

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

Initial *	Amendment *	Withdrawal	Section 19(b)(2) *	Section 19(b)(3)(A) *	Section 19(b)(3)(B) *
<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
			Rule		
Pilot	Extension of Time Period for Commission Action *	Date Expires *	<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 checked="" type="checkbox"/> 19b-4(f)(6)	

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

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

**Description**

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

Proposal to amend the firm participation guarantee for a Floor Broker under Commentary .02 to Rule 1064.

**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 \* Angela Last Name \* Dunn

Title \* Principal Associate General Counsel

E-mail \* Angela.Dunn@nasdaq.com

Telephone \* (215) 496-5692 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 06/04/2018 Executive Vice President and General Counsel

By Edward S. Knight

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**

Add Remove View

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”)<sup>1</sup> and Rule 19b-4 thereunder,<sup>2</sup> is filing with the Securities and Exchange Commission (“SEC” or “Commission”) a proposal to amend Commentary .02 to Rule 1064.

The Exchange requests that the Commission waive the 30-day operative delay period contained in Exchange Act Rule 19b-4(f)(6)(iii).<sup>3</sup>

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:

Angela Saccomandi Dunn  
Principal Associate General Counsel  
Nasdaq, Inc.  
215-496-5692

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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> 17 CFR 240.19b-4(f)(6)(iii).

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 1064 entitled "Crossing, Facilitation and Solicited Orders." Specifically, the Exchange proposes to amend Commentary .02(ii) to Rule 1064 to amend the firm participation guarantee for a Floor Broker.

Today, Phlx offers certain firm participation guarantees to a Floor Broker who holds an equity, index or U.S. dollar-settled foreign currency option order of the eligible order size or greater ("original order"), the Floor Broker is entitled to cross a certain percentage of the original order with other orders that he is holding or in the case of a public customer order, with a facilitation order of the originating firm (i.e., the firm from which the original customer order originated). Today, the Exchange may determine, on an option by option basis, the eligible size for an order that may be transacted pursuant to this Commentary, however, the eligible order size may not be less than 500 contracts. Orders for less than 500 contracts may be crossed pursuant to Rule 1064 but are not subject to Commentary .02, subsection (iii) to Rule 1064 pertaining to participation guarantees. Similar to Cboe Exchange, Inc. ("CBOE") the Exchange proposes to lower the eligible minimum order size from 500 to not less than 50 contracts.<sup>4</sup> The Commission noted in an approval of the reduction from 500 to 50 for CBOE that it had already approved the facilitation mechanism of ISE, which guarantees 40% of orders to facilitating firms for order sizes of 50 or more contracts.<sup>5</sup> In that approval order the

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<sup>4</sup> See CBOE Rule 6.74(d).

<sup>5</sup> See Securities Exchange Act Release No. 42835 (May 26, 2000), 65 FR 35683 (June 5, 2000) (SR-CBOE-99-10)( Order Approving Proposed Rule Change and Notice of Filing and Order Granting Accelerated Approval to Amendment Nos. 1,

Exchange approved the reduction in the size requirement, from 500 to 50 contracts, because the CBOE proposal raised no new regulatory issues.<sup>6</sup> The Commission noted that it will benefit options market participants by allowing for substantially consistent treatment of crossing mechanisms under the rules of the ISE and the CBOE, and will allow the CBOE to compete without disadvantage for facilitation orders.<sup>7</sup>

The Exchange notes that, today, Rule 1064, Commentary .02 provides that if the same member organization is the originating firm and also the specialist for the particular class of options to which the order relates, then the specialist is not entitled to any Enhanced Specialist Participation with respect to the particular cross transaction. The Exchange notes that this limitation is not being amended with this proposal. The specialist would not be able to obtain an allocation in excess of the 40% allocation.

The Exchange believes that this reduction from 500 to 50 contracts for the firm participation guarantee will continue to incentivize floor brokers to execute crossing orders on Phlx. The Exchange continues to reward the market participant that brought together market participants and executed orders on its trading floor. Further, the reduced contract size will benefit options market participants by allowing for substantially consistent treatment of crossing mechanisms with competing options venues. As noted in the CBOE proposal, today other competing mechanisms offer guarantees of 40% of orders to facilitating firms for order sizes of 50 or more contracts.<sup>8</sup>

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2, and 3 to the Proposed Rule Change by the Chicago Board Options Exchange, Inc., Relating to Participation Rights for Firms Crossing Orders.)

<sup>6</sup> Id.

<sup>7</sup> Id.

<sup>8</sup> See note 5 above.

The Exchange believes that the ability to obtain a 40% guarantee on smaller sized orders will incentivize market participants to competitively price trades in order to execute a greater number of smaller orders. The Exchange believes that the incentive encourages competition on Phlx and in turn benefits market participants in terms of competitive pricing for those orders.

b. Statutory Basis

The Exchange believes that its proposal is consistent with Section 6(b) of the Act,<sup>9</sup> in general, and furthers the objectives of Section 6(b)(5) of the Act,<sup>10</sup> in particular, in that it is designed to promote just and equitable principles of trade and to protect investors and the public interest by amending the eligible minimum order size within Commentary .02(ii) of Rule 1064, from 500 to not less than 50 contracts, to promote competition.

The Exchange's proposal to lower the current eligible minimum order size in Commentary .02(ii) of Rule 1064 from 500 to not less than 50 contracts is consistent with the Act as it should promote just and equitable principles of trade by allowing for substantially consistent treatment of crossing mechanisms with CBOE. Phlx market participants would be permitted to compete without disadvantage for facilitation orders with CBOE which today has the eligibility size proposed by Phlx.<sup>11</sup>

The Exchange believes that this reduction from 500 to 50 contracts for the firm participation guarantee will continue to incentivize floor brokers to execute crossing

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<sup>9</sup> 15 U.S.C. 78f(b).

<sup>10</sup> 15 U.S.C. 78f(b)(5).

<sup>11</sup> See note 5 above.

orders on Phlx. The Exchange continues to reward the market participant that brought together market participants and executed orders on its trading floor. Further, the reduced contract size will benefit options market participants by allowing for substantially consistent treatment of crossing mechanisms with competing options venues.

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 amendment to Commentary .02(ii) of Rule 1064 does not impose an undue burden on competition because the proposed rule change will apply uniformly to all market participants. Further, the proposal does not create an undue burden on inter-market competition because market participants would be permitted to compete without disadvantage for facilitation orders with CBOE. As noted in the CBOE proposal, today other competing mechanisms offer guarantees of 40% of orders to facilitating firms for order sizes of 50 or more contracts.<sup>12</sup> The Exchange believes the guarantee may incentivize an increase in the flow of smaller orders to the trading floor because it will encourage market participants to offer competitive pricing in order to interact with that order flow.

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.

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<sup>12</sup> See note 5 above.

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)<sup>13</sup> of the Act and Rule 19b-4(f)(6) thereunder<sup>14</sup> 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.

The Exchange believes that this proposal does not significantly affect the protection of investors or the public interest because the reduction from 500 to 50 contracts for the firm participation guarantee will continue to incentivize floor brokers to execute crossing orders on Phlx. The proposed rule change does not impose any significant burden on competition because the amendment to Commentary .02(ii) of Rule 1064 will also apply uniformly to all market participants and will permit Phlx market participants to compete without disadvantage for facilitation orders with CBOE.

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

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<sup>13</sup> 15 U.S.C. 78s(b)(3)(A)(iii).

<sup>14</sup> 17 CFR 240.19b-4(f)(6).

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 operative delay to permit the Exchange to offer a firm participation allocation with an eligibility size that is the same as that permitted on CBOE today to effectively compete for orders in mechanisms. Phlx market participants would be permitted to compete without disadvantage for facilitation orders with CBOE, which today has the eligibility size proposed by Phlx.

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

This rule change is similar to CBOE Rule 6.74(d).

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-2018-45)

June \_\_, 2018

Self-Regulatory Organizations; Nasdaq PHLX LLC; Notice of Filing and Immediate Effectiveness of Proposed Rule Change to Amend the Firm Participation Guarantee for a Floor Broker

Pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 (“Act”),<sup>1</sup> and Rule 19b-4 thereunder,<sup>2</sup> notice is hereby given that on June 4, 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 Commentary .02 to Rule 1064.

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 received on the proposed rule change. The text of these statements may be examined at

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

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

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 1064 entitled “Crossing, Facilitation and Solicited Orders.” Specifically, the Exchange proposes to amend Commentary .02(ii) to Rule 1064 to amend the firm participation guarantee for a Floor Broker.

Today, Phlx offers certain firm participation guarantees to a Floor Broker who holds an equity, index or U.S. dollar-settled foreign currency option order of the eligible order size or greater (“original order”), the Floor Broker is entitled to cross a certain percentage of the original order with other orders that he is holding or in the case of a public customer order, with a facilitation order of the originating firm (i.e., the firm from which the original customer order originated). Today, the Exchange may determine, on an option by option basis, the eligible size for an order that may be transacted pursuant to this Commentary, however, the eligible order size may not be less than 500 contracts. Orders for less than 500 contracts may be crossed pursuant to Rule 1064 but are not subject to Commentary .02, subsection (iii) to Rule 1064 pertaining to participation guarantees. Similar to Cboe Exchange, Inc. (“CBOE”) the Exchange proposes to lower the eligible minimum order size from 500 to not less than 50 contracts.<sup>3</sup> The Commission noted in an approval of the reduction from 500 to 50 for CBOE that it had already approved the facilitation mechanism of ISE, which guarantees 40% of orders to

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<sup>3</sup> See CBOE Rule 6.74(d).

facilitating firms for order sizes of 50 or more contracts.<sup>4</sup> In that approval order the Exchange approved the reduction in the size requirement, from 500 to 50 contracts, because the CBOE proposal raised no new regulatory issues.<sup>5</sup> The Commission noted that it will benefit options market participants by allowing for substantially consistent treatment of crossing mechanisms under the rules of the ISE and the CBOE, and will allow the CBOE to compete without disadvantage for facilitation orders.<sup>6</sup>

The Exchange notes that, today, Rule 1064, Commentary .02 provides that if the same member organization is the originating firm and also the specialist for the particular class of options to which the order relates, then the specialist is not entitled to any Enhanced Specialist Participation with respect to the particular cross transaction. The Exchange notes that this limitation is not being amended with this proposal. The specialist would not be able to obtain an allocation in excess of the 40% allocation.

The Exchange believes that this reduction from 500 to 50 contracts for the firm participation guarantee will continue to incentivize floor brokers to execute crossing orders on Phlx. The Exchange continues to reward the market participant that brought together market participants and executed orders on its trading floor. Further, the reduced contract size will benefit options market participants by allowing for substantially consistent treatment of crossing mechanisms with competing options

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<sup>4</sup> See Securities Exchange Act Release No. 42835 (May 26, 2000), 65 FR 35683 (June 5, 2000) (SR-CBOE-99-10)( Order Approving Proposed Rule Change and Notice of Filing and Order Granting Accelerated Approval to Amendment Nos. 1, 2, and 3 to the Proposed Rule Change by the Chicago Board Options Exchange, Inc., Relating to Participation Rights for Firms Crossing Orders.)

<sup>5</sup> Id.

<sup>6</sup> Id.

venues. As noted in the CBOE proposal, today other competing mechanisms offer guarantees of 40% of orders to facilitating firms for order sizes of 50 or more contracts.<sup>7</sup> The Exchange believes that the ability to obtain a 40% guarantee on smaller sized orders will incentivize market participants to competitively price trades in order to execute a greater number of smaller orders. The Exchange believes that the incentive encourages competition on Phlx and in turn benefits market participants in terms of competitive pricing for those orders.

## 2. Statutory Basis

The Exchange believes that its proposal is consistent with Section 6(b) of the Act,<sup>8</sup> in general, and furthers the objectives of Section 6(b)(5) of the Act,<sup>9</sup> in particular, in that it is designed to promote just and equitable principles of trade and to protect investors and the public interest by amending the eligible minimum order size within Commentary .02(ii) of Rule 1064, from 500 to not less than 50 contracts, to promote competition.

The Exchange's proposal to lower the current eligible minimum order size in Commentary .02(ii) of Rule 1064 from 500 to not less than 50 contracts is consistent with the Act as it should promote just and equitable principles of trade by allowing for substantially consistent treatment of crossing mechanisms with CBOE. Phlx market

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<sup>7</sup> See note 4 above.

<sup>8</sup> 15 U.S.C. 78f(b).

<sup>9</sup> 15 U.S.C. 78f(b)(5).

participants would be permitted to compete without disadvantage for facilitation orders with CBOE which today has the eligibility size proposed by Phlx.<sup>10</sup>

The Exchange believes that this reduction from 500 to 50 contracts for the firm participation guarantee will continue to incentivize floor brokers to execute crossing orders on Phlx. The Exchange continues to reward the market participant that brought together market participants and executed orders on its trading floor. Further, the reduced contract size will benefit options market participants by allowing for substantially consistent treatment of crossing mechanisms with competing options venues.

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 amendment to Commentary .02(ii) of Rule 1064 does not impose an undue burden on competition because the proposed rule change will apply uniformly to all market participants. Further, the proposal does not create an undue burden on inter-market competition because market participants would be permitted to compete without disadvantage for facilitation orders with CBOE. As noted in the CBOE proposal, today other competing mechanisms offer guarantees of 40% of orders to facilitating firms for order sizes of 50 or more contracts.<sup>11</sup> The Exchange believes the guarantee may incentivize an increase in the flow of smaller orders to the trading floor because it will

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<sup>10</sup> See note 4 above.

<sup>11</sup> See note 4 above.

encourage market participants to offer competitive pricing in order to interact with that order flow.

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<sup>12</sup> and subparagraph (f)(6) of Rule 19b-4 thereunder.<sup>13</sup>

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.

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<sup>12</sup> 15 U.S.C. 78s(b)(3)(A)(iii).

<sup>13</sup> 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.

#### 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](mailto:rule-comments@sec.gov). Please include File Number SR-Phlx-2018-45 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-2018-45. 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-2018-45 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.<sup>14</sup>

Eduardo A. Aleman  
Assistant Secretary

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<sup>14</sup> 17 CFR 200.30-3(a)(12).

**EXHIBIT 5**

New text is underlined; deleted text is in brackets.

**Nasdaq PHLX Rules**

\* \* \* \* \*

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

(a) – (e) No change.

• • • *Commentary:* -----

**.01** No change.

**.02** *Firm Participation Guarantees.* (i) Notwithstanding the provisions of paragraphs (a) and (b) of this Rule, when a Floor Broker holds an equity, index or U.S. dollar-settled foreign currency option order of the eligible order size or greater ("original order"), the Floor Broker is entitled to cross a certain percentage of the original order with other orders that he is holding or in the case of a public customer order, with a facilitation order of the originating firm (i.e., the firm from which the original customer order originated).

(ii) The Exchange may determine, on an option by option basis, the eligible size for an order that may be transacted pursuant to this Commentary, however, the eligible order size may not be less than 50[0] contracts. Orders for less than 50[0] contracts may be crossed pursuant to this Rule but are not subject to subsection (iii) below pertaining to participation guarantees. In accordance with his responsibilities for due diligence, a Floor Broker representing an order of the eligible order size or greater which he wishes to cross shall request bids and offers for such option series and make all persons in the trading crowd aware of his request. In determining whether an order satisfies the eligible order size requirement, any multi-part or spread order must contain one leg alone which is for the eligible order size or greater. If the same member organization is the originating firm and also the specialist for the particular class of options to which the order relates, then the specialist is not entitled to any Enhanced Specialist Participation with respect to the particular cross transaction.

(iii) – (x) No change.

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