

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

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

A proposal to move the P.M.-settled Nasdaq-100 Index Options expiring on the third Friday of the month to the NDX index options class.

**Contact Information**

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

First Name \* Carla      Last Name \* Behnfeldt  
 Title \* Associate General Counsel  
 E-mail \* Carla.Behnfeldt@nasdaq.com  
 Telephone \* (215) 496-5208      Fax

**Signature**

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

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

(Title \*)

Date 08/27/2018      Executive Vice President and General Counsel  
 By Edward S. Knight      edward.knight@nasdaq.com  
 (Name \*)

NOTE: Clicking the button at right will digitally sign and lock this form. A digital signature is as legally binding as a physical signature, and once signed, this form cannot be changed.

SECURITIES AND EXCHANGE COMMISSION  
WASHINGTON, D.C. 20549

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

**Form 19b-4 Information \***

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

**Exhibit 1 - Notice of Proposed Rule Change \***

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

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

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

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

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Exhibit Sent As Paper Document

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

**Exhibit 3 - Form, Report, or Questionnaire**

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Exhibit Sent As Paper Document

Copies of any form, report, or questionnaire that the self-regulatory organization proposes to use to help implement or operate the proposed rule change, or that is referred to by the proposed rule change.

**Exhibit 4 - Marked Copies**

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The full text shall be marked, in any convenient manner, to indicate additions to and deletions from the immediately preceding filing. The purpose of Exhibit 4 is to permit the staff to identify immediately the changes made from the text of the rule with which it has been working.

**Exhibit 5 - Proposed Rule Text**

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

**Partial Amendment**

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

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 move the P.M.-settled Nasdaq-100 Index Options expiring on the third Friday of the month (“NDXPM”) to the NDX index options class. In connection with the move, the Exchange proposes changing the trading symbol for these options from “NDXPM” to “NDXP”.

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.

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

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

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

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

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

a. Purpose

The Exchange seeks to amend Exchange rules related to certain P.M.-settled options on the NASDAQ-100 Index which have been approved by the Commission but which have not yet been listed by the Exchange.<sup>3</sup> Currently, third-Friday P.M. - settled NASDAQ-100 Index options form a separate options class and, if listed by the Exchange, would trade under the symbol "NDXPM." The Exchange now seeks to move these third-Friday P.M.-settled NASDAQ-100 Index options into the NASDAQ-100 ("NDX") options class.

The Exchange has also recently received Commission approval to list nonstandard expirations of P.M.-settled NASDAQ-100 Index options trading under the symbol "NDXP", also on a pilot basis.<sup>4</sup> NDXP options are series of the NDX options class. These NDXP options may expire on Mondays, Wednesdays, Fridays (other than third-

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<sup>3</sup> See Securities Exchange Act Release No. 81293 (August 2, 2017), 82 FR 37138 (August 8, 2017) (approving SR-Phlx-2017-04).

<sup>4</sup> See Securities Exchange Act Release No. 82341 (December 15, 2017), 82 FR 60651 (December 21, 2017) (SR-Phlx-2017-79). In its proposed rule change to adopt a nonstandard expirations pilot program, the Exchange noted that it anticipated filing a proposed rule change in the near future to move the NDXPM index options with standard third Friday of the month expiration dates to the NDX index option class.

Friday-of-the-month), and the last trading day of the month.<sup>5</sup> The proposed rule change would facilitate a change to the trading symbol for P.M.-settled NASDAQ-100 Index options that have standard third Friday-of-the-month (“third-Friday”) expirations from “NDXPM” to “NDXP.”

The Exchange believes moving NDXPM into the NDX options class to trade under the NDXP symbol will have no adverse impact on the marketplace. In fact, the Exchange believes moving NDXPM into the NDX options class to trade under the NDXP symbol will have a positive impact on the marketplace and retail customers in particular.

As previously noted, in addition to end-of-the-month expirations, NDXP options are P.M.-settled NASDAQ-100 Index options that may expire on Mondays, Wednesdays, and Fridays (other than third-Friday-of-the-month) (i.e., nonstandard weekly expirations pursuant to Rule 1101A(b)(vii)). Trading P.M.-settled third-Friday expirations under the NDXP symbol will ensure market participants, particularly retail customers, have seamless access to P.M.-settled NASDAQ-100 Index options expiring every Friday of the month.

Without the proposed amendments, a user of NDXP options could not roll an existing NDXP position that expires on a first or second Friday of a month into a NDXP position that expires on a third-Friday. Thus, for NDXP users, there would be a gap in Friday expirations. Changing the NDXPM symbol to NDXP would remove the gap in Friday NDXP expirations and allow market participants, especially retail customers that are less likely to utilize both NDXPM and NDXP options to maintain exposure to Friday

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<sup>5</sup> See Rule 1101A(b)(vii), Nonstandard Expirations Pilot Program.

expirations, to have seamless access to P.M.-settled NASDAQ-100 Index options expiring every Friday of the month.

In addition, offering seamless access to P.M.-settled NASDAQ-100 Index options that expire every Friday of the month would allow market participants to submit complex orders with options series that expire on third-Fridays and other Friday expirations. Without the proposed amendments, market participants would not be able to submit into the trading system complex orders that consist of NDXPM options series and NDXP options series because they are currently in separate classes.<sup>6</sup> Although market participants would have the ability to submit separate orders to leg into a position with third- Friday and other Friday exposure, retail customers would be less likely to leg into a position. Thus, changing the NDXPM symbol to NDXP would allow market participants, especially retail customers, to submit complex orders with options series that expire on third- Fridays and other Fridays.

As previously noted, the Exchange does not believe moving NDXPM into the NDX options class and changing the NDXPM symbol to NDXP will have any adverse impact on market participants. Because the Exchange has not yet listed NDXPM, and because Exchange Rules and systems will treat NDXPM and NDXP the same (other than having separate pilot programs and listing schedules), the Exchange expects a smooth transition of NDXPM series to the NDXP symbol.

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<sup>6</sup> See Rule 1098, Complex Orders on the System, Section (a)(i) which provides that for purposes of the electronic trading of Complex Orders, a Complex Order is an order involving the simultaneous purchase and/or sale of two or more different options series in the same underlying security, priced as a net debit or credit based on the relative prices of the individual components, for the same account, for the purpose of executing a particular investment strategy.

### Position Limits/Reporting Requirements

In addition, since third-Friday P.M.-settled options trading under the NDXP symbol will be a new type of series under the NDX options class and not a new options class, all third-Friday P.M.-settled NDXP options will be aggregated together with all other standard expirations for applicable reporting and other requirements.<sup>7</sup> The Exchange therefore proposes to delete language in Rules 1079, FLEX Index, Equity and Currency Options and 1001A, Position Limits, dealing with position limits for NDXPM options specifically.

### Pilot Reports

Third-Friday P.M.-settled NASDAQ-100 Index options are currently approved to be listed on a pilot basis.<sup>8</sup> After implementation of the proposed amendments, the pilot would continue under the same terms that originally established the pilot. As part of the pilot, the Exchange would submit periodic reports and annual reports that analyze the market impact and trading patterns of third-Friday P.M.-settled NASDAQ-100 Index options. The reports would provide the same data and analysis for third-Friday P.M.-settled NASDAQ-100 Index options trading under symbol NDXP that would have been submitted for third-Friday P.M.-settled NASDAQ-100 Index options trading under symbol NDXPM had they been listed.

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<sup>7</sup> See e.g., Rule 1001A(c) which sets forth the reporting requirements for certain broad-based indexes that do not have position limits.

<sup>8</sup> See Rule 1101A Commentary .05 and Securities Exchange Act Release No. 81293 (August 2, 2017), 82 FR 37138 (August 8, 2017) (approving SR-Phlx-2017-04).

Implementation Date

The Exchange intends to change the NDXPM symbol to NDXP prior to its listing. The Exchange does not intend to list NDXPM as a separate class. Consistent with the original NDXPM approval order, the pilot for listing third-Friday P.M.-settled NASDAQ-100 Index options trading under symbol NDXP would terminate on December 29, 2018.<sup>9</sup>

b. Statutory Basis

The Exchange believes that its proposal is consistent with Section 6(b) of the Act,<sup>10</sup> in general, and furthers the objectives of Section 6(b)(5) of the Act,<sup>11</sup> 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. Additionally, the Exchange believes the proposed rule change is consistent with the Section 6(b)(5)<sup>12</sup> requirement that the rules of an exchange not be designed to permit unfair discrimination between customers, issuers, brokers, or dealers.

In particular, the Exchange believes trading P.M.-settled third-Friday expirations under the NDXP symbol rather than the separate NDXPM symbol will ensure market participants, particularly retail customers, have seamless access to P.M.-settled

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<sup>9</sup> The NDXPM approval order provided for termination of the pilot on the earlier to occur of (i) 12 months following the date of the first listing of the options, or (ii) December 29, 2018. Since fewer than 12 months now remain in 2018, the pilot will terminate on December 29, 2018.

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

<sup>11</sup> 15 U.S.C. 78f(b)(5).

<sup>12</sup> Id.



NASDAQ-100 Index options expiring every Friday of the month, which helps to remove impediments to and perfect the mechanism of a free and open market. The Exchange believes the proposed rule change will help to protect investors and the public interest by allowing market participants to enter options positions with the same underlying in one symbol that spans every Friday expiration in a month, thus providing a more efficient way to gain exposure and hedge risk.

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 the rule change will impose a burden on intramarket competition because all market participants will continue to have access to P.M.-settled NASDAQ-100 Index options expiring every Friday of the month and will be able to trade them under the NDXP symbol. The proposal will not impose a burden on intermarket competition because the options affected by this proposal are exclusive to the Exchange.

Additionally, the Exchange does not believe the proposal will impose any burden on intermarket competition as market participants on other exchanges are welcome to become members and trade at Phlx if they determine that this proposed rule change has made Phlx more attractive or favorable.

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. 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) of the Act and Rule 19b-4(f)(6) thereunder 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. This filing proposes to move NDXPM into the NDX options class. The Chicago Board Options Exchange, Incorporated (“CBOE”) has previously received approval to move Standard & Poor’s 500 Index (“SPXPM”), a PM-settled index option with a traditional third Friday of the month expiration, into the S&P 500 Index (“SPX”) options class.<sup>13</sup> This proposal makes a comparable change to NDXPM and raises no new regulatory issues. As noted above, because the Exchange has not yet listed NDXPM, and because Exchange Rules and systems will treat NDXPM and NDXP the same (other than having separate pilot programs and listing schedules), the Exchange expects a smooth transition of NDXPM series to the NDXP symbol. Consequently, moving NDXPM into the NDX options class should not significantly affect the protection of investors or 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

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<sup>13</sup> See Securities Exchange Act Release No. 80060 (February 17, 2017), 82 FR 11673 (February 24, 2017) (approving SR-CBOE-2016-091).

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.

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

The proposal is similar to SR-CBOE-2016-91, which moved SPXPM into the SPX options class on CBOE.

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-2018-57)

August \_\_, 2018

Self-Regulatory Organizations; Nasdaq PHLX LLC; Notice of Filing and Immediate Effectiveness of Proposed Rule Change to Move the P.M.-Settled Nasdaq-100 Index Options Expiring on the Third Friday of the Month to the NDX Index Options Class

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 August 27, 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 move the P.M.-settled Nasdaq-100 Index Options expiring on the third Friday of the month (“NDXPM”) to the NDX index options class. In connection with the move, the Exchange proposes changing the trading symbol for these options from “NDXPM” to “NDXP”.

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.

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

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

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 Exchange seeks to amend Exchange rules related to certain P.M.-settled options on the NASDAQ-100 Index which have been approved by the Commission but which have not yet been listed by the Exchange.<sup>3</sup> Currently, third-Friday P.M. - settled NASDAQ-100 Index options form a separate options class and, if listed by the Exchange, would trade under the symbol "NDXPM." The Exchange now seeks to move these third-Friday P.M.-settled NASDAQ-100 Index options into the NASDAQ-100 ("NDX") options class.

The Exchange has also recently received Commission approval to list nonstandard expirations of P.M.-settled NASDAQ-100 Index options trading under the symbol "NDXP", also on a pilot basis.<sup>4</sup> NDXP options are series of the NDX options class.

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<sup>3</sup> See Securities Exchange Act Release No. 81293 (August 2, 2017), 82 FR 37138 (August 8, 2017) (approving SR-Phlx-2017-04).

<sup>4</sup> See Securities Exchange Act Release No. 82341 (December 15, 2017), 82 FR 60651 (December 21, 2017) (SR-Phlx-2017-79). In its proposed rule change to adopt a nonstandard expirations pilot program, the Exchange noted that it anticipated filing a proposed rule change in the near future to move the NDXPM

These NDXP options may expire on Mondays, Wednesdays, Fridays (other than third-Friday-of-the-month), and the last trading day of the month.<sup>5</sup> The proposed rule change would facilitate a change to the trading symbol for P.M.-settled NASDAQ-100 Index options that have standard third Friday-of-the-month (“third-Friday”) expirations from “NDXPM” to “NDXP.”

The Exchange believes moving NDXPM into the NDX options class to trade under the NDXP symbol will have no adverse impact on the marketplace. In fact, the Exchange believes moving NDXPM into the NDX options class to trade under the NDXP symbol will have a positive impact on the marketplace and retail customers in particular.

As previously noted, in addition to end-of-the-month expirations, NDXP options are P.M.-settled NASDAQ-100 Index options that may expire on Mondays, Wednesdays, and Fridays (other than third-Friday-of-the-month) (*i.e.*, nonstandard weekly expirations pursuant to Rule 1101A(b)(vii)). Trading P.M.-settled third-Friday expirations under the NDXP symbol will ensure market participants, particularly retail customers, have seamless access to P.M.-settled NASDAQ-100 Index options expiring every Friday of the month.

Without the proposed amendments, a user of NDXP options could not roll an existing NDXP position that expires on a first or second Friday of a month into a NDXP position that expires on a third-Friday. Thus, for NDXP users, there would be a gap in Friday expirations. Changing the NDXPM symbol to NDXP would remove the gap in Friday NDXP expirations and allow market participants, especially retail customers that

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index options with standard third Friday of the month expiration dates to the NDX index option class.

<sup>5</sup> See Rule 1101A(b)(vii), Nonstandard Expirations Pilot Program.

are less likely to utilize both NDXPM and NDXP options to maintain exposure to Friday expirations, to have seamless access to P.M.-settled NASDAQ-100 Index options expiring every Friday of the month.

In addition, offering seamless access to P.M.-settled NASDAQ-100 Index options that expire every Friday of the month would allow market participants to submit complex orders with options series that expire on third-Fridays and other Friday expirations. Without the proposed amendments, market participants would not be able to submit into the trading system complex orders that consist of NDXPM options series and NDXP options series because they are currently in separate classes.<sup>6</sup> Although market participants would have the ability to submit separate orders to leg into a position with third- Friday and other Friday exposure, retail customers would be less likely to leg into a position. Thus, changing the NDXPM symbol to NDXP would allow market participants, especially retail customers, to submit complex orders with options series that expire on third- Fridays and other Fridays.

As previously noted, the Exchange does not believe moving NDXPM into the NDX options class and changing the NDXPM symbol to NDXP will have any adverse impact on market participants. Because the Exchange has not yet listed NDXPM, and because Exchange Rules and systems will treat NDXPM and NDXP the same (other than having separate pilot programs and listing schedules), the Exchange expects a smooth transition of NDXPM series to the NDXP symbol.

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<sup>6</sup> See Rule 1098, Complex Orders on the System, Section (a)(i) which provides that for purposes of the electronic trading of Complex Orders, a Complex Order is an order involving the simultaneous purchase and/or sale of two or more different options series in the same underlying security, priced as a net debit or credit based on the relative prices of the individual components, for the same account, for the purpose of executing a particular investment strategy.

### Position Limits/Reporting Requirements

In addition, since third-Friday P.M.-settled options trading under the NDXP symbol will be a new type of series under the NDX options class and not a new options class, all third-Friday P.M.-settled NDXP options will be aggregated together with all other standard expirations for applicable reporting and other requirements.<sup>7</sup> The Exchange therefore proposes to delete language in Rules 1079, FLEX Index, Equity and Currency Options and 1001A, Position Limits, dealing with position limits for NDXPM options specifically.

### Pilot Reports

Third-Friday P.M.-settled NASDAQ-100 Index options are currently approved to be listed on a pilot basis.<sup>8</sup> After implementation of the proposed amendments, the pilot would continue under the same terms that originally established the pilot. As part of the pilot, the Exchange would submit periodic reports and annual reports that analyze the market impact and trading patterns of third-Friday P.M.-settled NASDAQ-100 Index options. The reports would provide the same data and analysis for third-Friday P.M.-settled NASDAQ-100 Index options trading under symbol NDXP that would have been submitted for third-Friday P.M.-settled NASDAQ-100 Index options trading under symbol NDXPM had they been listed.

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<sup>7</sup> See e.g., Rule 1001A(c) which sets forth the reporting requirements for certain broad-based indexes that do not have position limits.

<sup>8</sup> See Rule 1101A Commentary .05 and Securities Exchange Act Release No. 81293 (August 2, 2017), 82 FR 37138 (August 8, 2017) (approving SR-Phlx-2017-04).



### Implementation Date

The Exchange intends to change the NDXPM symbol to NDXP prior to its listing. The Exchange does not intend to list NDXPM as a separate class. Consistent with the original NDXPM approval order, the pilot for listing third-Friday P.M.-settled NASDAQ-100 Index options trading under symbol NDXP would terminate on December 29, 2018.<sup>9</sup>

### 2. Statutory Basis

The Exchange believes that its proposal is consistent with Section 6(b) of the Act,<sup>10</sup> in general, and furthers the objectives of Section 6(b)(5) of the Act,<sup>11</sup> 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. Additionally, the Exchange believes the proposed rule change is consistent with the Section 6(b)(5)<sup>12</sup> requirement that the rules of an exchange not be designed to permit unfair discrimination between customers, issuers, brokers, or dealers.

In particular, the Exchange believes trading P.M.-settled third-Friday expirations under the NDXP symbol rather than the separate NDXPM symbol will ensure market participants, particularly retail customers, have seamless access to P.M.-settled

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<sup>9</sup> The NDXPM approval order provided for termination of the pilot on the earlier to occur of (i) 12 months following the date of the first listing of the options, or (ii) December 29, 2018. Since fewer than 12 months now remain in 2018, the pilot will terminate on December 29, 2018.

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

<sup>11</sup> 15 U.S.C. 78f(b)(5).

<sup>12</sup> Id.

NASDAQ-100 Index options expiring every Friday of the month, which helps to remove impediments to and perfect the mechanism of a free and open market. The Exchange believes the proposed rule change will help to protect investors and the public interest by allowing market participants to enter options positions with the same underlying in one symbol that spans every Friday expiration in a month, thus providing a more efficient way to gain exposure and hedge risk.

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 the rule change will impose a burden on intramarket competition because all market participants will continue to have access to P.M.-settled NASDAQ-100 Index options expiring every Friday of the month and will be able to trade them under the NDXP symbol. The proposal will not impose a burden on intermarket competition because the options affected by this proposal are exclusive to the Exchange.

Additionally, the Exchange does not believe the proposal will impose any burden on intermarket competition as market participants on other exchanges are welcome to become members and trade at Phlx if they determine that this proposed rule change has made Phlx more attractive or favorable.

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

#### 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-2018-57 on the subject line.

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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). 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.

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-2018-57. 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-2018-57 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>15</sup>

Eduardo A. Aleman  
Assistant Secretary

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<sup>15</sup> 17 CFR 200.30-3(a)(12).

**EXHIBIT 5**

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

**Nasdaq PHLX Rules**

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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.

(a) – (c) No change.

**(d) Position Limits.**

(1) FLEX index options shall be subject to a separate position limit of 200,000 contracts on the same side of the market respecting market index options; 36,000, 48,000, or 60,000 contracts respecting industry index options, depending on the position limit tier determined pursuant to Rule 1001A(b)(i); the same number of contracts respecting Alpha Index options that would apply to such Alpha Index options if they were not FLEX; the same number of contracts respecting MSCI EM Index options that would apply to such MSCI EM Index options if they were not FLEX; and the same number of contracts respecting MSCI EAFE Index options that would apply to such MSCI EAFE Index options if they were not FLEX. Reduced value or mini-size FLEX index option contracts shall be aggregated with full value or full-size FLEX index option contracts and counted by the amount by which they equal a full value contract (e.g. ten (10) one tenth (1/10th) value contracts equal one (1) full value contract). Positions in P.M.-settled FLEX index options shall be aggregated with positions in quarterly expiring options listed pursuant to Rule 1101A(b)(iv) on the same underlying index, if the FLEX index option expires at the close of trading on or within two business days of the last day of trading in each calendar quarter. However, except as provided in subsection (4) of this section (d), positions in FLEX index options shall otherwise not be taken into account when calculating position limits for non-FLEX index options. There shall be no position limits for full value options on the Russell 2000® Index ("Full Value Russell 2000® Options") and for one tenth (1/10th) value options on the Russell 2000® Index ("Reduced Value Russell 2000® Options"). There shall be no position limits for full value options on the Nasdaq 100 Index ("Full Value Nasdaq 100 Options")[, NDXPM,] and for the reduced value options on the Nasdaq 100 Index ("Reduced Value Nasdaq 100 Options"). Options on the Full Value and Reduced Value Russell Indexes for the

following products (collectively "Russell U.S. Indexes"): Russell 3000® Index, Russell 3000® Value Index, Russell 3000® Growth Index, Russell 2500 TM Index, Russell 2500 TM Value Index, Russell 2500 TM Growth Index, Russell 2000® Value Index, Russell 2000® Growth Index, Russell 1000® Index, Russell 1000® Value Index, Russell 1000® Growth Index, Russell Top 200® Index, Russell Top 200® Value Index, Russell Top 200® Growth Index, Russell MidCap® Index, Russell MidCap® Value Index, Russell MidCap® Growth Index, Russell Small Cap Completeness® Index, Russell Small Cap Completeness® Value Index and Russell Small Cap Completeness® Growth Index, are subject to an aggregate position limit of 50,000 contracts on the same side of the market, provided that no more than 30,000 of such contracts are in the nearest expiration month series.

(2) – (4) No change.

(e) - (g) No change.

••• **Commentary:** ----- No change.

\* \* \* \* \*

#### **Rule 1001A. Position Limits**

(a) No change.

(i) No change.

(ii) Respecting the Full Value Nasdaq 100 Options[, NDXPM,] and the Reduced Value Nasdaq 100 Options, there shall be no position limits.

(iii) No change.

(b) No change

(c) Reporting Requirements for Options on Market Indexes.—Each member or member organization that maintains a position on the same side of the market in excess of 100,000 contracts for its own account or for the account of a customer in the Full Value Russell 2000® Options, RUT; or in excess of 100,000 contracts for its own account or for the account of a customer in [the aggregate of (i) ]Full Value Nasdaq 100 Options, NDX[ and (ii) NDXPM options], must file a report with the Exchange that includes, but is not limited to, data related to the option positions, whether such positions are hedged and if applicable, a description of the hedge and information concerning collateral used to carry the positions. Registered Options Traders are exempt from this reporting requirement. For positions exceeding the position limit in paragraph (a), Commentary .01 contains the requirements for qualifying for the Index Hedge Exemption under this Rule.

(d) – (f) No change.

••• Commentary: ----- No change.

\* \* \* \* \*

**Rule 1101A. Terms of Option Contracts**

(a) – (e) No change.

••• *Commentary:* -----

.01 - .04 No change.

.05 In addition to A.M.-settled Full Value Nasdaq 100 Options approved for trading on the Exchange pursuant to Rule 1101A Commentary .01, the Exchange may also list options on the NASDAQ-100 Index whose exercise settlement value is the closing value of the NASDAQ-100 Index on the expiration day ["NDXPM"](P.M.-settled third Friday-of-the-month NDX options series). [NDXPM options]P.M.-settled third Friday-of-the-month NDX options series will be listed for trading for a pilot period ending on the earlier to occur of (i) 12 months following the date of the first listing of the options, or (ii) December 29, 2018.

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