

Required fields are shown with yellow backgrounds and asterisks.

Page 1 of * <input type="text" value="34"/>	SECURITIES AND EXCHANGE COMMISSION WASHINGTON, D.C. 20549 Form 19b-4	File No.* SR - <input type="text" value="2019"/> - * <input type="text" value="03"/>	Amendment No. (req. for Amendments *) <input type="text"/>
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Filing by
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)(6)
			<input type="checkbox"/> 19b-4(f)(2)	<input type="checkbox"/> 19b-4(f)(5)	<input checked="" type="checkbox"/> 19b-4(f)(6)
			<input type="checkbox"/> 19b-4(f)(3)		

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 checked="" type="checkbox"/>	Exhibit 3 Sent As Paper Document <input checked="" 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 amend Option Floor Procedure Advice A-9, titled All-or-None Options Orders, amend Phlx Rule 1066, titled Certain Types of Floor-Based (Non-System) Orders Defined, and adopt a new Phlx Rule 1078, titled All-or-None Orders.

Contact Information

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

First Name * Last Name *

Title *

E-mail *

Telephone * Fax

Signature

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

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

(Title *)

Date

By

(Name *)

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 EFFS 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 *

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

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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

Add Remove View

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

Partial Amendment

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

1. Text of the Proposed Rule Change

(a) Nasdaq PHLX LLC (“Phlx” or “Exchange”), pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 (“Act”)¹ and Rule 19b-4 thereunder,² is filing with the Securities and Exchange Commission (“SEC” or “Commission”) a proposal to amend Option Floor Procedure Advice (“OFPA”) A-9, titled “All-or-None Options Orders”, amend Phlx Rule 1066, titled “Certain Types of Floor-Based (Non-System) Orders Defined”, and adopt a new Phlx Rule 1078, titled “All-or-None Orders.” The Exchange also proposes to amend Phlx Rule 1000(b)(14) which describes a professional order.

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 26, 2018. 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

¹ 15 U.S.C. 78s(b)(1).

² 17 CFR 240.19b-4.

Nasdaq, Inc.
215-496-5692

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

a. Purpose

The Exchange proposes to: (i) amend OFPA A-9, titled "All-or-None Options Orders"; (ii) amend Phlx Rule 1066, titled "Certain Types of Floor-Based (Non-System) Orders Defined"; (iii) adopt new Phlx Rule 1078, titled "All-or-None Orders;" and (iv) amend Phlx Rule 1000(b)(14) which described a professional order. Each change will be discussed in detail below.

Description of an All-or None Order

Today, Phlx Rule 1066, "Certain Types of Floor-Based (Non-System) Orders Defined," at paragraph (c)(4) describes an All-or-None Order as a market or limit order which is to be executed in its entirety or not at all. OFPA A-9, describes an all-or-none option order as a limit order which is to be executed in its entirety, or not at all. The Exchange proposes to amend Rule 1066(c)(4) and OFPA A-9 to reference new Phlx Rule 1078 for the description of an All-or-None Order, thereby creating a single description of an All-or-None Order for purposes of the Phlx Rulebook to avoid confusion.

The Exchange proposes to state within new Rule 1078 that, "An All-or-None Order is a limit order or market order that is to be executed in its entirety or not at all." This is the case today, an All-or-None Order may be either a limit order or market order, as provided for in Rule 1066(c)(4), although the current description within OFPA A-9 simply states limit order. The Exchange has noted in other rule changes that an All-or-

None Order may be a limit or market order.³ The Exchange further proposes to state within new Rule 1078 that “All-or-None Orders are non-displayed and non-routable.”⁴ Also, the Exchange proposes to state that “All-or-None Orders are executed in price-time priority among all public customer⁵ Orders if the size contingency can be met.” Finally, the Exchange proposes to memorialize that, “The Acceptable Trade Range protection in Rule 1099(a) is not applied to All-or-None Orders.” The Exchange previously noted this limitation in a rule change.⁶ The Exchange does not offer the Acceptable Trade Range protection to All-or-None Orders because it is difficult to apply this feature to an all-or-none because of the contingency associated with this order type. The Exchange believes that noting this limitation within new Rule 1078 will add greater transparency to the order type.

Today, All-or-None Orders are available to public customers⁷ and professionals.⁸ The Exchange initially offered All-or-None Orders to professionals in 2010 at the time of

³ See Securities Exchange Act Release No. 83141 (May 1, 2018), 83 FR 20123, 20124 at footnote 7 (May 7, 2018) (SR-Phlx-2018-32).

⁴ See Securities Exchange Act Release No. 83141 (May 1, 2018), 83 FR 20123, at 20124 (May 7, 2018)(SR-Phlx-2018-32). In this filing the Exchange also noted that an All-or-None Order is a non-displayed order type.

⁵ For purposes of this rule change, the term “public customer” shall mean a person or entity that is not a broker or dealer in securities and is not a professional as defined within Phlx Rule 1000(b)(14).

⁶ See Securities Exchange Act Release No. 69848 (June 25, 2018), 78 FR 39346, 39348 at footnote 4 (July 1, 2013) (SR-Phlx-2013-69).

⁷ See Phlx Rule 1098(b)(v), which states, “All-or-none orders - to be executed in its entirety or not at all. These orders can only be submitted for non-broker-dealer customers.” See Securities Exchange Act Release No. 76742 (December 22, 2015), 80 FR 81393 (December 29, 2015) (SR-Phlx-2015-49). Within this rule change footnote 101 provides, among other information, that these orders can only be submitted for non-broker-dealer customers. See also Securities Exchange

the adoption of the new term “professional.”⁹ The Exchange proposes to amend its current practice and offer All-or-None Orders to public customers only.

The Exchange believes that permitting only public customers to utilize All-or-None Orders on the Order Book is consistent with the Act because unlike other market participants, public customers do not have access to the same technology as Registered Options Traders,¹⁰ Specialists,¹¹ professionals, firms and broker-dealers. Unlike other

Act Release No. 74746 (April 16, 2015), 80 FR 22569 (April 22, 2015) (SR-Phlx-2014-66)(Notice of Filing of Amendment No. 2 and Designation of Longer Period for Commission Action on Proceedings To Determine Whether To Approve or Disapprove Proposed Rule Change, as Modified by Amendment No. 2, To Adopt New Exchange Rule 1081, Solicitation Mechanism, To Introduce a New Electronic Solicitation Mechanism). Footnote 39 to this rule change provides, “All-or-none orders can only be submitted for non-broker dealer customers.”

⁸ The term “professional” means any person or entity that (i) is not a broker or dealer in securities, and (ii) places more than 390 orders in listed options per day on average during a calendar month for its own beneficial account(s). See Rule 1000(b)(14).

⁹ See Securities Exchange Act Release No. 61802 (March 30, 2010), 75 FR 17193 (April 5, 2010) (SR-Phlx-2010-05) (Notice of Filing of Amendment No. 2 and Order Granting Accelerated Approval of the Proposed Rule Change, as Modified by Amendment No. 2 Thereto, Relating to Professional Orders) (“Professional Filing”).

¹⁰ Registered Options Traders (“ROTs”) includes Streaming Quote Traders (“SQTs”) and Remote Streaming Quote Traders (“RSQTs”). A ROT is a regular member or a foreign currency options participant of the Exchange who has received permission from the Exchange to trade in options for his own account. An SQT is an ROT who has received permission from the Exchange to generate and submit option quotations electronically in options to which such SQT is assigned. An SQT may only submit such quotations while such SQT is physically present on the floor of the Exchange. An SQT may only trade in a market making capacity in classes of options in which the SQT is assigned. An RSQT is an ROT that is a member affiliated with an RSQT with no physical trading floor presence who has received permission from the Exchange to generate and submit option quotations electronically in options to which such RSQT has been assigned. A qualified RSQT may function as a Remote Specialist upon Exchange approval. A

market participants, public customers do not have the tools to monitor trading activity throughout the trading day and react to changes in market pricing. Permitting public customers to enter All-or-None Orders with specific size limitations that rest on the Order Book would continue to allow public customers the opportunity to obtain fills for their orders when the market moves even if the All-Or-None Order was not immediately executable upon entry.

Rule 1000(b)(14)

At the time the Exchange adopted the term “professional,” the Exchange noted within Rule 1000(b)(14) the manner in which professional orders would be treated. Specifically, Phlx Rule 1014(b)(14) provides, “.....A professional will be treated in the same manner as an off-floor broker-dealer for purposes of Rules 1014(g)¹² (except with respect to All-or-None Orders, which will be treated like customer orders, except that orders submitted pursuant to Rule 1087¹³ for the beneficial account(s) of professionals with an all-or-none designation will be treated in the same manner as off-floor broker-dealer orders),¹⁴ 1064, Commentary .02¹⁵ (except professional orders will be

floor market maker is known as a non-SQT ROT in Rule 1014(b)(ii)(C). A non-SQT ROT is an ROT who is neither an SQT nor an RSQT.

¹¹ A Specialist is an Exchange member who is registered as an options specialist. See Phlx Rule 1020(a).

¹² Rule 1014(g) concerns the allocation of interest on Phlx.

¹³ Rule 1087 concerns the Price Improvement XL auction.

¹⁴ Rule 1033(e) concerns Synthetic Option Orders.

¹⁵ Rule 1064 at Commentary .02 concerns the floor Firm Participation Guarantee.

considered customer orders subject to facilitation), 1087 and 1098,¹⁶ as well as OFPA B-6¹⁷ and F-5.”¹⁸ Further, the Professional Filing stated,

‘...In this regard, the Commission does not believe that the Act requires that the orders of a public customer or any other market participant be granted priority. Historically, in developing their trading and business models, exchanges have adopted rules, with Commission approval, that grant priority to certain participants over others, in order to attract order flow or to create more competitive markets. However, the Act does not entitle any participant to priority as a right. The requirement of section 6(b)(8) of the Act that the rules of an exchange not impose an unnecessary or inappropriate burden upon competition does not necessarily mandate that a Professional (as defined in the Phlx proposal) be granted priority at a time that a broker-dealer is not granted the same right. The Phlx proposal simply restores the treatment of persons who would be deemed Professionals to a base line where no special priority benefits are granted. Thus, the Commission believes that it is consistent with the Act for Phlx to amend its rules so that Professional orders, like the orders of broker-dealers, are not granted special priority.’ [footnotes omitted]

Unlike public customers, professionals conduct business in the same manner as an off-floor broker-dealer and therefore have the ability to react to market conditions swiftly when entering orders. The Exchange proposes to amend Rule 1000(b)(14) to remove the following text, (except with respect to All-or-None Orders, which will be treated like customer orders, except that orders submitted pursuant to Rule 1087 for the beneficial account(s) of professionals with an all-or-none designation will be treated in the same manner as off-floor broker-dealer orders).”

¹⁶ Rule 1098 concerns Complex Orders.

¹⁷ OFPA B-6 is titled “Priority of Options Orders for Equity Options, Index Options and U.S. Dollar-Settled Foreign Currency Options by Account Type (Equity Option, Index Options and U.S. dollar-settled foreign currency option only).”

¹⁸ OFPA F-5 is titled “Changes or Corrections to Material Terms of a Matched Trade.”

Rule 1066

The Exchange's proposal to amend Phlx Rule 1066 by deleting the current description and instead indicating, "An All-or-None Order is described in Rule 1078," will bring greater consistency to the usage of the term all-or-none throughout Phlx's Rules.

OFPA A-9

The Exchange's proposal to amend OPFA A-9 to indicate that this rule applies to an All-or-None Order submitted on the trading floor will bring greater transparency to this rule. The Exchange's proposal to remove the description of an All-or-None Order from this rule and instead refer to the description in proposed new Rule 1078 will bring greater consistency to the usage of the term All-or-None Order throughout Phlx's Rules. The Exchange proposes to remove the sentence that provides, "Unlike a fill-or-kill order, an All-or-None Order is not cancelled if it is not executed as soon as it is represented in the trading crowd" because All-or-None Orders are not technically cancelled in the trading crowd, they are simply not consummated or withdrawn. The Exchange proposes to add the word "trading" before the word "crowd" for clarity. The Exchange proposes to remove the last paragraph of OFPA A-9 because priority for All-or-None Orders is described in proposed new Rule 1078 and that rule is proposed to be referenced within OFPA A-9.

Implementation

The Exchange would implement the changes proposed herein prior to May 31, 2019. The Exchange would issue an Options Trader Alert announcing the exact date of

implementation in advance.¹⁹

b. Statutory Basis

The Exchange believes that its proposal is consistent with Section 6(b) of the Act,²⁰ in general, and furthers the objectives of Section 6(b)(5) of the Act,²¹ in particular, in that it is designed to promote just and equitable principles of trade, to remove impediments to and perfect the mechanism of a free and open market and a national market system, and, in general to protect investors and the public interest, by more specifically defining an All-or-None Order within the Exchange's Rules and conforming the term throughout the Phlx rules to bring greater transparency to this order type. The Exchange specifically proposes to make clear within new Rule 1078 that All-or-None Orders are non-displayed and non-routable.²² In addition, indicating that All-or-None Orders are executed in price-time priority among all public customer orders if the size contingency can be met will bring greater clarity to the Exchange's Rules. Finally, memorializing that the Acceptable Trade Range protection in Rule 1099(a) is not applied to All-or-None Orders will make clear that this limitation exists. Today, the Exchange does not offer the Acceptable Trade Range protection to All-or-None Orders because it is difficult to apply this feature to an All-or-None Order because of the contingency

¹⁹ See Options Trader Alert 2018-47.

²⁰ 15 U.S.C. 78f(b).

²¹ 15 U.S.C. 78f(b)(5).

²² See Securities Exchange Act Release No. 83141 (May 1, 2018), 83 FR 20123, at 20124 (May 7, 2018) (SR-Phlx-2018-32). In this filing the Exchange also noted that an All-or-None Order is a non-displayed order type.

associated with this order type.²³ The Exchange believes that noting this limitation within new Rule 1078 will add greater transparency to the order type.

The Exchange's proposal to amend the All-or-None Order type so that it would only be available to public customers, and not be available professionals,²⁴ is consistent with the Act. Today, public customers are afforded certain priorities within the Exchange's Rules that are not offered to other market participants, including professionals. Today, for example, public customers are offered priority with respect to the execution of Qualified Contingent Cross Orders. Specifically, Phlx Rule 1080(o) provides that a Phlx Order Entry Firm effectuating a trade in the System pursuant to the Regulation NMS QCT Trade Exemption to Rule 611(a) can cross the options leg of the trade on Phlx as a QCC Order immediately upon entry and without order exposure if no public customer orders²⁵ exist on the Exchange's order book at the same price.²⁶ In addition, with respect to the Exchange's allocation rule, public customer have a different priority as compared to professionals, as well as all other market participants. Orders are allocated such that the highest bid and lowest offer shall have priority, except that public customer orders have priority over non-public customer, including non-All-or-None

²³ See Securities Exchange Act Release No. 69848 (June 25, 2018), 78 FR 39346, 39348 at footnote 4 (July 1, 2013) (SR-Phlx-2013-69).

²⁴ Today the All-or-None Order type is available to public customers and professionals.

²⁵ Phlx will reject a QCC Order that attempts to execute when any Customer orders are resting on the Exchange limit order book at the same price.

²⁶ See Phlx Rule 1080(o).

professional orders at the same price, provided the public customer order is executable.²⁷

Phlx notes that public customer orders are a source of liquidity in the market, and exchanges have sought to attract such orders by providing public customers certain guarantees that their orders would be executed even in the face of competition from broker-dealers. Further, providing marketplace advantages to public customer orders attracts main street retail investor order flow to the Exchange by leveling the playing field for retail investors over market professionals and providing competitive pricing.

Today, the Exchange offers the All-or-None Order type to public customers to permit the entry of smaller-sized contingency orders. Professionals, while offered All-or-None Orders, rarely submit such orders. The Exchange believes that offering All-or-None Orders solely to public customers is appropriate. Unlike ROTs, Specialists, professionals, firms and broker-dealers, public customers do not have access to information and technology that enables them to trade listed options in the same manner as a broker or dealer in securities. Professionals, for example, have the same technological and informational advantages as broker-dealers trading for their own accounts, which enables professional account holders to compete effectively with broker-dealer orders and market maker quotes for execution opportunities. ROTs, Specialists, firms and broker-dealers also have tools and infrastructure which monitor the marketplace in real-time. These non-public customer market participants have the ability to react to changes in the market and effectuate trades in a way that public customers may not have with respect entering specialized orders that have a size contingency in order to

²⁷ If there are two or more public customer orders for the same options series at the same price, priority shall be afforded to such public customer orders in the sequence in which an order is received by the System.

effectuate a hedge.

The Exchange believes that it is consistent with fair competition to offer the All-or-None Order type solely to public customers in order to permit these main street retail investors to have advantages over broker-dealers trading on the Phlx. Further, broker dealers cannot use the All-or-None Order type today. Professionals are treated in the same manner as a broker dealer for purposes of Exchange rules. The Exchange believes that Professionals would be aligned with broker dealers with respect to not being offered the All-or-None Order type.

Rule 1000(b)(14)

The Exchange's proposal to amend Rule 1000(b)(14) by removing text related to All-or-None Orders executed by professionals that interact on the Order Book would align this rule with this proposal.

Rule 1066

The Exchange's proposal to amend Rule 1066 by deleting the current description and instead indicating, "An All-or-None Order is described in Rule 1078" will bring greater consistency to the usage of the term all-or-none throughout Phlx's Rules.

OPFA A-9

The Exchange's proposal to amend OPFA A-9 to indicate that this rule applies to an All-or-None Order submitted on the trading floor will bring greater transparency to this rule. The Exchange's proposal to remove the description from this rule and instead refer to the description in Rule 1078 will bring greater consistency to the usage of the term all-or-none throughout Phlx's Rules. Finally removing language that is not relevant to the trading floor will bring clarity to the rule as modified.

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 notes that adopting a new Rule 1078 and memorializing the All-or-None Order type with greater detail will bring greater transparency to the order type to the benefit of all market participants.

Not offering the All-or-None Order type to professionals does not create an undue burden on competition because unlike professionals, public customers do not have access to information and technology that enables them to trade listed options in the same manner as a broker or dealer in securities. Professionals on the other hand have the same technological and informational advantages as broker-dealers trading for their own accounts, which enables professional account holders to compete effectively with broker-dealer orders and market maker quotes for execution opportunities. ROTs, Specialists, firms and broker-dealers all have tools and infrastructure which monitor the marketplace in real-time. These non-public customer market participants have the ability to react to changes in the market and effectuate trades in a way that public customers may not have with respect entering specialized orders that have a size contingency in order to effectuate a hedge.

The Exchange believes that it is consistent with fair competition to offer the All-or-None Order type solely to public customers in order to permit these main street retail investors to have advantages over broker-dealers trading on the Phlx. Also, the Exchange notes that it is rare for Professionals to utilize the All-or-None Order type. Broker dealers cannot use the All-or-None Order type today. Professionals are treated in the same manner as a broker dealer for purposes of Exchange rules. The Exchange believes that

Professionals would be aligned with broker dealers with respect to not being offered the All-or-None Order type.

Further, as compared to all other market participants, public customer orders are a source of liquidity in the market. Providing marketplace advantages to public customer orders attracts retail investor order flow to the Exchange by leveling the playing field for main street retail investors over market professionals and providing competitive pricing.

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)²⁸ of the Act and Rule 19b-4(f)(6) thereunder²⁹ 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's proposal does not significantly affect the protection of investors or the public interest because by more specifically defining an All-or-None Order within

²⁸ 15 U.S.C. 78s(b)(3)(A)(iii).

²⁹ 17 CFR 240.19b-4(f)(6).

the Exchange's Rules and conforming the term throughout the Phlx rules to bring greater transparency to this order type. The Exchange's proposal does not impose any significant burden on competition because adopting a new Rule 1078 and memorializing the All-or-None Order type with greater detail will bring greater transparency to the order type to the benefit of all market participants. Not offering the All-or-None Order type to professionals does not impose any significant burden on competition because unlike professionals, public customers do not have access to information and technology that enables them to trade listed options in the same manner as a broker or dealer in securities. Professionals on the other hand have the same technological and informational advantages as broker-dealers trading for their own accounts, which enables professional account holders to compete effectively with broker-dealer orders and market maker quotes for execution opportunities. ROTs, Specialists, firms and broker-dealers all have tools and infrastructure which monitor the marketplace in real-time. The Exchange believes that it is consistent with fair competition to offer the All-or-None Order type solely to public customers in order to permit these main street retail investors to have advantages over broker-dealers trading on the Phlx. Broker dealers cannot use the All-or-None Order type today. Professionals are treated in the same manner as a broker dealer for purposes of Exchange rules. The Exchange believes that Professionals would be aligned with broker dealers with respect to not being offered the All-or-None Order type. Professionals, while offered All-or-None Orders, rarely submit such orders.

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 necessary or appropriate in the public interest, for the protection of investors, or 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

Not applicable.

9. Security-Based Swap Submissions Filed Pursuant to Section 3C of the Act

Not applicable.

10. Advance Notices Filed Pursuant to Section 806(e) of the Payment, Clearing and Settlement Supervision Act

Not applicable.

11. Exhibits

1. Notice of Proposed Rule Change for publication in the Federal Register.

5. Text of the proposed rule change.

EXHIBIT 1

SECURITIES AND EXCHANGE COMMISSION
(Release No. _____ ; File No. SR-Phlx-2019-03)

March __, 2019

Self-Regulatory Organizations; Nasdaq PHLX LLC; Notice of Filing and Immediate Effectiveness of Proposed Rule Change to amend Option Floor Procedure Advice A-9 and adopt a new Phlx Rule 1078

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 February 26, 2019, 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 Option Floor Procedure Advice (“OFPA”) A-9, titled “All-or-None Options Orders”, amend Phlx Rule 1066, titled “Certain Types of Floor-Based (Non-System) Orders Defined”, and adopt a new Phlx Rule 1078, titled “All-or-None Orders.”

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.

¹ 15 U.S.C. 78s(b)(1).

² 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 proposes to: (i) amend OFPA A-9, titled "All-or-None Options Orders"; (ii) amend Phlx Rule 1066, titled "Certain Types of Floor-Based (Non-System) Orders Defined"; (iii) adopt new Phlx Rule 1078, titled "All-or-None Orders;" and (iv) amend Phlx Rule 1000(b)(14) which described a professional order. Each change will be discussed in detail below.

Description of an All-or None Order

Today, Phlx Rule 1066, "Certain Types of Floor-Based (Non-System) Orders Defined," at paragraph (c)(4) describes an All-or-None Order as a market or limit order which is to be executed in its entirety or not at all. OFPA A-9, describes an all-or-none option order as a limit order which is to be executed in its entirety, or not at all. The Exchange proposes to amend Rule 1066(c)(4) and OFPA A-9 to reference new Phlx Rule 1078 for the description of an All-or-None Order, thereby creating a single description of an All-or-None Order for purposes of the Phlx Rulebook to avoid confusion.

The Exchange proposes to state within new Rule 1078 that, "An All-or-None Order is a limit order or market order that is to be executed in its entirety or not at all."

This is the case today, an All-or-None Order may be either a limit order or market order, as provided for in Rule 1066(c)(4), although the current description within OFPA A-9 simply states limit order. The Exchange has noted in other rule changes that an All-or-None Order may be a limit or market order.³ The Exchange further proposes to state within new Rule 1078 that “All-or-None Orders are non-displayed and non-routable.”⁴ Also, the Exchange proposes to state that “All-or-None Orders are executed in price-time priority among all public customer⁵ Orders if the size contingency can be met.” Finally, the Exchange proposes to memorialize that, “The Acceptable Trade Range protection in Rule 1099(a) is not applied to All-or-None Orders.” The Exchange previously noted this limitation in a rule change.⁶ The Exchange does not offer the Acceptable Trade Range protection to All-or-None Orders because it is difficult to apply this feature to an all-or-none because of the contingency associated with this order type. The Exchange believes that noting this limitation within new Rule 1078 will add greater transparency to the order type.

³ See Securities Exchange Act Release No. 83141 (May 1, 2018), 83 FR 20123, 20124 at footnote 7 (May 7, 2018) (SR-Phlx-2018-32).

⁴ See Securities Exchange Act Release No. 83141 (May 1, 2018), 83 FR 20123, at 20124 (May 7, 2018)(SR-Phlx-2018-32). In this filing the Exchange also noted that an All-or-None Order is a non-displayed order type.

⁵ For purposes of this rule change, the term “public customer” shall mean a person or entity that is not a broker or dealer in securities and is not a professional as defined within Phlx Rule 1000(b)(14).

⁶ See Securities Exchange Act Release No. 69848 (June 25, 2018), 78 FR 39346, 39348 at footnote 4 (July 1, 2013) (SR-Phlx-2013-69).

Today, All-or-None Orders are available to public customers⁷ and professionals.⁸ The Exchange initially offered All-or-None Orders to professionals in 2010 at the time of the adoption of the new term “professional.”⁹ The Exchange proposes to amend its current practice and offer All-or-None Orders to public customers only.

The Exchange believes that permitting only public customers to utilize All-or-None Orders on the Order Book is consistent with the Act because unlike other market participants, public customers do not have access to the same technology as Registered Options Traders,¹⁰ Specialists,¹¹ professionals, firms and broker-dealers. Unlike other

⁷ See Phlx Rule 1098(b)(v), which states, “All-or-none orders - to be executed in its entirety or not at all. These orders can only be submitted for non-broker-dealer customers.” See Securities Exchange Act Release No. 76742 (December 22, 2015), 80 FR 81393 (December 29, 2015) (SR-Phlx-2015-49). Within this rule change footnote 101 provides, among other information, that these orders can only be submitted for non-broker-dealer customers. See also Securities Exchange Act Release No. 74746 (April 16, 2015), 80 FR 22569 (April 22, 2015) (SR-Phlx-2014-66)(Notice of Filing of Amendment No. 2 and Designation of Longer Period for Commission Action on Proceedings To Determine Whether To Approve or Disapprove Proposed Rule Change, as Modified by Amendment No. 2, To Adopt New Exchange Rule 1081, Solicitation Mechanism, To Introduce a New Electronic Solicitation Mechanism). Footnote 39 to this rule change provides, “All-or-none orders can only be submitted for non-broker dealer customers.”

⁸ The term “professional” means any person or entity that (i) is not a broker or dealer in securities, and (ii) places more than 390 orders in listed options per day on average during a calendar month for its own beneficial account(s). See Rule 1000(b)(14).

⁹ See Securities Exchange Act Release No. 61802 (March 30, 2010), 75 FR 17193 (April 5, 2010) (SR-Phlx-2010-05) (Notice of Filing of Amendment No. 2 and Order Granting Accelerated Approval of the Proposed Rule Change, as Modified by Amendment No. 2 Thereto, Relating to Professional Orders) (“Professional Filing”).

¹⁰ Registered Options Traders (“ROTs”) includes Streaming Quote Traders (“SQTs”) and Remote Streaming Quote Traders (“RSQTs”). A ROT is a regular member or a foreign currency options participant of the Exchange who has received permission from the Exchange to trade in options for his own account.

market participants, public customers do not have the tools to monitor trading activity throughout the trading day and react to changes in market pricing. Permitting public customers to enter All-or-None Orders with specific size limitations that rest on the Order Book would continue to allow public customers the opportunity to obtain fills for their orders when the market moves even if the All-Or-None Order was not immediately executable upon entry.

Rule 1000(b)(14)

At the time the Exchange adopted the term “professional,” the Exchange noted within Rule 1000(b)(14) the manner in which professional orders would be treated. Specifically, Phlx Rule 1014(b)(14) provides, “.....A professional will be treated in the same manner as an off-floor broker-dealer for purposes of Rules 1014(g)¹² (except with respect to All-or-None Orders, which will be treated like customer orders, except that orders submitted pursuant to Rule 1087¹³ for the beneficial account(s) of professionals with an all-or-none designation will be treated in the same manner as off-floor broker-

An SQT is an ROT who has received permission from the Exchange to generate and submit option quotations electronically in options to which such SQT is assigned. An SQT may only submit such quotations while such SQT is physically present on the floor of the Exchange. An SQT may only trade in a market making capacity in classes of options in which the SQT is assigned. An RSQT is an ROT that is a member affiliated with an RSQT with no physical trading floor presence who has received permission from the Exchange to generate and submit option quotations electronically in options to which such RSQT has been assigned. A qualified RSQT may function as a Remote Specialist upon Exchange approval. A floor market maker is known as a non-SQT ROT in Rule 1014(b)(ii)(C). A non-SQT ROT is an ROT who is neither an SQT nor an RSQT.

¹¹ A Specialist is an Exchange member who is registered as an options specialist. See Phlx Rule 1020(a).

¹² Rule 1014(g) concerns the allocation of interest on Phlx.

¹³ Rule 1087 concerns the Price Improvement XL auction.

dealer orders),1033(e),¹⁴ 1064, Commentary .02¹⁵ (except professional orders will be considered customer orders subject to facilitation), 1087 and 1098,¹⁶ as well as OFPA B-6¹⁷ and F-5.”¹⁸ Further, the Professional Filing stated,

‘...In this regard, the Commission does not believe that the Act requires that the orders of a public customer or any other market participant be granted priority. Historically, in developing their trading and business models, exchanges have adopted rules, with Commission approval, that grant priority to certain participants over others, in order to attract order flow or to create more competitive markets. However, the Act does not entitle any participant to priority as a right. The requirement of section 6(b)(8) of the Act that the rules of an exchange not impose an unnecessary or inappropriate burden upon competition does not necessarily mandate that a Professional (as defined in the Phlx proposal) be granted priority at a time that a broker-dealer is not granted the same right. The Phlx proposal simply restores the treatment of persons who would be deemed Professionals to a base line where no special priority benefits are granted. Thus, the Commission believes that it is consistent with the Act for Phlx to amend its rules so that Professional orders, like the orders of broker-dealers, are not granted special priority.’ [footnotes omitted]

Unlike public customers, professionals conduct business in the same manner as an off-floor broker-dealer and therefore have the ability to react to market conditions swiftly when entering orders. The Exchange proposes to amend Rule 1000(b)(14) to remove the following text, “...(except with respect to All-or-None Orders, which will be treated like customer orders, except that orders submitted pursuant to Rule 1087 for the beneficial

¹⁴ Rule 1033(e) concerns Synthetic Option Orders.

¹⁵ Rule 1064 at Commentary .02 concerns the floor Firm Participation Guarantee.

¹⁶ Rule 1098 concerns Complex Orders.

¹⁷ OFPA B-6 is titled “Priority of Options Orders for Equity Options, Index Options and U.S. Dollar-Settled Foreign Currency Options by Account Type (Equity Option, Index Options and U.S. dollar-settled foreign currency option only).”

¹⁸ OFPA F-5 is titled “Changes or Corrections to Material Terms of a Matched Trade.”

account(s) of professionals with an all-or-none designation will be treated in the same manner as off-floor broker-dealer orders).”

Rule 1066

The Exchange’s proposal to amend Phlx Rule 1066 by deleting the current description and instead indicating, “An All-or-None Order is described in Rule 1078,” will bring greater consistency to the usage of the term all-or-none throughout Phlx’s Rules.

OFPA A-9

The Exchange’s proposal to amend OFPA A-9 to indicate that this rule applies to an All-or-None Order submitted on the trading floor will bring greater transparency to this rule. The Exchange’s proposal to remove the description of an All-or-None Order from this rule and instead refer to the description in proposed new Rule 1078 will bring greater consistency to the usage of the term All-or-None Order throughout Phlx’s Rules. The Exchange proposes to remove the sentence that provides, “Unlike a fill-or-kill order, an All-or-None Order is not cancelled if it is not executed as soon as it is represented in the trading crowd” because All-or-None Orders are not technically cancelled in the trading crowd, they are simply not consummated or withdrawn. The Exchange proposes to add the word “trading” before the word “crowd” for clarity. The Exchange proposes to remove the last paragraph of OFPA A-9 because priority for All-or-None Orders is described in proposed new Rule 1078 and that rule is proposed to be referenced within OFPA A-9.

Implementation

The Exchange would implement the changes proposed herein prior to May 31,

2019. The Exchange would issue an Options Trader Alert announcing the exact date of implementation in advance.¹⁹

2. Statutory Basis

The Exchange believes that its proposal is consistent with Section 6(b) of the Act,²⁰ in general, and furthers the objectives of Section 6(b)(5) of the Act,²¹ in particular, in that it is designed to promote just and equitable principles of trade, to remove impediments to and perfect the mechanism of a free and open market and a national market system, and, in general to protect investors and the public interest, by more specifically defining an All-or-None Order within the Exchange's Rules and conforming the term throughout the Phlx rules to bring greater transparency to this order type. The Exchange specifically proposes to make clear within new Rule 1078 that All-or-None Orders are non-displayed and non-routable.²² In addition, indicating that All-or-None Orders are executed in price-time priority among all public customer orders if the size contingency can be met will bring greater clarity to the Exchange's Rules. Finally, memorializing that the Acceptable Trade Range protection in Rule 1099(a) is not applied to All-or-None Orders will make clear that this limitation exists. Today, the Exchange does not offer the Acceptable Trade Range protection to All-or-None Orders because it is difficult to apply this feature to an All-or-None Order because of the contingency

¹⁹ See Options Trader Alert 2018-47.

²⁰ 15 U.S.C. 78f(b).

²¹ 15 U.S.C. 78f(b)(5).

²² See Securities Exchange Act Release No. 83141 (May 1, 2018), 83 FR 20123, at 20124 (May 7, 2018) (SR-Phlx-2018-32). In this filing the Exchange also noted that an All-or-None Order is a non-displayed order type.

associated with this order type.²³ The Exchange believes that noting this limitation within new Rule 1078 will add greater transparency to the order type.

The Exchange's proposal to amend the All-or-None Order type so that it would only be available to public customers, and not be available professionals,²⁴ is consistent with the Act. Today, public customers are afforded certain priorities within the Exchange's Rules that are not offered to other market participants, including professionals. Today, for example, public customers are offered priority with respect to the execution of Qualified Contingent Cross Orders. Specifically, Phlx Rule 1080(o) provides that a Phlx Order Entry Firm effectuating a trade in the System pursuant to the Regulation NMS QCT Trade Exemption to Rule 611(a) can cross the options leg of the trade on Phlx as a QCC Order immediately upon entry and without order exposure if no public customer orders²⁵ exist on the Exchange's order book at the same price.²⁶ In addition, with respect to the Exchange's allocation rule, public customer have a different priority as compared to professionals, as well as all other market participants. Orders are allocated such that the highest bid and lowest offer shall have priority, except that public customer orders have priority over non-public customer, including non-All-or-None

²³ See Securities Exchange Act Release No. 69848 (June 25, 2018), 78 FR 39346, 39348 at footnote 4 (July 1, 2013) (SR-Phlx-2013-69).

²⁴ Today the All-or-None Order type is available to public customers and professionals.

²⁵ Phlx will reject a QCC Order that attempts to execute when any Customer orders are resting on the Exchange limit order book at the same price.

²⁶ See Phlx Rule 1080(o).

professional orders at the same price, provided the public customer order is executable.²⁷

Phlx notes that public customer orders are a source of liquidity in the market, and exchanges have sought to attract such orders by providing public customers certain guarantees that their orders would be executed even in the face of competition from broker-dealers. Further, providing marketplace advantages to public customer orders attracts main street retail investor order flow to the Exchange by leveling the playing field for retail investors over market professionals and providing competitive pricing.

Today, the Exchange offers the All-or-None Order type to public customers to permit the entry of smaller-sized contingency orders. Professionals, while offered All-or-None Orders, rarely submit such orders. The Exchange believes that offering All-or-None Orders solely to public customers is appropriate. Unlike ROTs, Specialists, professionals, firms and broker-dealers, public customers do not have access to information and technology that enables them to trade listed options in the same manner as a broker or dealer in securities. Professionals, for example, have the same technological and informational advantages as broker-dealers trading for their own accounts, which enables professional account holders to compete effectively with broker-dealer orders and market maker quotes for execution opportunities. ROTs, Specialists, firms and broker-dealers also have tools and infrastructure which monitor the marketplace in real-time. These non-public customer market participants have the ability to react to changes in the market and effectuate trades in a way that public customers may not have with respect entering specialized orders that have a size contingency in order to

²⁷ If there are two or more public customer orders for the same options series at the same price, priority shall be afforded to such public customer orders in the sequence in which an order is received by the System.

effectuate a hedge.

The Exchange believes that it is consistent with fair competition to offer the All-or-None Order type solely to public customers in order to permit these main street retail investors to have advantages over broker-dealers trading on the Phlx. Further, broker dealers cannot use the All-or-None Order type today. Professionals are treated in the same manner as a broker dealer for purposes of Exchange rules. The Exchange believes that Professionals would be aligned with broker dealers with respect to not being offered the All-or-None Order type.

Rule 1000(b)(14)

The Exchange's proposal to amend Rule 1000(b)(14) by removing text related to All-or-None Orders executed by professionals that interact on the Order Book would align this rule with this proposal.

Rule 1066

The Exchange's proposal to amend Rule 1066 by deleting the current description and instead indicating, "An All-or-None Order is described in Rule 1078" will bring greater consistency to the usage of the term all-or-none throughout Phlx's Rules.

OPFA A-9

The Exchange's proposal to amend OPFA A-9 to indicate that this rule applies to an All-or-None Order submitted on the trading floor will bring greater transparency to this rule. The Exchange's proposal to remove the description from this rule and instead refer to the description in Rule 1078 will bring greater consistency to the usage of the term all-or-none throughout Phlx's Rules. Finally removing language that is not relevant to the trading floor will bring clarity to the rule as modified.

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 notes that adopting a new Rule 1078 and memorializing the All-or-None Order type with greater detail will bring greater transparency to the order type to the benefit of all market participants.

Not offering the All-or-None Order type to professionals does not create an undue burden on competition because unlike professionals, public customers do not have access to information and technology that enables them to trade listed options in the same manner as a broker or dealer in securities. Professionals on the other hand have the same technological and informational advantages as broker-dealers trading for their own accounts, which enables professional account holders to compete effectively with broker-dealer orders and market maker quotes for execution opportunities. ROTs, Specialists, firms and broker-dealers all have tools and infrastructure which monitor the marketplace in real-time. These non-public customer market participants have the ability to react to changes in the market and effectuate trades in a way that public customers may not have with respect entering specialized orders that have a size contingency in order to effectuate a hedge.

The Exchange believes that it is consistent with fair competition to offer the All-or-None Order type solely to public customers in order to permit these main street retail investors to have advantages over broker-dealers trading on the Phlx. Also, the Exchange notes that it is rare for Professionals to utilize the All-or-None Order type. Broker dealers cannot use the All-or-None Order type today. Professionals are treated in the same manner as a broker dealer for purposes of Exchange rules. The Exchange believes that

Professionals would be aligned with broker dealers with respect to not being offered the All-or-None Order type.

Further, as compared to all other market participants, public customer orders are a source of liquidity in the market. Providing marketplace advantages to public customer orders attracts retail investor order flow to the Exchange by leveling the playing field for main street retail investors over market professionals and providing competitive pricing.

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 Act²⁸ and subparagraph (f)(6) of Rule 19b-4 thereunder.²⁹

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 necessary or appropriate in the public interest, for the

²⁸ 15 U.S.C. 78s(b)(3)(A)(iii).

²⁹ 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.

protection of investors, or 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-2019-03 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-2019-03. 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-2019-03 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.³⁰

Eduardo A. Aleman
Assistant Secretary

³⁰ 17 CFR 200.30-3(a)(12).

EXHIBIT 5

New text is underlined; deleted text is in brackets.

Nasdaq PHLX Rules

* * * * *

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

(a) **Applicability.** The Rules in this Part shall be applicable to the trading on the Exchange in option contracts issued by the Options Clearing Corporation, the terms and conditions of such contracts, the exercise and settlement thereof, the handling of orders, and the conduct of accounts and other matters relating to options trading. Except to the extent that specific Rules in this Part govern or unless the context otherwise requires, the provisions of the By-Laws and of all other Rules and Policies of the Board of Directors shall be applicable to the trading on the Exchange of option contracts.

(b) **Definitions.** The following terms as used in the Rules shall, unless the context otherwise indicates, have the meanings herein specified:

* * * * *

(14) The term “professional” means any person or entity that (i) is not a broker or dealer in securities, and (ii) places more than 390 orders in listed options per day on average during a calendar month for its own beneficial account(s). A professional will be treated in the same manner as an off-floor broker-dealer_for purposes of Rules 1014(g)[(except with respect to all-or-none orders, which will be treated like customer orders, except that orders submitted pursuant to Rule 1087 for the beneficial account(s) of professionals with an all-or-none designation will be treated in the same manner as off-floor broker-dealer orders)],1033(e), 1064, Commentary .02 (except professional orders will be considered customer orders subject to facilitation), 1087 and 1098, as well as Options Floor Procedure Advices B-6 and F-5. Member organizations must indicate whether orders are for professionals.

* * * * *

Rule 1066. Certain Types of Floor-Based (Non-System) Orders Defined

These order types are eligible for entry by a member for execution through the Options Floor Based Management System (“FBMS”).

(a) and (b) No change.

(c) *Contingency Order.* A contingency order is a limit or market order to buy or sell that is contingent upon a condition being satisfied while the order is at the post.

(1) – (3) No change.

(4) *All or None Order*. [An all-or-none order is a market or limit order which is to be executed in its entirety or not at all.] An All-or-None Order is described in Rule 1078.

(5) – (8) No change.

* * * * *

Rule 1078. All-or-None Orders

An All-or-None Order is a limit order or market order that is to be executed in its entirety or not at all. An All-or None Order may only be submitted by a public customer. All-or-None Orders are non-displayed and non-routable. All-or-None Orders are executed in price-time priority among all public customer orders if the size contingency can be met. The Acceptable Trade Range protection in Rule 1099(a) is not applied to All-Or-None Orders.

OPTION FLOOR PROCEDURE ADVICES AND ORDER & DECORUM REGULATIONS

* * * * *

A-9 All-or-None Option Orders

An [a]All-or-[n]None [option] [o]Order is described in Rule 1078. This rule shall apply to All-or-None Orders submitted on the trading floor. [is a limit order which is to be executed in its entirety, or not at all. Unlike a fill-or-kill order, an all-or-none order is not cancelled if it is not executed as soon as it is represented in the trading crowd.] An [a]All-or-[n]None [o]Order has no standing respecting executions in the trading crowd except with respect to other [a]All-or-[n]None [o]Orders. When represented in the trading crowd, [a]All-or-[n]None Orders are not included as part of the bid or offer.

[When entered electronically pursuant to Rule 1080 or into Options Floor Based Management System pursuant to Rule 1063 or 1085, an all-or-none order has standing and is eligible for execution in time priority with all other customer orders and all-or-none professional orders (as specified in Rule 1000(b)(14)) at that price if the all-or-none contingency can be met.]

FINE SCHEDULE

Fine not applicable

* * * * *