

Required fields are shown with yellow backgrounds and asterisks.

Page 1 of * <input type="text" value="24"/>	SECURITIES AND EXCHANGE COMMISSION WASHINGTON, D.C. 20549 Form 19b-4	File No.* SR - <input type="text" value="2021"/> - * <input type="text" value="28"/>	Amendment No. (req. for Amendments *) <input type="text"/>
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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 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 Phlx Rules at Options 2 Section 4, Options 4 Section 8, Options 4A Section 6, Options 4A Section 12 and Options 4C Section 5.

**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 \*)

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

SECURITIES AND EXCHANGE COMMISSION  
WASHINGTON, D.C. 20549

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

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

Add Remove View

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

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

Add Remove View

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

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

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, 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**

Add Remove View

Exhibit Sent As Paper Document

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

**Exhibit 4 - Marked Copies**

Add Remove View

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

**Exhibit 5 - Proposed Rule Text**

Add Remove View

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

**Partial Amendment**

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

1. Text of the Proposed Rule Change

(a) Nasdaq PHLX LLC (“Phlx” or “Exchange”), pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 (“Act”)<sup>1</sup> and Rule 19b-4 thereunder,<sup>2</sup> is filing with the Securities and Exchange Commission (“SEC” or “Commission”) a proposal to amend Phlx Rules at Options 2, Section 4, Obligations of Market Makers; Options 4, Section 8, Long-Term Options Contracts; Options 4A, Section 6, Position Limits; Options 4A, Section 12, Terms of Index Options Contracts; and Options 4C, Section 5, Series of U.S. Dollar-Settled Foreign Currency Options Contracts Open for Trading. The Exchange also proposes a technical amendment within Equity 11, Section 4, Payment on Delivery—Collect on Delivery.

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 November 5, 2020. 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

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

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

Nasdaq, Inc.  
(215) 496-5292

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

a. Purpose

The Exchange proposes to amend Options 2, Section 4, Obligations of Market Makers; Options 4, Section 8, Long-Term Options Contracts; Options 4A, Section 6, Position Limits; Options 4A, Section 12, Terms of Index Options Contracts; and Options 4C, Section 5, Series of U.S. Dollar-Settled Foreign Currency Options Contracts Open for Trading.

The Exchange also proposes a technical amendment within Equity 11, Section 4, Payment on Delivery—Collect on Delivery.

Bid/Ask Differentials for Long-Term Options Series

Phlx Options 4, Section 8(a), Options 4A, Section 12(b)(2) and Options 4C, Section 5(a)(1)(C) describes the bid/ask differentials for long-term options series for equity options, exchange-traded products, indexes, and U.S. dollar-settled foreign currencies, respectively. Currently, the bid/ask differentials shall not apply to such options series until the time to expiration is less than nine (9) months for equity options and exchange-traded products as provided for within Options 4, Section 8(a). Currently, bid/ask differentials shall not apply to such options series until the time to expiration is less than twelve (12) months for index options as provided for within Options 4A, Section 12(b)(2). Currently, bid/ask differentials shall not apply to such options series until the time to expiration is less than nine (9) months for U.S. dollar-settled foreign currency options as provided for within Options 4C, Section 5(a)(1)(C).

The Exchange proposes to centralize the bid/ask differentials from Options 4, Section 8(a), Options 4A, Section 12(b)(2) and Options 4C, Section 5(a)(1)(C) within Options 2, Section 4(c)(1)(A) and add a sentence to the aforementioned rules that cites to Options 2, Section 4(b)(4)(i) for information on bid/ask differentials for the various products. The Exchange believes that this relocation will provide Primary Market Makers and Competitive Market Makers with centralized information regarding their bid/ask differential requirements.

#### Obsolete Listings

The Exchange proposes to remove references to SIG Oil Exploration & Production Index within Options 4A, Section 6(b)(i) and Supplementary Material to Options 4A, Section 12. The SIG Oil Exploration & Production Index has not been listed by Phlx since 2016. The Exchange also proposes to remove a reference to the SIG Energy MLP Index<sup>TM</sup> within Supplementary Material to Options 4A, Section 12 as it has not been listed on Phlx since 2017. The Exchange will file a rule change with the Commission in the event that it desires to list these products in the future.

#### Technical Amendment

The Exchange proposes to add the title, “Supplementary Material to Equity 11, Section 4” within Equity 11, Section 4 and renumber the rule text that follows which includes defined terms. The Exchange also proposes to correct a lettering issue within the rule. These amendments are non-substantive and intended solely to make the rule easier to read.

b. Statutory Basis

The Exchange believes that its proposal is consistent with Section 6(b) of the Act,<sup>3</sup> in general, and furthers the objectives of Section 6(b)(5) of the Act,<sup>4</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.

Bid/Ask Differentials for Long-Term Options Series

The Exchange's proposal to amend Options 4, Section 8(a), Options 4A, Section 12(b)(2) and Options 4C, Section 5(a)(1)(C) to relocate text concerning bid/ask differentials for long-term option series is consistent with the Act. The Exchange's proposal will centralize the bid/ask differentials within Options 2, Section 4(c)(1)(A) and add a sentence to Options 4, Section 8(a), Options 4A, Section 12(b)(2) and Options 4C, Section 5(a)(1)(C) that cites to Options 2, Section 4(c)(1)(A) for information on bid/ask differentials for the various products. The Exchange believes that this relocation will provide Lead Market Makers and Market Makers with centralized information regarding their bid/ask differential requirements.

Obsolete Listings

The Exchange's proposal to remove references to SIG Oil Exploration & Production Index within Options 4A, Section 6(b)(i) and Supplementary Material to Options 4A, Section 12 and to remove a reference to the SIG Oil Exploration &

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<sup>3</sup> 15 U.S.C. 78f(b).

<sup>4</sup> 15 U.S.C. 78f(b)(5).

Production Index within Supplementary Material to Options 4A, Section 12 is consistent with the Act. These listing have not appeared on Phlx for several years.

#### Technical Amendment

The Exchange's proposal to add the title, "Supplementary Material to Equity 11, Section 4" within Equity 11, Section 4 and renumber and re-letter rule text are non-substantive and intended solely to make the rule easier to read.

#### 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.

#### Bid/Ask Differentials for Long-Term Options Series

The Exchange's proposal to amend Options 4, Section 8(a), Options 4A, Section 12(b)(2) and Options 4C, Section 5(a)(1)(C) to relocate text concerning bid/ask differentials for long-term option series does not impose an undue burden on competition. The Exchange's proposal will centralize the bid/ask differentials within Options 2, Section 4(c)(1)(A) and add a sentence to Options 4, Section 8(a), Options 4A, Section 12(b)(2) and Options 4C, Section 5(a)(1)(C) that cites to Options 2, Section 4(c)(1)(A) for information on bid/ask differentials for the various products.

#### Obsolete Listings

The Exchange's proposal to remove references to SIG Oil Exploration & Production Index within Options 4A, Section 6(b)(i) and Supplementary Material to Options 4A, Section 12 and to remove a reference to the SIG Oil Exploration & Production Index within Supplementary Material to Options 4A, Section 12 does not

impose an undue burden on competition. These listing have not appeared on Phlx for several years.

Technical Amendment

The Exchange's proposal to add the title, "Supplementary Material to Equity 11, Section 4" within Equity 11, Section 4 and renumber and re-letter rule text are non-substantive and intended solely to make the rule easier to read.

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)<sup>5</sup> of the Act and Rule 19b-4(f)(6) thereunder<sup>6</sup> in that it effects a change that: (i) does not significantly affect the protection of investors or the public interest; (ii) does not impose any significant burden on competition; and (iii) by its terms, does not become operative for 30 days after the date of the filing, or such shorter time as the Commission may designate if consistent with the protection of investors and the public interest.

The Exchange's proposal does not significantly affect the protection of investors or the public interest. The Exchange's proposal to amend Phlx Options 4, Section 8(a),

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<sup>5</sup> 15 U.S.C. 78s(b)(3)(A)(iii).

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

Options 4A, Section 12(b)(2) and Options 4c, Section 5(a)(1)(C) to include a citation to Options 2, Section 4(c)(1)(A) and relocate rule text related to bid/ask differential for long-term options series simply relocates the rule text with a cross-citation for ease of reference in locating rules concerning bid/ask differentials. The Exchange's proposal to remove references to SIG Oil Exploration & Production Index within Options 4A, Section 6(b)(i) and Supplementary Material to Options 4A, Section 12 and to remove a reference to the SIG Oil Exploration & Production Index within Supplementary Material to Options 4A, Section 12 does not significantly affect the protection of investors or the public interest.. These listing have not appeared on Phlx for several years. Finally, the Exchange's proposal to add the title, "Supplementary Material to Equity 11, Section 4" within Equity 11, Section 4 and renumber and re-letter rule text are non-substantive amendments. These proposals do not impose any burden on competition as they involve a relocation of a rule, removal of obsolete listings and non-substantive amendments.

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-2021-28)

May \_\_, 2021

Self-Regulatory Organizations; Nasdaq PHLX LLC; Notice of Filing and Immediate Effectiveness of Proposed Rule Change to Amend Various Phlx Listing Rules

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 May 4, 2021, 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 Phlx Rules at Options 2, Section 4, Obligations of Market Makers; Options 4, Section 8, Long-Term Options Contracts; Options 4A, Section 6, Position Limits; Options 4A, Section 12, Terms of Index Options Contracts; and Options 4C, Section 5, Series of U.S. Dollar-Settled Foreign Currency Options Contracts Open for Trading. The Exchange also proposes a technical amendment within Equity 11, Section 4, Payment on Delivery—Collect on Delivery.

The text of the proposed rule change is available on the Exchange’s Website at <https://listingcenter.nasdaq.com/rulebook/phlx/rules>, 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 proposes to amend Options 2, Section 4, Obligations of Market Makers; Options 4, Section 8, Long-Term Options Contracts; Options 4A, Section 6, Position Limits; Options 4A, Section 12, Terms of Index Options Contracts; and Options 4C, Section 5, Series of U.S. Dollar-Settled Foreign Currency Options Contracts Open for Trading.

The Exchange also proposes a technical amendment within Equity 11, Section 4, Payment on Delivery—Collect on Delivery.

Bid/Ask Differentials for Long-Term Options Series

Phlx Options 4, Section 8(a), Options 4A, Section 12(b)(2) and Options 4C, Section 5(a)(1)(C) describes the bid/ask differentials for long-term options series for equity options, exchange-traded products, indexes, and U.S. dollar-settled foreign currencies, respectively. Currently, the bid/ask differentials shall not apply to such options series until the time to expiration is less than nine (9) months for equity options and exchange-traded products as provided for within Options 4, Section 8(a). Currently, bid/ask differentials shall not apply to such options series until the time to expiration is

less than twelve (12) months for index options as provided for within Options 4A, Section 12(b)(2). Currently, bid/ask differentials shall not apply to such options series until the time to expiration is less than nine (9) months for U.S. dollar-settled foreign currency options as provided for within Options 4C, Section 5(a)(1)(C).

The Exchange proposes to centralize the bid/ask differentials from Options 4, Section 8(a), Options 4A, Section 12(b)(2) and Options 4C, Section 5(a)(1)(C) within Options 2, Section 4(c)(1)(A) and add a sentence to the aforementioned rules that cites to Options 2, Section 4(b)(4)(i) for information on bid/ask differentials for the various products. The Exchange believes that this relocation will provide Primary Market Makers and Competitive Market Makers with centralized information regarding their bid/ask differential requirements.

#### Obsolete Listings

The Exchange proposes to remove references to SIG Oil Exploration & Production Index within Options 4A, Section 6(b)(i) and Supplementary Material to Options 4A, Section 12. The SIG Oil Exploration & Production Index has not been listed by Phlx since 2016. The Exchange also proposes to remove a reference to the SIG Energy MLP Index<sup>TM</sup> within Supplementary Material to Options 4A, Section 12 as it has not been listed on Phlx since 2017. The Exchange will file a rule change with the Commission in the event that it desires to list these products in the future.

#### Technical Amendment

The Exchange proposes to add the title, “Supplementary Material to Equity 11, Section 4” within Equity 11, Section 4 and renumber the rule text that follows which includes defined terms. The Exchange also proposes to correct a lettering issue within

the rule. These amendments are non-substantive and intended solely to make the rule easier to read.

## 2. Statutory Basis

The Exchange believes that its proposal is consistent with Section 6(b) of the Act,<sup>3</sup> in general, and furthers the objectives of Section 6(b)(5) of the Act,<sup>4</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.

### Bid/Ask Differentials for Long-Term Options Series

The Exchange's proposal to amend Options 4, Section 8(a), Options 4A, Section 12(b)(2) and Options 4C, Section 5(a)(1)(C) to relocate text concerning bid/ask differentials for long-term option series is consistent with the Act. The Exchange's proposal will centralize the bid/ask differentials within Options 2, Section 4(c)(1)(A) and add a sentence to Options 4, Section 8(a), Options 4A, Section 12(b)(2) and Options 4C, Section 5(a)(1)(C) that cites to Options 2, Section 4(c)(1)(A) for information on bid/ask differentials for the various products. The Exchange believes that this relocation will provide Lead Market Makers and Market Makers with centralized information regarding their bid/ask differential requirements.

### Obsolete Listings

The Exchange's proposal to remove references to SIG Oil Exploration & Production Index within Options 4A, Section 6(b)(i) and Supplementary Material to

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<sup>3</sup> 15 U.S.C. 78f(b).

<sup>4</sup> 15 U.S.C. 78f(b)(5).

Options 4A, Section 12 and to remove a reference to the SIG Oil Exploration & Production Index within Supplementary Material to Options 4A, Section 12 is consistent with the Act. These listing have not appeared on Phlx for several years.

#### Technical Amendment

The Exchange's proposal to add the title, "Supplementary Material to Equity 11, Section 4" within Equity 11, Section 4 and renumber and re-letter rule text are non-substantive and intended solely to make the rule easier to read.

#### 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.

#### Bid/Ask Differentials for Long-Term Options Series

The Exchange's proposal to amend Options 4, Section 8(a), Options 4A, Section 12(b)(2) and Options 4C, Section 5(a)(1)(C) to relocate text concerning bid/ask differentials for long-term option series does not impose an undue burden on competition. The Exchange's proposal will centralize the bid/ask differentials within Options 2, Section 4(c)(1)(A) and add a sentence to Options 4, Section 8(a), Options 4A, Section 12(b)(2) and Options 4C, Section 5(a)(1)(C) that cites to Options 2, Section 4(c)(1)(A) for information on bid/ask differentials for the various products.

#### Obsolete Listings

The Exchange's proposal to remove references to SIG Oil Exploration & Production Index within Options 4A, Section 6(b)(i) and Supplementary Material to Options 4A, Section 12 and to remove a reference to the SIG Oil Exploration & Production Index within Supplementary Material to Options 4A, Section 12 does not

impose an undue burden on competition. These listing have not appeared on Phlx for several years.

Technical Amendment

The Exchange's proposal to add the title, "Supplementary Material to Equity 11, Section 4" within Equity 11, Section 4 and renumber and re-letter rule text are non-substantive and intended solely to make the rule easier to read.

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>5</sup> and subparagraph (f)(6) of Rule 19b-4 thereunder.<sup>6</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 necessary or appropriate in the public interest, for the protection of investors, or otherwise in furtherance of the purposes of the Act. If the

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<sup>5</sup> 15 U.S.C. 78s(b)(3)(A)(iii).

<sup>6</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.

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-2021-28 on the subject line.

Paper comments:

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

All submissions should refer to File Number SR-Phlx-2021-28. This file number should be included on the subject line if e-mail is used. To help the Commission process and review your comments more efficiently, please use only one method. The Commission will post all comments on the Commission's Internet Web site (<http://www.sec.gov/rules/sro.shtml>).

Copies of the submission, all subsequent amendments, all written statements with respect to the proposed rule change that are filed with the Commission, and all written communications relating to the proposed rule change between the Commission and any person, other than those that may be withheld from the public in accordance with the provisions of 5 U.S.C. 552, will be available for website viewing and printing in the

Commission's Public Reference Room, 100 F Street, NE, Washington, DC 20549, on official business days between the hours of 10:00 a.m. and 3:00 p.m. Copies of the filing also will be available for inspection and copying at the principal office of the Exchange. All comments received will be posted without change; the Commission does not edit personal identifying information from submissions. You should submit only information that you wish to make available publicly.

All submissions should refer to File Number SR-Phlx-2021-28 and should be submitted on or before [insert date 21 days from publication in the Federal Register].

For the Commission, by the Division of Trading and Markets, pursuant to delegated authority.<sup>7</sup>

J. Matthew DeLesDernier  
Assistant Secretary

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<sup>7</sup> 17 CFR 200.30-3(a)(12).

**EXHIBIT 5**

*New text is underlined; deleted text is in brackets.*

**NASDAQ PHLX LLC Rules**

\* \* \* \* \*

**Equity Rules**

\* \* \* \* \*

**Equity 11 Uniform Practice Code**

\* \* \* \* \*

**Section 4. Payment on Delivery—Collect on Delivery**

(a) In all deliveries of securities other than securities deliverable pursuant to the rules of a registered clearing agency, the party delivering shall have the right to require the purchase money to be paid upon delivery; if delivery is made by transfer, payment may be required at the time and place of transfer.

(b) When both the member organization and its agent and the customer and its agent are participants in a securities depository, the facilities of a securities depository shall be used for the confirmation, acknowledgment and book entry settlement of all depository eligible payment on delivery transactions.

[(b)c] Transactions that are settled outside the United States shall be exempt from the provisions of paragraph (b) of this Rule.

*Supplementary Material to Equity 11, Section 4*

[(c)].01 For the purposes of this Rule, a “securities depository” shall mean a clearing agency as defined in Section 3(a)(23) of the Exchange Act, that is registered with the Securities and Exchange Commission pursuant to Section 17A(b)(2) of the Act.

[(d)].02 For the purposes of this Rule, “depository eligible transactions” shall mean transactions in those securities for which confirmation, acknowledgment and book entry settlement can be performed through the facilities of a securities depository as defined in [subparagraph (c)]Supplementary Material .01.

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**Options Rules**

\* \* \* \* \*

**Options 2 Options Market Participants**

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**Section 4. Obligations of Market Makers**

\* \* \* \* \*

(c) **Appointment.** Without limiting the foregoing, a Lead Market Maker and a Market Maker is expected to perform the following activities in the course of maintaining a fair and orderly market. The following bid/ask differentials only apply to electronic quotations following the Opening Process.

(1) **Intra-Day Bid/Ask Differentials (Quote Spread Parameters).** Options on equities (including Exchange-Traded Fund Shares), index options and options on U.S. dollar-settled FCOs may be quoted electronically with a difference not to exceed \$5 between the bid and offer regardless of the price of the bid, provided that the foregoing bid/ask differentials shall not apply to in-the-money series where the market for the underlying security is wider than the differentials set forth above. For such series, the bid/ask differentials may be as wide as the spread between the national best bid and offer in the underlying security. The Exchange may establish differences other than the above for one or more series or classes of options.

(A) Bid/ask differentials shall not apply to such options series until the time to expiration is less than nine (9) months for equity options, exchange-traded products, and foreign currencies. Bid/ask differentials shall not apply to such options series until the time to expiration is less than twelve (12) months for index options.

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**Options 4 Options Listing Rules**

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**Section 8. Long-Term Options Contracts**

(a) Notwithstanding conflicting language in Options 3, Section 5, the Exchange may list long-term options contracts that expire from twelve (12) to thirty-nine (39) months from the time they are listed. There may be up to ten expiration months for options on the SPDR® S&P 500® exchange-traded fund (the "SPY ETF") and up to six (6) expiration months for options on all other securities. Strike price intervals[, bid/ask differential] and continuity rules shall not apply to such options series until the time to expiration is less than nine (9) months. Bid/ask differentials for long-term options contracts are specified within Options 2, Section 4(c)(1)(A).

(b) After a new long-term options contract series is listed, such series will be opened for trading either when there is buying or selling interest, or forty (40) minutes prior to the

close, whichever occurs first. No quotations will be posted for such options series until they are opened for trading.

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#### **Options 4A Options Index Rules**

\* \* \* \* \*

#### **Section 6. Position Limits**

\* \* \* \* \*

(b)(i) In determining compliance with Options 9, Section 13, option contracts on a narrow-based (industry) index shall, subject to the procedures specified in subparagraph (iii) of this Rule, be subject to the following position limits:

- 18,000 contracts (or 54,000 contracts for options on the PHLX Oil Service Sector, PHLX Semiconductor Sector, PHLX Utility Sector, PHLX Gold/Silver Sector, and PHLX Housing Sector[, and SIG Oil Exploration & Production Index]) if the Exchange determines, at the time of a review conducted pursuant to subparagraph (ii) of this paragraph (b), that any single underlying stock accounted, on average, for 30% or more of the index value during the 30-day period immediately preceding the review; or
- 24,000 contracts (or 72,000 contracts for options on the PHLX Oil Service Sector, PHLX Semiconductor Sector, PHLX Utility Sector, PHLX Gold/Silver Sector, PHLX Housing Sector[, and SIG Oil Exploration & Production Index]) if the Exchange determines, at the time of a review conducted pursuant to subparagraph (ii) of this paragraph (b), that any single underlying stock accounted, on average, for 20% or more of the index value or that any five underlying stocks together accounted, on average, for more than 50% of the index value, but that no single stock in the group accounted, on average, for 30% or more of the index value, during the 30-day period immediately preceding the review; or
- 31,500 contracts (or 94,500 contracts for options on the PHLX Oil Service Sector, PHLX Semiconductor Sector, PHLX Utility Sector, PHLX Gold/Silver Sector, PHLX Housing Sector[, and SIG Oil Exploration & Production Index])) if the Exchange determines that the conditions specified above which would require the establishment of a lower limit have not occurred, or
- 44,000 contracts total with respect to the KBW Bank Index.

(ii) The Exchange shall make the determinations required by subparagraph (i) of this paragraph (b) with respect to options on each industry index at the commencement of trading of such options on the Exchange and thereafter review the determination semiannually on January 1 and July 1.

(iii) If the Exchange determines, at the time of a semi-annual review, that the position limit in effect with respect to options on a particular industry index is lower than the maximum position limit permitted by the criteria set forth in subparagraph (i) of this paragraph (b), the Exchange may effect an appropriate position limit increase immediately. If the Exchange determines, at the time of a semi-annual review, that the position limit in effect with respect to options on a particular industry index exceeds the maximum position limit permitted by the criteria set forth in subparagraph (i) of this paragraph (b), the Exchange shall reduce the position limit applicable to such options to a level consistent with such criteria; provided, however, that such a reduction shall not become effective until after the expiration date of the most distantly expiring option series relating to such particular industry index, which is open for trading on the date of the review; and provided further that such a reduction shall not become effective if the Exchange determines, at the next succeeding semi-annual review, that the existing position limit applicable to such options is consistent with the criteria set forth in subparagraph (i) of this paragraph (b).

\* \* \* \* \*

## **Section 12. Terms of Index Options Contracts**

\* \* \* \* \*

(b) After a particular class of stock index options has been approved for listing and trading on the Exchange, the Exchange shall from time to time open for trading series of options therein. Within each approved class of stock index options, the Exchange shall open for trading a minimum of one expiration month and series for each class of approved stock index options and may also open for trading series of options having not less than twelve and up to 60 months to expiration (long-term options series) as provided in subparagraph (b)(2). Prior to the opening of trading in any series of stock index options, the Exchange shall fix the expiration month and exercise price of option contracts included in each such series.

\* \* \* \* \*

### **(2) Long-Term Option Series**

The Exchange may list, with respect to any class of stock index options, series of options having not less than twelve and up to 60 months to expiration, adding up to ten expiration months. Such series of options may be opened for trading simultaneously with series of options trading pursuant to this rule. Strike price intervals[, bid/ask differential] and

continuity rules shall not apply to such options series until the time to expiration is less than twelve months. Bid/ask differentials for long-term options contracts are specified within Options 2, Section 4(c)(1)(A).

\* \* \* \* \*

*Supplementary Material to Options 4A, Section 12*

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**03** Notwithstanding subsection (a) to this Options 4A, Section 12, the interval between strike prices of series of options on the PHLX Gold/Silver Index, PHLX Housing Index, PHLX Oil Service Index, [SIG Oil Exploration & Production Index<sup>TM</sup>,] PHLX Semiconductor Index, KBW Bank Index, [SIG Energy MLP Index<sup>TM</sup>,] and Reduced Value Russell 2000<sup>®</sup> Index (individually the "\$1 Index" and together the "\$1 Indexes"), which may also be known as sector indexes, will be \$1 or greater, subject to following conditions:

\* \* \* \* \*

**Options 4C U.S. Dollar-Settled Foreign Currency Options**

\* \* \* \* \*

**Section 5. Series of U.S. Dollar-Settled Foreign Currency Options Contracts Open for Trading**

(a) After a particular class of options (call option contracts or put option contracts relating to a specific underlying foreign currency) has been approved for listing and trading on the Exchange, the Exchange shall from time to time open for trading series of options therein. Prior to the opening of trading in any series of options, the Exchange shall fix the expiration month and exercise price of option contracts included in each such series as follows:

(1) Within each class of approved U.S. dollar-settled foreign currency options, the Exchange may open for trading series of options expiring in consecutive calendar months ("consecutive month series"), as provided in subparagraph (A) of this paragraph, and series of options expiring at three-month intervals ("cycle month series"), as provided in subparagraph (B) of this paragraph. Prior to the opening of trading in any series of U.S. dollar-settled FCO, the Exchange shall fix the expiration month and exercise price of option contracts included in each such series. The Exchange may initially list exercise strike prices for each expiration of U.S. dollar-settled options on currencies within a 40 percent band around the current Exchange Spot Price at fifty cent (\$.50) intervals. Thus, if the Exchange Spot Price of the Euro were at \$100.00, the Exchange would list strikes in \$.50 intervals up to \$120.00 and down to \$80.00, for a total of eighty-one strike prices

available for trading. As the Exchange Spot Price for U.S. dollar-settled FCOs moves, the Exchange may list new strike prices that, at the time of listing, do not exceed the Exchange Spot Price by more than 20 percent and are not less than the Exchange Spot Price by more than 20 percent. For example, if at the time of initial listing, the Exchange Spot Price of the Euro is at \$100.00, the strike prices the Exchange will list will be \$80.00 to \$120.00. If the Exchange Spot Price then moves to \$105.00, the Exchange may list additional strikes at the following prices: \$105.50 to \$126.00.

\* \* \* \* \*

**(C) Long-Term Series Options or “LEAPs”.** The Exchange may list, with respect to any U.S. dollar-settled foreign currencies, options having up to three years from the time they are listed until expiration. There may be up to ten options series, options having up to thirty-six months from the time they are listed until expiration. There may be up to six additional expiration months. Strike price intervals[, bid/ask differential] and continuity rules shall not apply to such options series until the time to expiration is less than nine months. Bid/ask differentials for long-term options contracts are specified within Options 2, Section 4(c)(1)(A).

\* \* \* \* \*