

Required fields are shown with yellow backgrounds and asterisks.

Page 1 of * 22	SECURITIES AND EXCHANGE COMMISSION WASHINGTON, D.C. 20549 Form 19b-4		File No.* SR - 2017 - * 70	Amendment No. (req. for Amendments *)
Filing by NASDAQ PHLX LLC Pursuant to Rule 19b-4 under the Securities Exchange Act of 1934				
Initial * <input checked="" type="checkbox"/>	Amendment * <input type="checkbox"/>	Withdrawal <input type="checkbox"/>	Section 19(b)(2) * <input checked="" type="checkbox"/>	Section 19(b)(3)(A) * <input type="checkbox"/>
			Section 19(b)(3)(B) * <input type="checkbox"/>	
Pilot <input type="checkbox"/>	Extension of Time Period for Commission Action * <input type="checkbox"/>	Date Expires * <input type="text"/>	Rule <input type="checkbox"/> 19b-4(f)(1) <input type="checkbox"/> 19b-4(f)(4) <input type="checkbox"/> 19b-4(f)(2) <input type="checkbox"/> 19b-4(f)(5) <input type="checkbox"/> 19b-4(f)(3) <input type="checkbox"/> 19b-4(f)(6)	
Notice of proposed change pursuant to the Payment, Clearing, and Settlement Act of 2010			Security-Based Swap Submission pursuant to the Securities Exchange Act of 1934	
Section 806(e)(1) * <input type="checkbox"/>	Section 806(e)(2) * <input type="checkbox"/>	Section 3C(b)(2) * <input type="checkbox"/>		
Exhibit 2 Sent As Paper Document <input type="checkbox"/>	Exhibit 3 Sent As Paper Document <input type="checkbox"/>			
Description				
Provide a brief description of the action (limit 250 characters, required when Initial is checked *).				
<input type="text" value="A proposal to amend Rules 1059, Accommodation Transactions, and 1079, FLEX Index, Equity and Currency Options."/>				
Contact Information				
Provide the name, telephone number, and e-mail address of the person on the staff of the self-regulatory organization prepared to respond to questions and comments on the action.				
First Name *	<input type="text" value="Carla"/>	Last Name *	<input type="text" value="Behnfeldt"/>	
Title *	<input type="text" value="Associate General Counsel"/>			
E-mail *	<input type="text" value="carla.behnfeldt@nasdaq.com"/>			
Telephone *	<input type="text" value="(215) 496-5208"/>	Fax	<input type="text"/>	
Signature				
Pursuant to the requirements of the Securities Exchange Act of 1934,				
has duly caused this filing to be signed on its behalf by the undersigned thereunto duly authorized.				
(Title *)				
Date	<input type="text" value="08/16/2017"/>	<input type="text" value="Executive Vice President and General Counsel"/>		
By	<input type="text" value="Edward S. Knight"/>	<input type="text"/>		
(Name *)		<input type="text" value="edward.knight@nasdaq.com"/>		
NOTE: Clicking the button at right will digitally sign and lock this form. A digital signature is as legally binding as a physical signature, and once signed, this form cannot be changed.				

SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

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

Form 19b-4 Information *

Add Remove View

The self-regulatory organization must provide all required information, presented in a clear and comprehensible manner, to enable the public to provide meaningful comment on the proposal and for the Commission to determine whether the proposal is consistent with the Act and applicable rules and regulations under the Act.

Exhibit 1 - Notice of Proposed Rule Change *

Add Remove View

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

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

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

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

Add Remove View

Exhibit Sent As Paper Document

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

Exhibit 3 - Form, Report, or Questionnaire

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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

Add Remove View

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

Partial Amendment

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

1. Text of the Proposed Rule Change

(a) NASDAQ PHLX LLC (“Phlx” or “Exchange”), pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 (“Act”)¹ and Rule 19b-4 thereunder,² is filing with the Securities and Exchange Commission (“SEC” or “Commission”) a proposal to amend Rules 1059, Accommodation Transactions, and 1079, FLEX Index, Equity and Currency Options.

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 August 1, 2017. No other action is necessary for the filing of the rule change.

Questions and comments on the proposed rule change may be directed to:

Carla Behnfeldt
Associate General Counsel
Nasdaq, Inc.
(215) 496-5208

¹ 15 U.S.C. 78s(b)(1).

² 17 CFR 240.19b-4.

3. Self-Regulatory Organization's Statement of the Purpose of, and Statutory Basis for, the Proposed Rule Change

a. Purpose

The Exchange proposes to amend Rule 1059, Accommodation Transactions, which provides for cabinet trading³ and is sometimes referred to as the “cabinet rule”, and to amend Rule 1079 which governs FLEX option transactions. First, the Exchange proposes to delete outdated language in Rule 1059(a) relating to the role of specialists in cabinet trading, and to amend the Rule 1059(a) description of procedures that are currently followed in cabinet trading to reflect actual practice. Second, the Exchange proposes to amend Rule 1079 to permit FLEX options to be traded pursuant to Rule 1059.⁴

Cabinet Trading Procedures

Exchange Rule 1059, Accommodation Transactions, sets forth specific procedures for engaging in cabinet trades. Rule 1059(a) currently provides that all orders placed in the cabinet are assigned priority based upon the sequence in which such orders are received by the specialist. It states that all closing bids and offers are to be submitted to the specialist in writing, and that the specialist effects all closing cabinet transactions by matching such orders placed with him. The rule provides that bids or offers on orders to open for the accounts of customer, firm, specialists and Registered Options Traders (“ROTs”) can be made at \$1 per option contract, but that such orders cannot be placed in,

³ Cabinet or accommodation trading of option contracts is intended to accommodate persons wishing to effect closing transactions in those series of options dealt in on the Exchange for which there is no auction market.

⁴ Rule 1079, FLEX Index, Equity and Currency Options, would also be amended to include a statement that FLEX option positions would be eligible for trading in accordance with Rule 1059.

and must yield to, all orders in the cabinet. Rule 1059(a) currently states that specialists effect all cabinet transactions by matching closing purchase or sale orders which are placed in the cabinet or, provided there is no matching closing purchase or sale order in the cabinet, by matching a closing purchase or sale order in the cabinet with an opening purchase or sale order. The rule states that all cabinet transactions are to be reported to the Exchange following the close of each business day.⁵

Rule 1059(a), which prescribes the roles described above for the specialist in executing cabinet trades, is inconsistent with procedures currently followed in the execution of these trades. Because remote trading has become common in recent years, such that specialists are no longer present on the trading floor in all options, the procedures used to execute cabinet trades have evolved.

Accordingly, the Exchange proposes to delete a number of provisions of Rule 1059(a) which presume the participation of a specialist in every cabinet trade. First, the

⁵ Rule 1059(b) provides that any (i) member, (ii) member organization, or (iii) other person who is a non-member broker or dealer and who directly or indirectly controlled, was controlled by, or was under common control with, a member or member organization (any such other person being referred to as an affiliated person) may effect any transaction as principal in the over-the-counter market in any class of option contracts listed on the Exchange for a premium not in excess of \$1.00 per contract. The Exchange is proposing no changes to Rule 1059(b). The Commentary to Rule 1059 describes an existing pilot program to allow transactions to take place in open outcry at a price of at least \$0 but less than \$1 per option contract. These lower priced transactions are traded pursuant to the same procedures applicable to \$1 cabinet trades, except that pursuant to the pilot program (i) bids and offers for opening transactions are only permitted to accommodate closing transactions in order to limit use of the procedure to liquidations of existing positions, and (ii) the procedures are also made available for trading in options participating in the Penny Pilot Program. The pilot program is in effect until January 5, 2018, and the Exchange intends to file a proposed rule change to make the pilot program permanent before that date. The Exchange is proposing no changes to the Rule 1059 Commentary or the pilot program at this time.

Exchange proposes to delete Rule 1059(a)(ii), which states that the specialist shall supervise the operation of the cabinet for that class, as well as the requirement in Rule 1059(a)(iii) that written orders be submitted to the specialist in writing. Next, it proposes to delete the first sentence of Rule 1059(a)(v), which states that all closing bids and offers must be submitted to the specialist in writing, and that the specialist shall effect all closing cabinet transactions by matching such orders placed with him. Finally, it proposes to delete Rule 1059(a)(vi) which states that specialists shall effect all cabinet transactions by matching closing purchase or sale orders which have been placed in the cabinet or, provided there is no matching closing purchase or sale order in the cabinet, by matching a closing purchase or sale order in the cabinet with an opening purchase or sale order.

The Exchange proposes to reorganize the rule for clarity and to add new language setting forth procedures that are currently followed on the trading floor to execute cabinet orders under Rule 1059. Rule 1059(a) would be revised to define the term “cabinet order” as a closing limit order at a price of \$1 per option contract for the account of a customer, firm, specialist or ROT. This new definition is consistent with current Rule 1959(a)(iii) which, while not a definition, provides that only closing limit orders at a price of \$1 per option contract for the accounts of customer, firm, specialists and ROTs may be placed in the cabinet.

Rule 1059(a)(ii) would be added, to provide that cabinet orders shall be represented by Floor Brokers in the designated trading crowd of the option class and that Floor Brokers must use the designated cabinet transaction forms provided by the

Exchange to document a cabinet transaction. The new language would specify that Rule 1063(e)(i) shall not apply to orders placed in the cabinet or executed in the cabinet.⁶

The Exchange proposes to add new Rule 1059(a)(iii), which provides that in the trading crowd, and in the presence of at least one market-maker and Nasdaq Market Regulation Floor Surveillance, the Floor Broker shall announce the terms of the cabinet order to the trading crowd to solicit interest to participate on the closing position prior to the execution of the cabinet order. The new rule would require the cabinet order to be immediately executed by the Floor Broker if possible by matching it with another cabinet order, and that all cabinet orders be assigned priority based upon the sequence in which such orders are received by the Floor Broker. The proposed new rule states that if there is no matching cabinet order, the Floor Broker may match the cabinet order with an opening purchase or sell limit order priced at \$1 per option contract. This language is consistent with current Rule 1059(a)(v), which is proposed to be deleted, that bids or offers on orders to open for the accounts of customer, firm, specialists and ROTs may be made at \$1 per option contract, but such orders may not be placed in and must yield to all orders in the cabinet.

Under proposed new Rule 1059(a)(iv), if there is no matching closing or opening purchase or sell order, the Floor Broker may seek matching bids or offers for accounts of specialists and ROTs. Specialists and ROTs could only participate after all other orders.

⁶ Rule 1063(e)(i) provides for the use on the trading floor of the Options Floor Broker Management System. The proposed new language is consistent with Rule 1000(f)(B), which currently states that Floor Brokers can execute cabinet trades in the options trading crowd pursuant to Rule 1059, rather than by using the Floor Broker Management System.

New Rule 1059(a)(v) would provide that once the transaction is executed, the Floor Broker must submit the designated cabinet form to the Nasdaq Market Operations staff for clearance and reporting at the close of the business day. Current Rule 1059(a)(viii), which provides that all cabinet transactions shall be reported to the Exchange following the close of each business day, would be deleted.

Finally, Rule 1059(a)(vii) would be redesignated as Rule 1059(a)(vi) and would be revised to delete an erroneous and outdated cross-reference to Rule 1038, previously deleted from the rulebook.

No changes are proposed to be made to Rule 1059(b) or to the Commentary.

Cabinet Trading of FLEX Options

FLEX options are currently traded on the Exchange pursuant to the procedures set forth in Rule 1079, and permit market participants to customize equity options to fit specific investment strategies and goals. Rule 1079 allows investors to specify characteristics such as the expiration date, strike price, and exercise-style of FLEX Option contracts.

Phlx now proposes new Rule 1079(g), which would provide that FLEX option positions are eligible for trading in accordance with Rule 1059. The Exchange believes that permitting FLEX option positions to be traded pursuant to the cabinet rule will provide FLEX option investors additional flexibility in the maintenance or closing out of their FLEX option positions.

b. Statutory Basis

The Exchange believes that its proposal is consistent with Section 6(b) of the Act,⁷ in general, and furthers the objectives of Section 6(b)(5) of the Act,⁸ in particular, in that it is designed to promote just and equitable principles of trade, to remove impediments to and perfect the mechanism of a free and open market and a national market system, and, in general to protect investors and the public interest, by conforming the description of procedures Rule 1059 to actual current practice, and by permitting investors in FLEX options the flexibility to take advantage of cabinet transactions.

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, because it would merely conform the description of procedures Rule 1059 to actual current practice, as well as allow investors in FLEX options the flexibility to take advantage of cabinet transactions.

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

No written comments were either solicited or received.

6. Extension of Time Period for Commission Action

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

⁷ 15 U.S.C. 78f(b).

⁸ 15 U.S.C. 78f(b)(5).

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 Change for publication in the Federal Register.

5. Text of the proposed rule change.

EXHIBIT 1

SECURITIES AND EXCHANGE COMMISSION
(Release No. _____ ; File No. SR-Phlx-2017-70)

August __, 2017

Self-Regulatory Organizations; NASDAQ PHLX LLC; Notice of Filing of Proposed Rule Change to amend Rules 1059, Accommodation Transactions, and 1079, FLEX Index, Equity and Currency Options.

Pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 (“Act”)¹, and Rule 19b-4 thereunder,² notice is hereby given that on August 16, 2017, 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 amend Rules 1059, Accommodation Transactions, and 1079, FLEX Index, Equity and Currency Options.

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

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

¹ 15 U.S.C. 78s(b)(1).

² 17 CFR 240.19b-4.

received on the proposed rule change. The text of these statements may be examined at the places specified in Item IV below. The Exchange has prepared summaries, set forth in sections A, B, and C below, of the most significant aspects of such statements.

A. Self-Regulatory Organization's Statement of the Purpose of, and Statutory Basis for, the Proposed Rule Change

1. Purpose

The Exchange proposes to amend Rule 1059, Accommodation Transactions, which provides for cabinet trading³ and is sometimes referred to as the “cabinet rule”, and to amend Rule 1079 which governs FLEX option transactions. First, the Exchange proposes to delete outdated language in Rule 1059(a) relating to the role of specialists in cabinet trading, and to amend the Rule 1059(a) description of procedures that are currently followed in cabinet trading to reflect actual practice. Second, the Exchange proposes to amend Rule 1079 to permit FLEX options to be traded pursuant to Rule 1059.⁴

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by matching such orders placed with him. The rule provides that bids or offers on orders to open for the accounts of customer, firm, specialists and Registered Options Traders (“ROTs”) can be made at \$1 per option contract, but that such orders cannot be placed in, and must yield to, all orders in the cabinet. Rule 1059(a) currently states that specialists effect all cabinet transactions by matching closing purchase or sale orders which are placed in the cabinet or, provided there is no matching closing purchase or sale order in the cabinet, by matching a closing purchase or sale order in the cabinet with an opening purchase or sale order. The rule states that all cabinet transactions are to be reported to the Exchange following the close of each business day.⁵

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Accordingly, the Exchange proposes to delete a number of provisions of Rule 1059(a) which presume the participation of a specialist in every cabinet trade. First, the Exchange proposes to delete Rule 1059(a)(ii), which states that the specialist shall supervise the operation of the cabinet for that class, as well as the requirement in Rule 1059(a)(iii) that written orders be submitted to the specialist in writing. Next, it proposes to delete the first sentence of Rule 1059(a)(v), which states that all closing bids and offers must be submitted to the specialist in writing, and that the specialist shall effect all closing cabinet transactions by matching such orders placed with him. Finally, it proposes to delete Rule 1059(a)(vi) which states that specialists shall effect all cabinet transactions by matching closing purchase or sale orders which have been placed in the cabinet or, provided there is no matching closing purchase or sale order in the cabinet, by matching a closing purchase or sale order in the cabinet with an opening purchase or sale order.

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The Exchange proposes to add new Rule 1059(a)(iii), which provides that in the trading crowd, and in the presence of at least one market-maker and Nasdaq Market Regulation Floor Surveillance, the Floor Broker shall announce the terms of the cabinet order to the trading crowd to solicit interest to participate on the closing position prior to the execution of the cabinet order. The new rule would require the cabinet order to be immediately executed by the Floor Broker if possible by matching it with another cabinet order, and that all cabinet orders be assigned priority based upon the sequence in which such orders are received by the Floor Broker. The proposed new rule states that if there is no matching cabinet order, the Floor Broker may match the cabinet order with an opening purchase or sell limit order priced at \$1 per option contract. This language is consistent with current Rule 1059(a)(v), which is proposed to be deleted, that bids or offers on orders to open for the accounts of customer, firm, specialists and ROTs may be made at \$1 per option contract, but such orders may not be placed in and must yield to all orders in the cabinet.

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Under proposed new Rule 1059(a)(iv), if there is no matching closing or opening purchase or sell order, the Floor Broker may seek matching bids or offers for accounts of specialists and ROTs. Specialists and ROTs could only participate after all other orders.

New Rule 1059(a)(v) would provide that once the transaction is executed, the Floor Broker must submit the designated cabinet form to the Nasdaq Market Operations staff for clearance and reporting at the close of the business day. Current Rule 1059(a)(viii), which provides that all cabinet transactions shall be reported to the Exchange following the close of each business day, would be deleted.

Finally, Rule 1059(a)(vii) would be redesignated as Rule 1059(a)(vi) and would be revised to delete an erroneous and outdated cross-reference to Rule 1038, previously deleted from the rulebook.

No changes are proposed to be made to Rule 1059(b) or to the Commentary.

Cabinet Trading of FLEX Options

FLEX options are currently traded on the Exchange pursuant to the procedures set forth in Rule 1079, and permit market participants to customize equity options to fit specific investment strategies and goals. Rule 1079 allows investors to specify characteristics such as the expiration date, strike price, and exercise-style of FLEX Option contracts.

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2. Statutory Basis

The Exchange believes that its proposal is consistent with Section 6(b) of the Act,⁷ in general, and furthers the objectives of Section 6(b)(5) of the Act,⁸ in particular, in that it is designed to promote just and equitable principles of trade, to remove impediments to and perfect the mechanism of a free and open market and a national market system, and, in general to protect investors and the public interest, by conforming the description of procedures Rule 1059 to actual current practice, and by permitting investors in FLEX options the flexibility to take advantage of cabinet transactions.

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, because it would merely conform the description of procedures Rule 1059 to actual current practice, as well as allow investors in FLEX options the flexibility to take advantage of cabinet transactions.

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

⁷ 15 U.S.C. 78f(b).

⁸ 15 U.S.C. 78f(b)(5).

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-2017-70 on the subject line.

Paper comments:

- Send paper comments in triplicate to Secretary, Securities and Exchange Commission, 100 F Street, NE, Washington, DC 20549-1090.

All submissions should refer to File Number SR-Phlx-2017-70. This file number should be included on the subject line if e-mail is used. To help the Commission process and review your comments more efficiently, please use only one method. The Commission will post all comments on the Commission's Internet 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-2017-70 and should be submitted on or before [insert date 21 days from publication in the Federal Register].

For the Commission, by the Division of Trading and Markets, pursuant to delegated authority.⁹

Eduardo A. Aleman
Assistant Secretary

⁹ 17 CFR 200.30-3(a)(12).

EXHIBIT 5

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

NASDAQ PHLX Rules

* * * * *

Rule 1059. Accommodation Transactions

(a) A “cabinet order” is a closing limit order at a price of \$1 per option contract for the account of a customer, firm, specialist or ROT. Cabinet trading shall be available for each series of options open for trading on the Exchange under the following terms and conditions:

(i) Trading shall be conducted in accordance with other Exchange Rules except as otherwise provided herein or unless the context otherwise requires.

(ii) Cabinet orders may be submitted to and represented by Floor Brokers in the designated trading crowd of the option class. Floor Brokers must use the designated cabinet transaction forms provided by the Exchange to document a cabinet transaction. Rule 1063(e)(i) shall not apply to cabinet orders.

(iii) In the trading crowd, and in the presence of at least one market-maker and Nasdaq Market Regulation Floor Surveillance, the Floor Broker shall announce the terms of the cabinet order to the trading crowd to solicit interest to participate on the closing position prior to the execution of the cabinet order. The cabinet order shall be immediately executed by the Floor Broker if possible by matching it with another cabinet order. All cabinet orders shall be assigned priority based upon the sequence in which such orders are received by the Floor Broker. If there is no matching cabinet order, the Floor Broker may match the cabinet order with an opening purchase or sell limit order priced at \$1 per option contract.

(iv) If there is no matching closing or opening purchase or sell order, the Floor Broker may seek matching bids or offers for accounts of specialists and ROTs. Specialists and ROTs can only participate after all other orders.

(v) Once the transaction is executed, the Floor Broker shall submit the designated cabinet form to the Nasdaq Market Operations staff for clearance and reporting at the close of the business day.

[(ii) The specialist registered in each class of option contracts shall supervise the operation of the cabinet for that class.

(iii) Only closing limit orders at a price of \$1 per option contract for the accounts of customer, firm, specialists and ROTs may be placed in the cabinet. Such orders must be submitted to the specialist in writing.

(iv) All orders placed in the cabinet shall be assigned priority based upon the sequence in which such orders are received by the specialist.

(v) All closing bids and offers must be submitted to the specialist in writing, and the specialist shall effect all closing cabinet transactions by matching such orders placed with him. Bids or offers on orders to open for the accounts of customer, firm, specialists and ROTs may be made at \$1 per option contract, but such orders may not be placed in and must yield to all orders in the cabinet.

(vi) Specialists shall effect all cabinet transactions by matching closing purchase or sale orders which have been placed in the cabinet or, provided there is no matching closing purchase or sale order in the cabinet, by matching a closing purchase or sale order in the cabinet with an opening purchase or sale order.]

(vi[i]) Specialists and ROTs shall not be subject to the requirements of Rule 1014 in respect of orders placed pursuant to this Rule. The provisions of Rule 1033(b) and (c)[,] and Rule 1034 [and Rule 1038] shall not apply to orders placed in the cabinet. Cabinet transactions shall not be reported on the ticker.

[(viii) All cabinet transactions shall be reported to the Exchange following the close of each business day.]

(b) No change.

••• Commentary : -----

No change.

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Rule 1079. FLEX Index, Equity and Currency Options

A Requesting Member shall obtain quotes and execute trades in certain non-listed FLEX options at the post of the non-FLEX option on the Exchange. The term "FLEX option" means a FLEX option contract that is traded subject to this Rule. Although FLEX options are generally subject to the Rules in this section, to the extent that the provisions of this Rule are inconsistent with other applicable Exchange Rules, this Rule takes precedence with respect to FLEX options.

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(g) FLEX option positions are eligible for trading in accordance with Rule 1059, Accommodation Transactions.

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