed Snapshots to obtain more time to finish entering their trades to bypass the requirement that they re-announce their trades before they refreshed; instead, the Exchange proposed to require Floor Brokers in this circumstance to merely re-confirm the terms of their trades before refreshing their Snapshots.

After the Exchange submitted this proposal to the Commission, it concluded that the proposal's structure would be difficult for the Exchange to administer and for Floor Brokers to understand. For example, it would be difficult to discern when it would be appropriate for a Floor Broker to re-announce a trade before refreshing a Snapshot and when it would be appropriate to merely re-confirm the terms of a trade before doing so. It also would be challenging to apply a limit on the number of Snapshots with respect to a particular order because it would be difficult to discern whether an order is the same as a prior order or distinct from it.

The Exchange believes that Partial Amendment No. 1 solves these problems with the initial proposal. By doubling the proposed duration of a Snapshot to 30 seconds, the Exchange will significantly limit the need for Floor Brokers to resort to a Snapshot "refresh" while still allowing for timely reports to the tape. The Exchange believes that, in most instances, 30 seconds will provide ample time for Floor Brokers to enter their trades into FBMS. Because the Exchange expects that there will be few instances in which Floor Brokers will reasonably need more than 30 seconds to enter trade information into FBMS, the Exchange has determined that it has no reason to complicate the proposal by exempting Floor Brokers from the requirement that they re-announce trades to the crowd before they take additional Snapshots. The Exchange has concluded

that it would be more fair and simple to require Floor Brokers, in all circumstances, to re-announce trades in the crowd prior to taking new Snapshots. Finally, the Exchange has determined that imposing a three-Snapshot limit on “refreshes” is an unnecessary complication. To the extent that the Exchange wishes to curb excessive use and abuse of Snapshot, the Exchange believes that it can do so adequately through surveillance.

In addition to the above, the Exchange proposes in Partial Amendment No. 1 to amend Rule 1064(a)(iii) to clarify that a provisional execution using Snapshot is an exception to the general rule that crossing orders are not deemed executed until entered into and executed through FBMS.

The Exchange also proposes to amend Options Floor Procedure Advice C-2 to clarify that the use of Snapshot is an exception to the general rule that Floor Brokers must record trade information on paper tickets if the Exchange determines that they may execute orders in the trading crowd.

In addition to the above, the Exchange proposes, in Partial Amendment No. 1, certain clarifying changes to Form 19b-4 and Exhibit 1. For example, the Partial Amendment clarifies that the market information that a Snapshot captures is derived from the same market information that exists in the Trading System. The Partial Amendment furthermore clarifies Form 19b-4 and Exhibit 1 so that they no longer suggest that the time and market captured by Snapshot would be used for undefined purposes other than for audit trail and surveillance purposes. It provides further clarity with respect to the Exchange’s discussion of how Snapshot will interact with orders on the Exchange’s book. It clarifies that, due to limitations in the design of FBMS, Snapshot will not be available for use with Multi-leg orders with more than 15 legs.

Moreover, Partial Amendment No. 1 provides greater specificity as to the Exchange's expectations regarding proper use of Snapshot, including its expectation that Floor Brokers will enter their trades as quickly as possible, notwithstanding the availability of Snapshot and its 30 second timer. It also provides additional examples of improper use of Snapshot, including patterns of taking excessive time to enter simple trades or crosses using Snapshot. The Exchange will surveil for improper use and will take appropriate action when it occurs.

Finally, the Exchange proposes to clarify that it expects to implement the Snapshot functionality in the fourth quarter of 2017 and that it will provide seven days advance notice of such implementation via an Options Trader Alert to be published on the Exchange's website.

#### **Specific Changes to Form 19b-4 and Exhibit 1**

1. The Exchange proposes to add the following text as a new footnote to be placed immediately after the phrase "(i.e., take a "snapshot" of the market)" in the first paragraph on page 9 of 49 of Form 19b-4 and the first paragraph of page 30 of 49 of Exhibit 1, as follows:

The market conditions that Snapshot will capture will be derived from the same real-time market conditions that exist in the Trading System.

2. The Exchange proposes to modify the following sentence (footnote omitted) in the first paragraph of page 9 of 49 of Form 19b-4 and at the top of page 31 of 49 of Exhibit 1, as follows:

The time and market captured by the Snapshot will be utilized for [all purposes, including ]audit trail and surveillance purposes.

3. The Exchange proposes to modify the first paragraph on page 10 of 49 of Form 19b-4 and the first full paragraph of page 31 of 49 of Exhibit 1, as follows:

The Exchange notes that Snapshot would not interact with the Exchange's electronic order book. As set forth in proposed Rule 1063(e)(v)(C)(3), if an order exists on the book that has priority at the time when a Floor Broker seeks to take a Snapshot, the System will not prevent the Floor Broker from taking the Snapshot, but [he will need to clear the order on the book, re-announce and provisionally re-execute the trade, and take a new Snapshot before he submits the provisionally executed trade to the Trading System or else the Trading System will reject the provisionally executed trade and will not report that trade to the consolidated tape (as it would violate the priority rules of the Exchange).] the Trading System will reject the provisionally executed trade because the order on the book has priority. To avoid a rejection in this circumstance, the Floor Broker will need to clear the order on the book, re-announce and provisionally re-execute the trade, and take a new Snapshot before he submits the provisionally executed trade to the Trading System.

4. The Exchange proposes to modify the following sentence of the first full paragraph on page 11 of 49 of Form 19b-4 and the last paragraph of page 32 of 49 of Exhibit 1, as follows:

As discussed below, once the Floor Broker clicks the Snapshot button, he will have up to [15]30 seconds to enter into FBMS the final terms of his Customer's trade and then submit the trade to the Trading System.

5. The Exchange proposes to add the following text as a new footnote immediately after the phrase "(as defined in Rule 1066(f))" in the second full paragraph of page 12 of 49 of Form 19b-4 and the first sentence of page 34 of 49 of Exhibit 1, as follows:

Due to system limitations in FBMS, Floor Brokers will not be able to utilize Snapshot to execute Multi-leg Orders with more than 15 legs. See Rule 1000(f)(iii)(C).

6. The Exchange proposes to modify the following paragraph on page 13 of 49 of Form 19b-4 and at the bottom of page 34 of 49 of Exhibit 1, as follows:



The Exchange notes that it proposes to amend Floor Advice C-2 to render it a violation for a Floor Broker to trigger the Snapshot feature for the purpose of obtaining favorable priority or trade-through conditions or improperly avoiding unfavorable priority or trade-through conditions. Conduct that violates this Advice would include, for example, repeated instances in which Floor Brokers cancel or permit valid Snapshots to expire without submitting the trades subject to the Snapshots to the Trading System for verification and reporting to the consolidated tape. It would also include repeated instances in which Floor Brokers take more time than is reasonably necessary under the circumstances to submit trades to the Trading System that are subject to valid Snapshots. Floor Brokers should endeavor to submit trades that are subject to Snapshots as quickly as possible notwithstanding the existence of the 30 second time frame in which to do so; for example, in most instances, they should not require a full 30 seconds to submit a simple trade or a cross to the System. Surveillance Staff will monitor and enforce proper usage of the Snapshot feature[ on a post-trade basis].

7. The Exchange proposes to modify the following sentence that begins at the bottom of page 13 of 49 of Form 19b-4 and towards the top of page 35 of 49 of Exhibit 1, as follows:

Specifically, the Exchange proposes to make each Snapshot valid for only [15]30 seconds, meaning that a Floor Broker may submit a trade from FBMS to the Trading System based upon a Snapshot at any time within [15]30 seconds after the Floor Broker clicks the Snapshot button and activates the feature.

8. The Exchange proposes to modify the following sentence in the first full paragraph of page 14 of 49 of Form 19b-4 and the last paragraph of page 35 of 49 of Exhibit 1, as follows:

Ultimately, the Exchange settled on a [15]30 second limitation for the validity of a Snapshot as a reasonable and prudent compromise between the needs of the Floor Brokers for additional time to completely reconcile and record the terms of their trades with the needs of market participants for fast, accurate, and transparent reporting of trades.

9. The Exchange proposes to delete three consecutive paragraphs beginning with the last paragraph of page 14 of 49 of Form 19b-4 and the first full paragraph of page

36 of 49 of Exhibit 1 (the first of the three consecutive paragraphs begins with “If a Snapshot expires before a Floor Broker ...”) as well as the entire subsequent section entitled “Ability to Refresh a Snapshot Before it Expires,” beginning on page 15 of 49 of Form 19b-4 and page 36 of 49 of Exhibit 1, and replace them all with the following two sections:

### **Taking a New Snapshot**

The proposal provides for several circumstances and conditions under which a Floor Broker may take more than one Snapshot with respect to a particular order.

The first such circumstances occurs when a Snapshot expires before a Floor Broker completes his or her entry and submission of a trade. In this circumstance, FBMS will not permit the Floor Broker to rely upon the expired Snapshot to submit the trade to the Trading System. Accordingly, the Floor Broker may, after re-announcing the trade to the trading crowd and reaching a new agreement regarding its terms, take a new Snapshot of the market that records the new market prevailing at the time of provisional execution. The Floor Broker would then have no more than 30 seconds within which to submit the trade and, upon timely submission, the Trading System would evaluate the trade based upon the prevailing market conditions reflected in the new Snapshot. Provided that the submitted trade adheres to the priority and trade-through restrictions based upon the prevailing market condition reflected in the new Snapshot, then the Trading System will report the trade to the consolidated tape.

The second circumstance in which it may be permissible for a Floor Broker to take an additional Snapshot with respect to an order occurs when the Trading System has rejected a trade that was subject to a prior Snapshot. A Floor Broker may find that the Trading System has rejected a trade that was subject to a Snapshot because the market shifted between the time of provisional execution and the time when the Floor Broker took the Snapshot such that the trade became impermissible under the Rules of the Exchange. The System also may have rejected a trade subject to a Snapshot because an order existed on the Exchange’s limit order book that had priority. In these scenarios, the proposal provides that the Floor Broker may take a new Snapshot upon rejection of a trade, provided again that the Floor Broker first re-announces the trade in the crowd and reaches a new agreement as to its terms. Again, the Trading System would evaluate the trade based upon the prevailing market conditions reflected in the new Snapshot. Provided that the submitted

trade adheres to the priority and trade-through restrictions based upon the prevailing market condition reflected in the new Snapshot, then the Trading System will report the trade to the consolidated tape.

Lastly, a Floor Broker may, in reasonable anticipation of the above scenarios occurring, affirmatively cancel a valid Snapshot with respect to an order, or allow a valid Snapshot to expire, and then, after re-announcing the trade to the trading crowd and reaching a new agreement as to its terms, take a new Snapshot.

By way of example, a Floor Broker enters the trading crowd with a Customer Multi-leg Order to Buy 100 IBM Jan 100 calls for \$1.05 and Sell 97 Jan 105 calls for \$0.85. The market for the Jan 100 calls is \$1.00 bid and \$1.15 offer while the market for the Jan 105 calls is \$0.70 bid and \$1.00 offer. The trading crowd has no interest in participating in this trade. This is a lawful trade and when the Floor Broker announces the execution, he clicks the Snapshot button. When the Snapshot appears, it reflects a rapid change in the market for the Jan 100 calls to \$1.10 bid and \$1.15 offer. When the Floor Broker sees the Snapshot, he knows that it will be useless because the Trading System will reject the trade since his price of \$1.05 is outside of the market. While the Snapshot remains valid, he sees the market for the Jan 100 calls change back to \$1.00 bid and \$1.15 offer. He re-announces the trade, receives no interest, and then clicks the Snapshot button again to record the change in the market and receives a new 30 second window in which to open the Complex Calculator, enter the terms of the trade into the Complex Calculator, and submit the trade to the Trading System for execution.

Another example where a Floor Broker may find it necessary to take a new Snapshot could occur when the Floor Broker enters the trading crowd with a multi-Legged Customer Order to buy 819 contracts of Leg 1, sell 912 contracts of Leg 2, and buy 1011 contacts of Leg 3 – all for a net price of \$2.00. In the trading crowd, the Floor Broker receives interest from several Market Makers who provide \$2.00 offers with a net offer size greater than his order size (providing an over subscription of size). Because the Floor Broker has sufficient interest to execute the trade at \$2.00, he clicks Snapshot, but he then finds himself unable, before the Snapshot expires, to finalize the volumes that each Market Maker will agree to trade (given that each Market Maker desired to trade more contracts than the order size). Accordingly, the Floor Broker re-announces the trade and then takes a new Snapshot.

The Exchange does not believe that Floor Brokers have an incentive to abuse their ability under the Proposal to take multiple Snapshots with respect to an order. Accordingly, the Exchange does not, at this time, propose to impose a limit on the number of times that a Floor

Broker may refresh a Snapshot. However, the Exchange will monitor Floor Brokers' use of Snapshot and it will take appropriate action if it determines that Floor Brokers are abusing the functionality. As discussed above, abusive behavior could include repeated instances in which Floor Brokers take more time than is reasonably necessary under the circumstances to submit trades subject to Snapshot to the Trading System. It might also include repeated instances in which Floor Brokers cancel Snapshots or allow them to expire without submitting corresponding valid trades to the System for execution.

### **Implementation of Snapshot.**

The Exchange proposes to make the Snapshot functionality available for use by Floor Brokers during the fourth quarter of 2017. The Exchange will notify members via an Options Trader Alert, to be posted on the Exchange's website, at least seven calendar days prior to the date when Snapshot will be available for use.

10. The Exchange proposes to modify the following sentence in the Statutory Basis section, at the bottom of page 20 of 49 of Form 19b-4 and the top of page 42 of 49 of Exhibit 1, as follows:

Finally, the Exchange's proposal accomplishes the above in a manner that: (1) continues to provide automated and verifiable enforcement of applicable trade-through and priority rules; (2) is documented in writing and transparent, in contrast to the practices of other exchanges; (3) provides for trade reporting to occur in a timely fashion, even for the most complex trades, and within a [15]30 second time frame that is far less than the maximum 90 second reporting period allowable; and (4) imposes surveillance and responsible limitations upon Snapshot that ensure appropriate usage and prevents violations and abuse.

### **Specific Changes to Exhibit 5**

11. The Exchange proposes to modify proposed Rule 1000 by adding the following legend after the text of the Rule itself:

The Exchange anticipates that it will implement the Snapshot feature referenced herein and described further in Rule 1063(e) during the Fourth Quarter of 2017. The Exchange will notify members via an Options Trader Alert, to be posted on the Exchange's website, at least seven calendar days prior to the date when Snapshot will be available for use.

12. The Exchange proposes to modify proposed Rule 1063(e)(v)(B), as follows:

**B. *Snapshot timer.*** After triggering the Snapshot feature, the Floor Broker will have no more than [15]30 seconds to submit the provisionally executed trade along with the Snapshot into the System. The Snapshot will automatically become unavailable and expire if the Floor Broker fails to submit a provisionally executed trade along with the Snapshot within [15]30 seconds after triggering the Snapshot.

13. The Exchange proposes to modify proposed Rule 1063(e)(v)(D), as follows:

**D. [~~Refreshing~~]Taking a New Snapshot**

[1. If a Snapshot expires before a Floor Broker submits or without a Floor Broker having submitted a provisional execution to the Trading System, or if the Trading System rejects a provisional execution that is subject to a Snapshot, or a Floor Broker reasonably anticipates that a Snapshot will expire before he can finish entering and submitting a provisional execution, then the Floor Broker may take a new Snapshot and trigger a new 15-second timer as described in paragraphs (A) through (C) above, provided that the Floor Broker first re-announces and provisionally re-executes the trade in the crowd, re-confirms the terms of the provisional execution with the existing participant(s) based on the then-current market conditions.]

1. A Floor Broker may take a new Snapshot and trigger a new 30-second timer provided that the Floor Broker first re-announces and provisionally re-executes the trade in the crowd, as described in paragraphs (A) through (C) above, if: (i) the Snapshot expired before the Floor Broker submitted a provisional execution to the Trading System; (ii) the Trading System rejected a provisional execution that is subject to a Snapshot; or (iii) the Floor Broker affirmatively canceled a Snapshot or permitted it to expire in anticipation of the Trading System rejecting the provisional execution that is subject to it.

[2. If the Trading System rejects a provisional execution subject to a Snapshot or a Floor Broker reasonably anticipates that the Trading System will reject a provisional execution that is subject to a Snapshot before he submits it, then the Floor Broker may take a new Snapshot and trigger a new 15-second timer as described in paragraphs (A) through (C) above, provided that the Floor Broker first re-announces and provisionally re-executes the trade in the crowd.]

[3. Notwithstanding paragraphs 1 and 2 above, a Floor Broker may take no more than three Snapshots with respect to a single order. If the Floor

Broker takes multiple Snapshots for the same order, the System automatically uses the most recent Snapshot.]

The Exchange anticipates that it will implement the Snapshot feature described in Rule 1063(e) during the Fourth Quarter of 2017. The Exchange will notify members via an Options Trader Alert, to be posted on the Exchange's website, at least seven calendar days prior to the date when Snapshot will be available for use.

14. The Exchange proposes to modify Rule 1064, as follows:

**Rule 1064. Crossing, Facilitation and Solicited Orders**

(a) *Crossing*. Except as provided in paragraph (e) below, an Options Floor Broker who holds orders to buy and sell the same option series may cross such orders, provided that he proceeds in the following manner:

(i) – (ii) No change.

(iii) If such higher bid or lower offer is not taken, he may cross the orders at such higher bid or lower offer by announcing by public outcry that he is crossing and giving the quantity and price. All such orders are not deemed executed until entered into and executed through the Options Floor Broker Management System ("FBMS"), except for where there is a provisional execution using the Snapshot feature of FBMS (as described in Rule 1063) to cross multi-leg orders (as defined in Rule 1066(f)) or simple orders in options on ETFs that are included in the Options Penny Pilot; bids and offers can be withdrawn pursuant to Rule 1000(g). [When a Floor Broker utilizes the Snapshot feature of FBMS (as described in Rule 1063) to cross multi-leg orders (as defined in Rule 1066(f)) or simple orders in options on ETFs that are included in the Options Penny Pilot, such orders are deemed to be preliminarily executed when the Floor Broker takes the Snapshot.]

(iv) No change.

(b) – (e) No change.

••• **Commentary:** -----

No change.

The Exchange anticipates that it will implement the Snapshot feature referenced herein and described further in Rule 1063(e) during the Fourth Quarter of 2017. The Exchange will notify members via an Options

Trader Alert, to be posted on the Exchange's website, at least seven calendar days prior to the date when Snapshot will be available for use.

15. The Exchange proposes to modify proposed Options Floor Procedure Advice C-2

(Options Floor Broker Management System), as follows:

Options Floor Broker Management System. In order to create an electronic audit trail for options orders represented by Floor Brokers on the Exchange's Options Floor, a Floor Broker or such Floor Broker's employees shall, contemporaneously upon receipt of an order and prior to the representation of such an order in the trading crowd, record all options orders represented by such Floor Broker onto the electronic Options Floor Broker Management System (as described in Rule 1080, Commentary .06). The following specific information with respect to orders represented by a Floor Broker shall be recorded by such Floor Broker or such Floor Broker's employees: (i) the order type (i.e., customer, firm, broker-dealer, professional) and order receipt time; (ii) the option symbol; (iii) buy, sell, cross or cancel; (iv) call, put, complex (i.e., spread, straddle), or contingency order as described in Rule 1066; (v) number of contracts; (vi) limit price or market order or, in the case of a complex or multi-leg order, net debit or credit, if applicable; (vii) whether the transaction is to open or close a position; and (viii) The Options Clearing Corporation ("OCC") clearing number of the broker-dealer that submitted the order (collectively, the "required information"). A Floor Broker must enter complete alpha/numeric identification assigned by the Exchange for all orders entered on behalf of Exchange Registered Option Traders. Any additional information with respect to the order shall be inputted into the Options Floor Broker Management System contemporaneously upon receipt, which may occur after the representation and execution of the order. Pursuant to Rule 1000(f), Floor Brokers are not permitted to execute orders in the Exchange's options trading crowd (subject to certain exceptions). In the event of a malfunction in the Options Floor Broker Management System or in the event that the Exchange determines that Floor Brokers are permitted to execute orders in the Exchange's options trading crowd for a specific reason pursuant to Rule 1000(f)(iii) (other than for the use of Snapshot, as set forth in Rule 1000(f)(iii)(E)), Floor Brokers shall record the required information on trade tickets, and shall not represent an order for execution which has not been time stamped with the time of entry on the trading floor. Such trade tickets shall be time stamped upon the execution of such an order. Floor Brokers or their employees shall either enter the required information that is recorded on such trade tickets into the Exchange's electronic trading system or ensure that such information is entered for inclusion in the electronic audit trail. Floor Brokers or their employees shall enter the required information (as described above) for FLEX options, or ensure that such information is

entered, into the Exchange's electronic audit trail in the same electronic format as the required information for equity, equity index and U.S. dollar-settled foreign currency options. Floor Brokers or their employees shall enter the required information for FLEX options into the electronic audit trail on the same business day that a specific event surrounding the lifecycle of an order in FLEX options (including, without limitation, orders, price or size changes, execution or cancellation) occurs. FBMS is also designed to execute two-sided orders entered by Floor Brokers, including multi-leg orders up to 15 legs, after representation in the trading crowd. When a Floor Broker submits an order for execution through FBMS, the order will be executed based on market conditions and in accordance with Exchange rules. FBMS execution functionality will assist the Floor Broker in clearing the Exchange book, consistent with Exchange priority rules. If the order cannot be executed, the System will attempt to execute the order a number of times for a period of no more than one second, which period shall be established by the Exchange and announced by Options Trader Alert, after which it will be returned to the Floor Broker on the FBMS. The Floor Broker may resubmit the order for execution, as long as the quotes/orders that comprise the cross have not been withdrawn. Floor Brokers are responsible for handling all FBMS orders in accordance with Exchange priority and trade-through rules, including Rules 1014, 1033 and 1084.

A Floor Broker is prohibited from triggering the Snapshot feature for the purpose of obtaining favorable priority or trade-through conditions or avoiding unfavorable priority or trade-through conditions.

FINE SCHEDULE (Implemented on a two-year running calendar basis)

1st Occurrence	\$500.00
2nd Occurrence	\$1,000.00
3rd Occurrence	\$2,000.00
4th Occurrence and Thereafter	Sanction is discretionary with Business Conduct Committee

*The Exchange anticipates that it will implement the Snapshot feature referenced herein and described further in Rule 1063(e) during the Fourth Quarter of 2017. The Exchange will notify members via an Options Trader Alert, to be posted on the Exchange's website, at least seven calendar days prior to the date when Snapshot will be available for use.*



\* \* \*

The Exchange believes that SR-Phlx-2017-34, as amended, remains consistent with Section 6(b) of the Act,<sup>6</sup> and Section 6(b)(5) of the Act,<sup>7</sup> in particular. In addition to making clarifying changes, Partial Amendment No. 1 makes three changes to the structure of the proposal, including: (1) eliminating the ability of a Floor Broker take multiple Snapshots without first re-announcing their trades to the crowd; (2) eliminating the limit on the number of Snapshots that a Floor Broker may take with respect to an order; and (3) increasing the duration of a Snapshot from 15 to 30 seconds. The Exchange believes that these changes are consistent with the Act because they significantly simplify the design of Snapshot, thereby rendering it easier for the Exchange to administer and easier for Floor Brokers to understand. These changes also render the amended proposal more just to Floor Brokers than the initial proposal because the amended proposal provides that, in all instances in which Snapshots become invalid (rather than only when the Trading System rejects trades subject to Snapshots), Floor Brokers must re-announce their trades in the trading crowd before taking new Snapshots.

Although the Amendment proposes to double the duration of a Snapshot to 30 seconds, the Exchange believes that a 30 second duration remains a reasonable compromise between Floor Brokers' need for additional time to enter their trades and the need of the Exchange and the markets to report trades to the tape on a timely basis. The 30 second duration remains far less than the maximum 90 second reporting period allowable.

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

<sup>1</sup> 15 U.S.C. 78f(b)(5).

Removing the limitation on the number of Snapshots that a Floor Broker may take with respect to an order is also consistent with the Act because this limitation is not necessary to protect against excessive use or abuse of Snapshot; surveillance should provide adequate protection in that regard. Moreover, the Exchange believes that any marginal protective benefit that may be associated with imposing a hard limit on the number of Snapshots is outweighed by the complexity of determining whether such a limit applies with respect to a particular order and then enforcing that limit.

The Exchange does not believe that any of the changes it proposes in this Amendment will have any discriminatory impact insofar as they will apply to all Floor Brokers equally to the extent that they choose to utilize Snapshot.

Finally, the Exchange does not believe that any of the changes it proposes in Partial Amendment No. 1 will impose any new or additional burden on competition.

**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****Rules of the Exchange**

\* \* \* \* \*

**Options Rules****Rules Applicable to Trading of Options on Stocks, Exchange-Traded Fund Shares and Foreign Currencies (Rules 1000—1098)****Rule 1000. Applicability, Definitions and References**

(a) – (e) No change.

(f) All Exchange options transactions shall be executed in one of the following ways:

(i) No change.

(ii) No change.

(iii) through the Options Floor Broker Management System for trades involving at least one Floor Broker. Although Floor Brokers may represent orders in the trading crowd, Floor Brokers are not permitted to execute orders in the Exchange's options trading crowd, except as follows:

(A) – (D) No change.

(E) As set forth in Rule 1063(e)(v), Floor Brokers may use the Snapshot feature of the Options Floor Broker Management System to provisionally execute, in the options trading crowd, multi-leg orders (as defined in Rule 1066(f)) and simple orders in options on ETFs that are included in the Options Penny Pilot.

Surveillance staff must approve all executions submitted under this Rule 1000(f)(iii)(A)-(D) to validate that each abides by applicable priority and trade through rules. Under subsection (f)(iii)(D), the rounding of prices may be used only where necessary to execute the trade at the MPV, and only to the benefit of a customer order or, where multiple customers' orders are involved, for the customer order that is earliest in time. If no customer order is involved, rounding of prices is available to the non-customer order that is earliest in time.

(g) No change.

The Exchange anticipates that it will implement the Snapshot feature referenced herein and described further in Rule 1063(e) during the Fourth Quarter of 2017. The Exchange will notify members via an Options Trader Alert, to be posted on the Exchange's website, at least seven calendar days prior to the date when Snapshot will be available for use.

\* \* \* \* \*

### **Rule 1063. Responsibilities of Floor Brokers**

(a) – (d) No change.

(e)

(i) – (iv) No change.

(v) Snapshot Feature. The Snapshot feature of FBMS records the market prevailing at the time the Snapshot is triggered. It records all information required to determine compliance with priority and trade-through requirements, including the following: (1) Away Best Bid and Offer; (2) the Exchange Best Bid and Offer; (3) customer orders at the top of the Exchange book; and (4) the best bid and offer of all-or-none orders.

#### **A. Availability.**

1. A Floor Broker is permitted to trigger the Snapshot feature only at the time he or she provisionally executes a trade in the trading crowd involving a multi-leg order (as defined in Rule 1066(f)) or a simple order in an option on an ETF that is included in the Options Penny Pilot. For purposes of this provision, provisional execution occurs when either: (i) the participants to a trade reach a verbal agreement in the trading crowd as to the terms of the trade; or (ii) a Floor Broker announces that he is crossing an order in accordance with Rule 1064(a).
2. A Floor Broker is prohibited from triggering the Snapshot feature for the purpose of obtaining favorable priority or trade-through conditions or avoiding unfavorable priority or trade-through conditions.
3. A Floor Broker may have only one Snapshot outstanding across all options classes and series at a given time.
4. Surveillance Staff will monitor and enforce proper usage of the Snapshot feature[ on a post-trade basis].

**B. Snapshot Timer.** After triggering the Snapshot feature, the Floor Broker will have no more than [15]30 seconds to submit the provisionally

executed trade along with the Snapshot into the System. The Snapshot will automatically become unavailable and expire if the Floor Broker fails to submit a provisionally executed trade along with the Snapshot within [15]30 seconds after triggering the Snapshot.

- C. ***Verification.*** After the Floor Broker submits the provisionally executed trade along with the Snapshot, the System then determines whether the terms of the provisionally executed trade submitted by the Floor Broker are consistent with applicable priority and trade-through rules based on the market prevailing at the time of the Snapshot.
1. If the provisionally executed trade submitted with the Snapshot is consistent with the applicable priority and trade-through rules based on the market prevailing at the time of the Snapshot, the System will report the trade to the Consolidated Tape.
  2. If the provisionally executed trade is not consistent with the applicable priority and trade-through rules based on the market prevailing at the time of the Snapshot, the System will reject the trade.
  3. If an order exists on the Exchange's limit order book that has priority at the time when a Floor Broker seeks to take a Snapshot, the System will not prevent the Floor Broker from taking a Snapshot, but the Floor Broker must clear the order on the book, re-announce and provisionally re-execute the trade, and take a new Snapshot before submitting the provisionally executed trade to the System or else the System will reject the trade upon submission.

D. ***[Refreshing]Taking a New Snapshot***

[1. If a Snapshot expires before a Floor Broker submits or without a Floor Broker having submitted a provisional execution to the Trading System, or if the Trading System rejects a provisional execution that is subject to a Snapshot, or a Floor Broker reasonably anticipates that a Snapshot will expire before he can finish entering and submitting a provisional execution, then the Floor Broker may take a new Snapshot and trigger a new 15-second timer as described in paragraphs (A) through (C) above, provided that the Floor Broker first re-announces and provisionally re-executes the trade in the crowd.re-confirms the terms of the provisional execution with the existing participant(s) based on the then-current market conditions.]

1. A Floor Broker may take a new Snapshot and trigger a new 30-second timer provided that the Floor Broker first re-announces and provisionally re-executes the trade in the crowd, as described in paragraphs (A) through (C) above, if: (i) the Snapshot expired before the Floor Broker submitted a

provisional execution to the Trading System; (ii) the Trading System rejected a provisional execution that is subject to a Snapshot; or (iii) the Floor Broker affirmatively canceled a Snapshot or permitted it to expire in anticipation of the Trading System rejecting the provisional execution that is subject to it.

[2. If the Trading System rejects a provisional execution subject to a Snapshot or a Floor Broker reasonably anticipates that the Trading System will reject a provisional execution that is subject to a Snapshot before he submits it, then the Floor Broker may take a new Snapshot and trigger a new 15-second timer as described in paragraphs (A) through (C) above, provided that the Floor Broker first re-announces and provisionally re-executes the trade in the crowd.]

[3. Notwithstanding paragraphs 1 and 2 above, a Floor Broker may take no more than three Snapshots with respect to a single order. If the Floor Broker takes multiple Snapshots for the same order, the System automatically uses the most recent Snapshot.]

*The Exchange anticipates that it will implement the Snapshot feature described in Rule 1063(e) during the Fourth Quarter of 2017. The Exchange will notify members via an Options Trader Alert, to be posted on the Exchange's website, at least seven calendar days prior to the date when Snapshot will be available for use.*

(f) No change.

••• *Commentary:* -----

.01 - .02 No change.

\* \* \* \* \*

#### **Rule 1064. Crossing, Facilitation and Solicited Orders**

(a) *Crossing.* Except as provided in paragraph (e) below, an Options Floor Broker who holds orders to buy and sell the same option series may cross such orders, provided that he proceeds in the following manner:

- (i) In accordance with his responsibilities for due diligence, pursuant to Rule 155, an Options Floor Broker shall request bids and offers for such options series and make all persons in the trading crowd aware of his request.
- (ii) After providing an opportunity for such bids and offers to be made, he must bid and offer at prices differing by the minimum increment and must improve the market by bidding above the highest bid or offering below the lowest offer.

(iii) If such higher bid or lower offer is not taken, he may cross the orders at such higher bid or lower offer by announcing by public outcry that he is crossing and giving the quantity and price. All such orders are not deemed executed until entered into and executed through the Options Floor Broker Management System ("FBMS"), except for where there is a provisional execution using the Snapshot feature of FBMS (as described in Rule 1063) to cross multi-leg orders (as defined in Rule 1066(f)) or simple orders in options on ETFs that are included in the Options Penny Pilot; bids and offers can be withdrawn pursuant to Rule 1000(g).

(iv) A Floor Broker crossing a public customer order with an order that is not a public customer order, when providing for a reasonable opportunity for the trading crowd to participate in the transaction, shall disclose the public customer order that is subject to crossing prior to the execution of the order.

(b) – (e) No change.

••• **Commentary:** -----

No change.

The Exchange anticipates that it will implement the Snapshot feature referenced herein and described further in Rule 1063(e) during the Fourth Quarter of 2017. The Exchange will notify members via an Options Trader Alert, to be posted on the Exchange's website, at least seven calendar days prior to the date when Snapshot will be available for use.

\* \* \* \* \*

**OPTION FLOOR PROCEDURE ADVICES AND ORDER & DECORUM REGULATIONS**

\* \* \* \* \*

**C. FLOOR BROKERS**

\* \* \* \* \*

**C-2 Options Floor Broker Management System**

Options Floor Broker Management System. In order to create an electronic audit trail for options orders represented by Floor Brokers on the Exchange's Options Floor, a Floor Broker or such Floor Broker's employees shall, contemporaneously upon receipt of an order and prior to the representation of such an order in the trading crowd, record all options orders represented by such Floor Broker onto the electronic Options Floor Broker Management System (as described in Rule 1080, Commentary .06). The following specific information with respect to orders represented by a Floor Broker shall be recorded by such Floor Broker or such Floor Broker's employees: (i) the order type (i.e., customer, firm, broker-dealer, professional) and order receipt time; (ii) the option symbol; (iii) buy, sell, cross or cancel; (iv) call, put, complex (i.e., spread, straddle), or

contingency order as described in Rule 1066; (v) number of contracts; (vi) limit price or market order or, in the case of a complex or multi-leg order, net debit or credit, if applicable; (vii) whether the transaction is to open or close a position; and (viii) The Options Clearing Corporation ("OCC") clearing number of the broker-dealer that submitted the order (collectively, the "required information"). A Floor Broker must enter complete alpha/numeric identification assigned by the Exchange for all orders entered on behalf of Exchange Registered Option Traders. Any additional information with respect to the order shall be inputted into the Options Floor Broker Management System contemporaneously upon receipt, which may occur after the representation and execution of the order.

Pursuant to Rule 1000(f), Floor Brokers are not permitted to execute orders in the Exchange's options trading crowd (subject to certain exceptions). In the event of a malfunction in the Options Floor Broker Management System or in the event that the Exchange determines that Floor Brokers are permitted to execute orders in the Exchange's options trading crowd for a specific reason pursuant to Rule 1000(f)(iii) (other than for the use of Snapshot, as set forth in Rule 1000(f)(iii)(E)), Floor Brokers shall record the required information on trade tickets, and shall not represent an order for execution which has not been time stamped with the time of entry on the trading floor. Such trade tickets shall be time stamped upon the execution of such an order. Floor Brokers or their employees shall either enter the required information that is recorded on such trade tickets into the Exchange's electronic trading system or ensure that such information is entered for inclusion in the electronic audit trail.

Floor Brokers or their employees shall enter the required information (as described above) for FLEX options, or ensure that such information is entered, into the Exchange's electronic audit trail in the same electronic format as the required information for equity, equity index and U.S. dollar-settled foreign currency options. Floor Brokers or their employees shall enter the required information for FLEX options into the electronic audit trail on the same business day that a specific event surrounding the lifecycle of an order in FLEX options (including, without limitation, orders, price or size changes, execution or cancellation) occurs.

FBMS is also designed to execute two-sided orders entered by Floor Brokers, including multi-leg orders up to 15 legs, after representation in the trading crowd. When a Floor Broker submits an order for execution through FBMS, the order will be executed based on market conditions and in accordance with Exchange rules. FBMS execution functionality will assist the Floor Broker in clearing the Exchange book, consistent with Exchange priority rules. If the order cannot be executed, the System will attempt to execute the order a number of times for a period of no more than one second, which period shall be established by the Exchange and announced by Options Trader Alert, after which it will be returned to the Floor Broker on the FBMS. The Floor Broker may resubmit the order for execution, as long as the quotes/orders that comprise the cross have not been withdrawn. Floor Brokers are responsible for handling all FBMS orders in accordance with Exchange priority and trade-through rules, including Rules 1014, 1033 and 1084.



A Floor Broker is prohibited from triggering the Snapshot feature for the purpose of obtaining favorable priority or trade-through conditions or avoiding unfavorable priority or trade-through conditions.

FINE SCHEDULE (Implemented on a two-year running calendar basis)

1st Occurrence	\$500.00
2nd Occurrence	\$1,000.00
3rd Occurrence	\$2,000.00
4th Occurrence and Thereafter	Sanction is discretionary with Business Conduct Committee

*The Exchange anticipates that it will implement the Snapshot feature referenced herein and described further in Rule 1063(e) during the Fourth Quarter of 2017. The Exchange will notify members via an Options Trader Alert, to be posted on the Exchange's website, at least seven calendar days prior to the date when Snapshot will be available for use.*

\* \* \* \* \*

**EXHIBIT 5**

Deleted text is [bracketed]. New text is underlined.

**NASDAQ PHLX Rules****Rules of the Exchange**

\* \* \* \* \*

**Options Rules****Rules Applicable to Trading of Options on Stocks, Exchange-Traded Fund Shares and Foreign Currencies (Rules 1000—1098)****Rule 1000. Applicability, Definitions and References**

(a) – (e) No change.

(f) All Exchange options transactions shall be executed in one of the following ways:

(i) No change.

(ii) No change.

(iii) through the Options Floor Broker Management System for trades involving at least one Floor Broker. Although Floor Brokers may represent orders in the trading crowd, Floor Brokers are not permitted to execute orders in the Exchange's options trading crowd, except as follows:

(A) – (D) No change.

(E) As set forth in Rule 1063(e)(v), Floor Brokers may use the Snapshot feature of the Options Floor Broker Management System to provisionally execute, in the options trading crowd, multi-leg orders (as defined in Rule 1066(f)) and simple orders in options on ETFs that are included in the Options Penny Pilot.

Surveillance staff must approve all executions submitted under this Rule 1000(f)(iii)(A)-(D) to validate that each abides by applicable priority and trade through rules. Under subsection (f)(iii)(D), the rounding of prices may be used only where necessary to execute the trade at the MPV, and only to the benefit of a customer order or, where multiple customers' orders are involved, for the customer order that is earliest in time. If no customer order is involved, rounding of prices is available to the non-customer order that is earliest in time.

(g) No change.

The Exchange anticipates that it will implement the Snapshot feature referenced herein and described further in Rule 1063(e) during the Fourth Quarter of 2017. The Exchange will notify members via an Options Trader Alert, to be posted on the Exchange's website, at least seven calendar days prior to the date when Snapshot will be available for use.

\* \* \* \* \*

### **Rule 1063. Responsibilities of Floor Brokers**

(a) – (d) No change.

(e)

(i) – (iv) No change.

(v) Snapshot Feature. The Snapshot feature of FBMS records the market prevailing at the time the Snapshot is triggered. It records all information required to determine compliance with priority and trade-through requirements, including the following: (1) Away Best Bid and Offer; (2) the Exchange Best Bid and Offer; (3) customer orders at the top of the Exchange book; and (4) the best bid and offer of all-or-none orders.

#### A. Availability.

1. A Floor Broker is permitted to trigger the Snapshot feature only at the time he or she provisionally executes a trade in the trading crowd involving a multi-leg order (as defined in Rule 1066(f)) or a simple order in an option on an ETF that is included in the Options Penny Pilot. For purposes of this provision, provisional execution occurs when either: (i) the participants to a trade reach a verbal agreement in the trading crowd as to the terms of the trade; or (ii) a Floor Broker announces that he is crossing an order in accordance with Rule 1064(a).
2. A Floor Broker is prohibited from triggering the Snapshot feature for the purpose of obtaining favorable priority or trade-through conditions or avoiding unfavorable priority or trade-through conditions.
3. A Floor Broker may have only one Snapshot outstanding across all options classes and series at a given time.
4. Surveillance Staff will monitor and enforce proper usage of the Snapshot feature.

B. Snapshot Timer. After triggering the Snapshot feature, the Floor Broker will have no more than 30 seconds to submit the provisionally executed

trade along with the Snapshot into the System. The Snapshot will automatically become unavailable and expire if the Floor Broker fails to submit a provisionally executed trade along with the Snapshot within 30 seconds after triggering the Snapshot.

C. **Verification.** After the Floor Broker submits the provisionally executed trade along with the Snapshot, the System then determines whether the terms of the provisionally executed trade submitted by the Floor Broker are consistent with applicable priority and trade-through rules based on the market prevailing at the time of the Snapshot.

1. If the provisionally executed trade submitted with the Snapshot is consistent with the applicable priority and trade-through rules based on the market prevailing at the time of the Snapshot, the System will report the trade to the Consolidated Tape.
2. If the provisionally executed trade is not consistent with the applicable priority and trade-through rules based on the market prevailing at the time of the Snapshot, the System will reject the trade.
3. If an order exists on the Exchange's limit order book that has priority at the time when a Floor Broker seeks to take a Snapshot, the System will not prevent the Floor Broker from taking a Snapshot, but the Floor Broker must clear the order on the book, re-announce and provisionally re-execute the trade, and take a new Snapshot before submitting the provisionally executed trade to the System or else the System will reject the trade upon submission.

D. **Taking a New Snapshot**

1. A Floor Broker may take a new Snapshot and trigger a new 30-second timer provided that the Floor Broker first re-announces and provisionally re-executes the trade in the crowd, as described in paragraphs (A) through (C) above, if: (i) the Snapshot expired before the Floor Broker submitted a provisional execution to the Trading System; (ii) the Trading System rejected a provisional execution that is subject to a Snapshot; or (iii) the Floor Broker affirmatively canceled a Snapshot or permitted it to expire in anticipation of the Trading System rejecting the provisional execution that is subject to it.

The Exchange anticipates that it will implement the Snapshot feature described in Rule 1063(e) during the Fourth Quarter of 2017. The Exchange will notify members via an Options Trader Alert, to be posted on the Exchange's website, at least seven calendar days prior to the date when Snapshot will be available for use.

(f) No change.

••• *Commentary:* -----

**.01 - .02** No change.

\* \* \* \* \*

**Rule 1064. Crossing, Facilitation and Solicited Orders**

(a) *Crossing.* Except as provided in paragraph (e) below, an Options Floor Broker who holds orders to buy and sell the same option series may cross such orders, provided that he proceeds in the following manner:

- (i) In accordance with his responsibilities for due diligence, pursuant to Rule 155, an Options Floor Broker shall request bids and offers for such options series and make all persons in the trading crowd aware of his request.
- (ii) After providing an opportunity for such bids and offers to be made, he must bid and offer at prices differing by the minimum increment and must improve the market by bidding above the highest bid or offering below the lowest offer.
- (iii) If such higher bid or lower offer is not taken, he may cross the orders at such higher bid or lower offer by announcing by public outcry that he is crossing and giving the quantity and price. All such orders are not deemed executed until entered into and executed through the Options Floor Broker Management System ("FBMS"), except for where there is a provisional execution using the Snapshot feature of FBMS (as described in Rule 1063) to cross multi-leg orders (as defined in Rule 1066(f)) or simple orders in options on ETFs that are included in the Options Penny Pilot; bids and offers can be withdrawn pursuant to Rule 1000(g).
- (iv) A Floor Broker crossing a public customer order with an order that is not a public customer order, when providing for a reasonable opportunity for the trading crowd to participate in the transaction, shall disclose the public customer order that is subject to crossing prior to the execution of the order.

(b) – (e) No change.

••• *Commentary:* -----

No change.

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**OPTION FLOOR PROCEDURE ADVICES AND ORDER & DECORUM REGULATIONS**

\* \* \* \* \*

**C. FLOOR BROKERS**

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**C-2 Options Floor Broker Management System**

Options Floor Broker Management System. In order to create an electronic audit trail for options orders represented by Floor Brokers on the Exchange's Options Floor, a Floor Broker or such Floor Broker's employees shall, contemporaneously upon receipt of an order and prior to the representation of such an order in the trading crowd, record all options orders represented by such Floor Broker onto the electronic Options Floor Broker Management System (as described in Rule 1080, Commentary .06). The following specific information with respect to orders represented by a Floor Broker shall be recorded by such Floor Broker or such Floor Broker's employees: (i) the order type (i.e., customer, firm, broker-dealer, professional) and order receipt time; (ii) the option symbol; (iii) buy, sell, cross or cancel; (iv) call, put, complex (i.e., spread, straddle), or contingency order as described in Rule 1066; (v) number of contracts; (vi) limit price or market order or, in the case of a complex or multi-leg order, net debit or credit, if applicable; (vii) whether the transaction is to open or close a position; and (viii) The Options Clearing Corporation ("OCC") clearing number of the broker-dealer that submitted the order (collectively, the "required information"). A Floor Broker must enter complete alpha/numeric identification assigned by the Exchange for all orders entered on behalf of Exchange Registered Option Traders. Any additional information with respect to the order shall be inputted into the Options Floor Broker Management System contemporaneously upon receipt, which may occur after the representation and execution of the order.

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A Floor Broker is prohibited from triggering the Snapshot feature for the purpose of obtaining favorable priority or trade-through conditions or avoiding unfavorable priority or trade-through conditions.

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