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

Section 806(e)(1) *

Section 806(e)(2) *

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

Section 3C(b)(2) *

---

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

A proposal to amend Exchange Rule 1101A, Terms of Option Contracts, in order to clarify trading hours of expiring Weekly Expirations and End of Month options on the last trading day

**Contact Information**

Provide the name, telephone number, and e-mail address of the person on the staff of the self-regulatory organization prepared to respond to questions and comments on the action.

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

**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 03/28/2018
By Edward S. Knight

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.
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 Exchange Rule 1101A, Terms of Option Contracts, Section (b)(vii)(4) in order to clarify trading hours of expiring Weekly Expirations and End of Month (“EOM”) options on the last trading day. The Exchange requests that the Commission waive the 30-day operative delay period contained in Exchange Act Rule 19b-4(f)(6)(iii).\(^3\)

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

   (b) Not applicable.

   (c) Not applicable.

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

   The proposed rule change was approved by senior management of the Exchange pursuant to authority delegated by the Board of Directors of the Exchange (the “Board”) on September 19, 2017. Exchange staff will advise the Board of any action taken pursuant to delegated authority. 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

---


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

   a. **Purpose**

   The purpose of the proposed rule change is to clarify trading hours of expiring Weekly Expirations and EOM options on the last trading day. Currently, Rule 1101A(b)(vii)(4) provides that Transactions in Weekly Expirations and EOMs may be effected on the Exchange between the hours of 9:30 a.m. (Eastern Time) and 4:15 pm (Eastern Time). A separate rule, Rule 1101A(c), applies to index option trading hours specifically on the day of expiration. That rule provides that, unless the Board of Directors has established different hours of trading for certain index options, such option shall trade until 4:00 P.M. on the business day of expiration or, in the case of an option contract expiring on a day that is not a business day, the business day prior to the expiration date.

   The Board of Directors has not established different hours of trading specifically for expiration days for Weekly Expirations and EOMs. In order to clarify that the trading hours set forth in Weekly Expirations and EOMs in Rule 1101A(b)(vii)(4) do not apply on expiration day pursuant to Rule 1101A(c), the Exchange proposes to add language to Rule 1101A(b)(vii)(4) stating that on the last trading day, transactions in expiring Weekly Expirations and EOMs may be effected on the Exchange between the hours of 9:30 a.m.

---

4 The Exchange also proposes to place the caption to Rule 1101A(b)(vii) in bold type, to conform that caption to the other rule section captions in Rule 1101A(b) for ease of reading.
(Eastern time) and 4:00 p.m. (Eastern time). The language proposed to be added is based on a comparable rule of Cboe Exchange, Inc. (“CBOE”).

As CBOE explained in the proposed rule change adopting current CBOE Rule 24.9(e), Weekly Expirations and EOM options which are p.m.-settled are priced in the market based on corresponding futures values. On the last day of trading, the closing prices of the component stocks (which are used to derive the exercise settlement value) are known at 4:00 p.m. (Eastern Time) (or soon after) when the equity markets close. Despite the fact that the exercise settlement value is fixed at or soon after 4:00 p.m. (Eastern Time), if trading in expiring Weekly Expirations and EOMs were to continue for an additional fifteen minutes until 4:15 p.m. (Eastern Time) they would not be priced on corresponding futures values, but rather the known cash value. At the same time, the prices of non-expiring Weekly Expiration and EOM series would continue to move and be priced in response to changes in corresponding futures prices. Because of the potential pricing divergence that could occur between 4:00 and 4:15 p.m. on the final trading day in expiring Weekly Expirations and EOMs (e.g., switch from pricing off of futures to cash), the Exchange believes that, in order to mitigate potential investor confusion, it is appropriate to cease trading in expiring Weekly Expirations and EOMs at 4:00 p.m. on the last day of trading.

b. **Statutory Basis**

---

5 CBOE Rule 24.9(e)(4) provides that “[o]n the last trading day, transactions in expiring Weekly Expirations and EOMs may be effected on the Exchange between the hours of 8:30 a.m. (Chicago time) and 3:00 pm (Chicago time).”

The Exchange believes that its proposal is consistent with Section 6(b) of the Act, in general, and furthers the objectives of Section 6(b)(5) of the Act, 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. As noted above, the proposed rule change will state clearly the trading hours of expiring Weekly Expirations and EOM options on the last trading day for those options directly in the section of the rulebook dealing with those types of options. The added clarity will protect investors and the public interest by eliminating any potential for ambiguity or confusion on the part of the investing public regarding last trading day trading hours for these options. As noted above, the proposed new language regarding trading hours on the last trading day of Weekly Expiration and EOM options tracks similar CBOE language, thereby protecting investors and the public interest by eliminating any additional potential for confusion.

4. **Self-Regulatory Organization’s Statement on Burden on Competition**

The Exchange does not believe that the proposed rule change will impose any burden on competition not necessary or appropriate in furtherance of the purposes of the Act. The 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. On the contrary, the Exchange believes that the proposed amendment will benefit investors, market participants, and the marketplace in general by eliminating a potential

---


ambiguity in the Exchange’s rules and setting forth clearly the last trading day trading
hours for Weekly Expirations and EOM options in the section of the index options rules
dealing specifically with those options.

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

   No written comments were either solicited or received.

6. **Extension of Time Period for Commission Action**

   Not Applicable.

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

   The foregoing rule change has become effective pursuant to Section
19(b)(3)(A)(iii)\(^9\) of the Act and Rule 19b-4(f)(6) thereunder\(^10\) in that it effects a change
that: (i) does not significantly affect the protection of investors or the public interest; (ii)
does not impose any significant burden on competition; and (iii) by its terms, does not
become operative for 30 days after the date of the filing, or such shorter time as the
Commission may designate if consistent with the protection of investors and the public
interest.

   Furthermore, Rule 19b-4(f)(6)(iii) requires a self-regulatory organization to give
the Commission written notice of its intent to file a proposed rule change under that
subsection at least five business days prior to the date of filing, or such shorter time as
designated by the Commission. The Exchange has provided such notice.


At any time within 60 days of the filing of the proposed rule change, the Commission summarily may temporarily suspend such rule change if it appears to the Commission that such action is: (i) necessary or appropriate in the public interest; (ii) for the protection of investors; or (iii) otherwise in furtherance of the purposes of the Act. If the Commission takes such action, the Commission shall institute proceedings to determine whether the proposed rule should be approved or disapproved.

A proposed rule change filed under Rule 19b-4(f)(6) normally does not become operative prior to 30 days after the date of filing. Rule 19b-4(f)(6)(iii), however, permits the Commission to designate a shorter time if such action is consistent with the protection of investors and the public interest. The Exchange requests that the Commission waive the 30-day operative delay period for “non-controversial” proposals contained in Rule 19b-4(f)(6)(iii) and make the proposed rule change effective and operative upon filing. Such a waiver will permit the Exchange to immediately clarify Rule 1101A(b)(vii)(4), thereby eliminating a potential source of confusion on the part of the investing public.

As discussed above, this proposed language is substantively identical to language in CBOE Rule 29.4(e)(4). The Exchange believes that this proposed rule change does not raise any new, unique or substantive issues from those raised in the previously approved CBOE rule. The proposed rule change will benefit the public, in that it will avoid the potential for confusion arising out of rule language differences in particular for market participants that are members of both CBOE and Phlx.

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

The proposed rule change is based on CBOE Rule 29.4(e)(4).
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**
    
    5. Text of the proposed rule change.
March __, 2018

Self-Regulatory Organizations; Nasdaq PHLX LLC; Notice of Filing and Immediate Effectiveness of Proposed Rule Change to Amend Exchange Rule 1101A

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 March 28, 2018, 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 Exchange Rule 1101A, Terms of Option Contracts, Section (b)(vii)(4) in order to clarify trading hours of expiring Weekly Expirations and End of Month (“EOM”) options on the last trading day.


---

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

In its filing with the Commission, the Exchange included statements concerning the purpose of and basis for the proposed rule change and discussed any comments it received on the proposed rule change. The text of these statements may be examined at the places specified in Item IV below. The Exchange has prepared summaries, set forth in sections A, B, and C below, of the most significant aspects of such statements.

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

1. Purpose

The purpose of the proposed rule change is to clarify trading hours of expiring Weekly Expirations and EOM options on the last trading day.\(^3\) Currently, Rule 1101A(b)(vii)(4) provides that Transactions in Weekly Expirations and EOMs may be effected on the Exchange between the hours of 9:30 a.m. (Eastern Time) and 4:15 pm (Eastern Time). A separate rule, Rule 1101A(c), applies to index option trading hours specifically on the day of expiration. That rule provides that, unless the Board of Directors has established different hours of trading for certain index options, such option shall trade until 4:00 P.M. on the business day of expiration or, in the case of an option contract expiring on a day that is not a business day, the business day prior to the expiration date.

The Board of Directors has not established different hours of trading specifically for expiration days for Weekly Expirations and EOMs. In order to clarify that the trading

\(^3\) The Exchange also proposes to place the caption to Rule 1101A(b)(vii) in bold type, to conform that caption to the other rule section captions in Rule 1101A(b) for ease of reading.
hours set forth in Weekly Expirations and EOMs in Rule 1101A(b)(vii)(4) do not apply on expiration day pursuant to Rule 1101A(c), the Exchange proposes to add language to Rule 1101A(b)(vii)(4) stating that on the last trading day, transactions in expiring Weekly Expirations and EOMs may be effected on the Exchange between the hours of 9:30 a.m. (Eastern time) and 4:00 p.m. (Eastern time). The language proposed to be added is based on a comparable rule of Cboe Exchange, Inc. (“CBOE”).

As CBOE explained in the proposed rule change adopting current CBOE Rule 24.9(e), Weekly Expirations and EOM options which are p.m.-settled are priced in the market based on corresponding futures values. On the last day of trading, the closing prices of the component stocks (which are used to derive the exercise settlement value) are known at 4:00 p.m. (Eastern Time) (or soon after) when the equity markets close. Despite the fact that the exercise settlement value is fixed at or soon after 4:00 p.m. (Eastern Time), if trading in expiring Weekly Expirations and EOMs were to continue for an additional fifteen minutes until 4:15 p.m. (Eastern Time) they would not be priced on corresponding futures values, but rather the known cash value. At the same time, the prices of non-expiring Weekly Expiration and EOM series would continue to move and be priced in response to changes in corresponding futures prices. Because of the potential pricing divergence that could occur between 4:00 and 4:15 p.m. on the final trading day in expiring Weekly Expirations and EOMs (e.g., switch from pricing off of futures to cash), the Exchange believes that, in order to mitigate potential investor

---

4 CBOE Rule 24.9(e)(4) provides that “[o]n the last trading day, transactions in expiring Weekly Expirations and EOMs may be effected on the Exchange between the hours of 8:30 a.m. (Chicago time) and 3:00 pm (Chicago time).”
confusion, it is appropriate to cease trading in expiring Weekly Expirations and EOMs at 4:00 p.m. on the last day of trading.\textsuperscript{5}

2. **Statutory Basis**

The Exchange believes that its proposal is consistent with Section 6(b) of the Act,\textsuperscript{6} in general, and furthers the objectives of Section 6(b)(5) of the Act,\textsuperscript{7} 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. As noted above, the proposed rule change will state clearly the trading hours of expiring Weekly Expirations and EOM options on the last trading day for those options directly in the section of the rulebook dealing with those types of options. The added clarity will protect investors and the public interest by eliminating any potential for ambiguity or confusion on the part of the investing public regarding last trading day trading hours for these options. As noted above, the proposed new language regarding trading hours on the last trading day of Weekly Expiration and EOM options tracks similar CBOE language, thereby protecting investors and the public interest by eliminating any additional potential for confusion.


\textsuperscript{6} 15 U.S.C. 78f(b).

\textsuperscript{7} 15 U.S.C. 78f(b)(5).
B. Self-Regulatory Organization’s Statement on Burden on Competition

The Exchange does not believe that the proposed rule change will impose any burden on competition not necessary or appropriate in furtherance of the purposes of the Act. The 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. On the contrary, the Exchange believes that the proposed amendment will benefit investors, market participants, and the marketplace in general by eliminating a potential ambiguity in the Exchange’s rules and setting forth clearly the last trading day trading hours for Weekly Expirations and EOM options in the section of the index options rules dealing specifically with those options.

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

Because the foregoing proposed rule change does not: (i) significantly affect the protection of investors or the public interest; (ii) impose any significant burden on competition; and (iii) become operative for 30 days from the date on which it was filed, or such shorter time as the Commission may designate, it has become effective pursuant to Section 19(b)(3)(A)(iii) of the Act and subparagraph (f)(6) of Rule 19b-4 thereunder.  

---


9  17 CFR 240.19b-4(f)(6). In addition, Rule 19b-4(f)(6) requires a self-regulatory organization to give the Commission written notice of its intent to file the proposed rule change at least five business days prior to the date of filing of the proposed rule change, or such shorter time as designated by the Commission. The Exchange has satisfied this requirement.
At any time within 60 days of the filing of the proposed rule change, the Commission summarily may temporarily suspend such rule change if it appears to the Commission that such action is: (i) necessary or appropriate in the public interest; (ii) for the protection of investors; or (iii) otherwise in furtherance of the purposes of the Act. If the Commission takes such action, the Commission shall institute proceedings to determine whether the proposed rule should be approved or 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-2018-28 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-2018-28. 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-2018-28 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.10

Eduardo A. Aleman
Assistant Secretary

Rule 1101A. Terms of Option Contracts

(b) After a particular class of stock index options has been approved for listing and trading on the Exchange, the Exchange shall from time to time open for trading series of options therein. Within each approved class of stock index options, the Exchange shall open for trading a minimum of one expiration month and series for each class of approved stock index options and may also open for trading series of options having not less than nine and up to 60 months to expiration (long-term options series) as provided in subparagraph (b)(iii). Prior to the opening of trading in any series of stock index options, the Exchange shall fix the expiration month and exercise price of option contracts included in each such series.

(i) – (vi) No change.

(vii) [Nonstandard Expirations Pilot Program] Nonstandard Expirations Pilot Program

(1) – (3) No change.

(4) Weekly Expirations and EOM Trading Hours. Transactions in Weekly Expirations and EOMs may be effected on the Exchange between the hours of 9:30 a.m. (Eastern Time) and 4:15 pm (Eastern Time), except that on the last trading day, transactions in expiring Weekly Expirations and EOMs may be effected on the Exchange between the hours of 9:30 a.m. (Eastern time) and 4:00 p.m. (Eastern time).

(c) – (e) No change.

• • • Commentary: ----------------- No change.

* * * * *