

Required fields are shown with yellow backgrounds and asterisks.

Page 1 of * <input type="text" value="45"/>	SECURITIES AND EXCHANGE COMMISSION WASHINGTON, D.C. 20549 Form 19b-4	File No.* SR - <input type="text" value="2021"/> - * <input type="text" value="41"/>	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)(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 8, Section 2, Section 8, Section 12, Section 22, Section 28 and Section 39 at C-2.

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 *

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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

Add Remove View

Exhibit Sent As Paper Document

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

Exhibit 3 - Form, Report, or Questionnaire

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Exhibit Sent As Paper Document

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

Exhibit 4 - Marked Copies

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

Exhibit 5 - Proposed Rule Text

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

Partial Amendment

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

1. Text of the Proposed Rule Change

(a) Nasdaq PHLX LLC (“Phlx” or “Exchange”), pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 (“Act”)¹ and Rule 19b-4 thereunder,² is filing with the Securities and Exchange Commission (“Commission”) a proposal to amend Phlx Rules at Options 8, Section 2 (Definitions); Section 8 (Trading Floor Registration); Section 12 (Clerks); Section 22 (Execution of Options Transactions on the Trading Floor); Section 28 (Responsibilities of Floor Brokers); and Section 39 (Option Minor Rule Violations and Order and Decorum Regulations) at C-2 (Options Floor Based Management System).

The Exchange also proposes a technical amendment to Options 10, Section 20 (Options Communications).

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:

¹ 15 U.S.C. 78s(b)(1).

² 17 CFR 240.19b-4.

Angela Saccomandi Dunn
Principal Associate General Counsel
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 amend Phlx Rules at Options 8, Section 2 (Definitions); Section 8 (Trading Floor Registration); Section 12 (Clerks); Section 22 (Execution of Options Transactions on the Trading Floor); Section 28 (Responsibilities of Floor Brokers); and Section 39 (Option Minor Rule Violations and Order and Decorum Regulations) at C-2 (Options Floor Based Management System). Each change is described below.

The Exchange also proposes a technical amendment to Options 10, Section 20 (Options Communications).

Options 8, Section 2

The Exchange proposes to amend Options 8, Section 2, Definitions, to alphabetize the existing definitions. The Exchange proposes to relocate and renumber the current definitions without change, with one exception which is described below. The Exchange proposes to amend the definition of a Presiding Exchange Official at current Options 8, Section 2(a)(4) to add “/her” next to “his” in two places. The amendment to this rule will bring greater clarity to the defined term.

The Exchange proposes to add two new definitions, “Floor Transaction” and “Remote FBMS Transaction” to Options 8, Section 2. The Exchange proposes to define “Floor Transaction” as a transaction that is effected in open outcry on the Exchange’s Trading Floor. This term is currently defined within Phlx Options 7, Section 1 for the

purposes of pricing. The Exchange also proposes to define “Remote FBMS Transaction.” The Exchange recently amended Options 8, Section 28, “Responsibilities of Floor Brokers” at subsection (g) and Section 30, “Crossing, Facilitation and Solicited Orders” at subsection (e) to permit Floor Brokers to utilize the Options Floor Based Management System (“FBMS”),³ remotely,⁴ to enter certain orders that do not require exposure in open outcry.⁵ At this time the Exchange proposes to define a “Remote FBMS Transaction” as a transaction that is effected by a Floor Broker, while not physically present on the Trading Floor, by submitting limit, market or stop orders pursuant to Options 8, Section 28(g) and Floor Qualified Contingent Cross Orders pursuant to Options 8, Section 30(e) to the electronic order book, through FBMS, pursuant to Options 8, Sections 28 and 30, respectively, in accordance with the Prior Rule Change. Further, the Exchange proposes to specify that members and member organizations must comply with certain regulatory requirements, unless the member or member organization is otherwise exempt from the requirements in accordance with

³ FBMS, an order management system, is the gateway for the electronic execution of equity, equity index and U.S. dollar-settled foreign currency option orders represented by Floor Brokers on the Exchange’s Options Floor. Floor Brokers contemporaneously upon receipt of an order and prior to the representation of such an order in the trading crowd, record all options orders represented by such Floor Broker to FBMS, which creates an electronic audit trail. The execution of orders to Phlx’s electronic trading system also occurs via FBMS. The FBMS application is available on hand-held tablets and stationary desktops.

⁴ Utilizing FBMS while not physically present on the Trading Floor would be considered remote access.

⁵ See Securities Exchange Act Release No. 90909 (January 13, 2021), 86 FR 6389 (January 21, 2021) (SR-Phlx-2021-02) (Notice of Filing and Immediate Effectiveness of a Proposed Rule Change To Modify Phlx Options 8, Section 28, “Responsibilities of Floor Brokers” and Section 30, “Crossing, Facilitation and Solicited Orders”) (“Prior Rule Change”).

Supplementary Material .08 to Options 10, Section 6⁶ or Phlx General 4, Rule 1230.⁷

The Exchange proposes to state that in order to conduct remote FBMS transactions, unless exempt from such requirements, Floor Brokers are subject to the following regulatory requirements: (1) compliance with branch office requirements as described in Supplementary Material .08 to Options 10, Section 6, as well as supervision of such branch office as described in Phlx General 9, Section 20; and (2) compliance with applicable registration requirements described in Phlx General 4.⁸ Finally, the Exchange proposes to make clear that all uses of FBMS involving open outcry must be conducted while physically present on the Trading Floor. The proposed definition would describe and cite to the types of orders that may be submitted remotely by a Floor Broker for ease of location in the Options 8 Rules. Further, the proposed rule indicates the various existing Phlx Rules that are relevant today for regulatory compliance when transacting Remote FBMS Transactions. The last sentence of the proposed rule indicates that open outcry transactions may only be effected while physically present on the Exchange's Trading Floor and therefore uses of FBMS involving open outcry must be conducted while physically present on the Trading Floor. Today, Floor Brokers must comply with

⁶ Supplementary Material .08(i) – (vii) to Options 10, Section 6 describe branch office exclusions.

⁷ Phlx General 4 Rules are incorporated by reference to the General 4 Rules of The Nasdaq Stock Market LLC. General 4, Rule 1230 describes associated persons exempt from registration.

⁸ General 4 Rules describe registration, qualification and continuing education requirements. Phlx floor members are required to comply with Phlx General 4 Rules. If a member is no longer present on a trading floor, the member would not be subject to the exemption associated with effecting transactions on the floor of another national securities exchange. A Floor Broker conducting a Remote FBMS Transaction would therefore need to comply with General 4 registration requirements, including but not limited to, the Series 57 registration.

these regulatory requirements. This proposed rule would serve as a guide for Floor Brokers conducting Remote FBMS Transactions.

Options 8, Sections 8 and 12

The Exchange proposes to update cross citations to General 4 Rules within Options 8, Section 8, Trading Floor Registration and Options 8, Section 12, Clerks to reflect The Nasdaq Stock Market LLC's ("Nasdaq") General 4 rule numbering that was amended.⁹ These amendments are non-substantive.

The Exchange proposes to amend Options 8, Section 12, Clerks, at subparagraph (c) to remove the phrase "or assigned to their employer's clearing firm." Previously, Clearing Members operated posts on the Trading Floor. Member organizations were able to assign clerks to operate from those posts. Clearing Member posts no longer exist on the Trading Floor and therefore this language is obsolete.

Options 8, Section 22

The Exchange proposes to update a citation to Options 8, Section 22(a)(3). The citation is incorrect and should instead refer to Options 8, Section 22(a)(2). There is no Options 8, Section 22(a)(3). Similar changes are also proposed for Options 8, Section 28(e)(2) and Options 8, Section 39 at C-2 to correct improper citations.

Options 8, Section 28

The Exchange proposes to amend Options 8, Section 28, Responsibilities of Floor Brokers, at subsection (g) to replace the word "limit" with "electronic" before the term "order book." The term "electronic order book" makes clear the order book is being

⁹ See Securities Exchange Act Release No. 90577 (December 7, 2020), 85 FR 80202 (December 11, 2020) (SR-NASDAQ-2020-079) (Notice of Filing and Immediate Effectiveness of Proposed Rule Change To Relocate Its Equity and General Rules From Its Current Rulebook Into Its New Rulebook Shell).

described. Also, the Exchange notes that, today, Floor Brokers may enter limit,¹⁰ market,¹¹ stop-limit or stop orders¹² into the electronic order book. Options 8, Section 28(g) only refers to limit orders when it should have also noted market, stop-limit and stop orders. With respect to remotely entering limit orders into the electronic order book through FBMS, the Prior Rule Change stated that this capability exists to enable Floor Brokers to access electronic liquidity and/or to clear priority orders on the limit order book prior to transacting an order in the trading crowd through FBMS.¹³ Placing limit

¹⁰ A Limit Order is an order to buy or sell a stated number of option contracts at a specified price, or better. See Options 8, Section 32(a)(2).

¹¹ A Market Order is an order to buy or sell a stated number of option contracts and is to be executed at the best price obtainable when the order reaches the post. See Options 8, Section 32(a)(1).

¹² A Stop-Limit Order is a contingency order to buy or sell at a limited price when a trade or quote on the Exchange for a particular option contract reaches a specified price. A Stop-Limit Order to buy becomes a Limit Order executable at the limit price or better when the option contract trades or is bid on the Exchange at or above the stop-limit price. A Stop-Limit Order to sell becomes a Limit Order executable at the limit price or better when the option contract trades or is offered on the Exchange at or below the stop-limit price.

A Stop Order is a contingency order to buy or sell when a trade or quote on the Exchange for a particular option contract reaches a specified price. A Stop Order to buy becomes a Market Order when the option contract trades or is bid on the Exchange at or above the stop price. A Stop Order to sell becomes a Market Order when the option contract trades or is offered on the Exchange at or below the stop price.

Notwithstanding the foregoing, a Stop or Stop-Limit Order shall not be elected by a trade that is reported late or out of sequence. See Options 8, Section 32(b)(1) and (2).

¹³ See Securities Exchange Act Release No. 68960 (February 20, 2013), 78 FR 13132, 13134 (February 26, 2013) (SR-Phlx-2013-09) (Notice of Filing of Proposed Rule Change To Enhance the Functionality Offered on Its Options Floor Broker Management System (“FBMS”) by, Among Other Things, Automating Functions Currently Performed by Floor Brokers). This filing provided the following explanation, “For example, if a Floor Broker enters a two-sided order

orders on the electronic order book does not require exposure in open outcry and allows Floor Brokers the ability to clear resting Customer orders from the limit order book for their customers in the event that a Customer order had priority on the limit order book that would otherwise prevent a Floor Qualified Contingent Cross Order from being entered in compliance with Options 8, Section 30(e).¹⁴ The Exchange notes that Floor Brokers may also utilize market, stop-limit and stop orders to clear resting Customers' orders from the electronic order book. Also, placing market, stop-limit and stop orders on the electronic order book does not require exposure in open outcry today.

Options 10, Section 20

The Exchange proposes to update a reference to Phx Rule 1049 within Options 10, Section 20, Options Communications. Phlx Rule 1049 was the prior reference to Options 10, Section 20.¹⁵ At this time the Exchange proposes to replace "Nasdaq PHLX Rule 1049" with "Options 10, Section 20." In addition the Exchange proposes to replace "Nasdaq PHLX" throughout this rule with "Phlx" to conform the reference to the

through the new FBMS and there is an order on the book at a price that prevents the Floor Broker's order from executing, FBMS will indicate to the Floor Broker how many contracts need to be satisfied before the Floor Broker's order can execute at the agreed-upon price. If the Floor Broker agrees to satisfy that order, consistent with the order placed in his care, he can cause FBMS to send a portion of one of his orders to Phlx XL to trade against the order on the book, thereby clearing it and permitting the remainder of the Floor Broker's order to trade. This functionality is optional in the sense that the Floor Broker can decide not to trade against the book, consistent with order instructions he has been given, and therefore not execute his two-sided order at that particular price." Phlx XL refers to the electronic order book.

¹⁴ See supra note 5.

¹⁵ See Securities Exchange Act Release No. 88213 (February 14, 2020), 85 FR 9859 (February 20, 2020) (SR-Phlx-2020-03) (Notice of Filing and Immediate Effectiveness of Proposed Rule Change To Relocate Rules From Its Current Rulebook Into Its New Rulebook Shell).

Exchange to the remainder of the Rulebook.

b. Statutory Basis

The Exchange believes that its proposal is consistent with Section 6(b) of the Act,¹⁶ in general, and furthers the objectives of Section 6(b)(5) of the Act,¹⁷ in particular, in that it is designed to promote just and equitable principles of trade and to protect investors and the public interest.

Options 8, Section 2

The Exchange's proposal to alphabetize the existing definitions within Options 8, Section 2 is consistent with the Act as the definitions will become easier to locate. Amending the definition of a Presiding Exchange Official at current Options 8, Section 2(a)(4) to add “/her” next to “his” in two places is a non-substantive rule change. These amendments are intended to bring greater clarity to the Options 8 Rules.

The proposal to define “Floor Transaction” as a transaction that is effected in open outcry on the Exchange's Trading Floor is consistent with the Act. This term is currently defined within Phlx Options 7, Section 1 for the purposes of pricing. The defined term is consistent with the use of that term in the current rules. This defined term will bring greater clarity to the Options 8 Rules.

The Exchange's proposal to define “Remote FBMS Transaction” is consistent with the Act. The Exchange recently amended Options 8, Section 28, “Responsibilities of Floor Brokers” at subsection (g) and Section 30, “Crossing, Facilitation and Solicited

¹⁶ 15 U.S.C. 78f(b).

¹⁷ 15 U.S.C. 78f(b)(5).

Orders” at subsection (e) to permit Floor Brokers to utilize the FBMS remotely,¹⁸ to enter certain orders that do not require exposure in open outcry.¹⁹ The proposed term “Remote FBMS Transaction” would serve to provide members and member organizations a description of the manner in which a Floor Broker may remotely transact certain orders while not physically present on the Trading Floor. This defined term provides the citations to the applicable rules and further makes clear the current regulatory requirements that apply to such remote activity. Today, Floor Brokers must comply with these regulatory requirements provided they are not exempt from those requirements pursuant to Supplementary Material .08 to Options 10, Section 6 or Phlx General 4, Rule 1230. Also, the defined term makes clear that all uses of FBMS involving open outcry must be conducted while physically present on the Trading Floor. This proposed rule would serve as a guide for Floor Brokers conducting Remote FBMS Transactions.

Options 8, Sections 8 and 12

The Exchange’s proposal to update cross citations to Nasdaq General 4 Rules within Options 8, Section 8, Trading Floor Registration and Options 8, Section 12, Clerks is consistent with the Act. These amendments are non-substantive and will clarify the rules.

The Exchange’s proposal to amend Options 8, Section 12, Clerks at subparagraph (c) to remove the phrase “or assigned to their employer’s clearing firm” is consistent with the Act. Previously, Clearing Members operated posts on the Trading Floor. Member organizations were able to assign clerks to operate from those posts. Clearing Member

¹⁸ See supra note 4.

¹⁹ See supra note 5.

posts no longer exist on the Trading Floor and therefore this language is obsolete.

Options 8, Section 22

The Exchange's proposal to update citations to Options 8, Section 22(a)(3) within Options 8, Section 22(a)(2)(E)(i), Options 8, Section 28(e)(2), and Options 8, Section 39 at C-2 is consistent with the Act as the rule text corrects improper citations. Citations to Options 8, Section 22(a)(3) should instead refer to Options 8, Section 22(a)(3). Options 8, Section 22(a)(3) does not exist.

Options 8, Section 28

The Exchange's proposal to amend Options 8, Section 28, Responsibilities of Floor Brokers, to replace the word "limit" with "electronic" before the term "order book" is consistent with the Act. The term "electronic order book" makes clear that specific order book being described.

The Exchange's proposal to amend Options 8, Section 28 to provide that Floor Brokers may enter limit, market, stop-limit or stop orders into the electronic order book is consistent with the Act. Currently, Options 8, Section 28 only refers to limit orders when it should have also noted market, stop-limit and stop orders. With respect to remotely entering limit orders into the electronic order book through FBMS, the Prior Rule Change stated that this capability exists to enable Floor Brokers to access electronic liquidity and/or to clear priority orders on the limit order book prior to transacting an order in the trading crowd through FBMS.²⁰ Placing limit orders on the electronic order book does not require exposure in open outcry and allows Floor Brokers the ability to clear resting Customers orders from the limit order book for their customers in the event that a

²⁰ See supra note 10.

Customer order had priority on the limit order book that would otherwise prevent a Floor Qualified Contingent Cross Order from being entered in compliance with Options 8, Section 30(e).²¹ Today, Floor Brokers may also utilize market, stop-limit and stop orders to clear resting Customers orders from the electronic order book. Also, placing market, stop-limit and stop orders on the electronic order book does not require exposure in open outcry.

Options 10, Section 20

The Exchange proposes to update a reference to Phx Rule 1049 within Options 10, Section 20, Options Communications, and replace “Nasdaq PHLX” throughout this rule with “Phlx” are non-substantive amendments that will clarify the Rulebook.

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.

Options 8, Section 2

The Exchange’s proposal to alphabetize the existing definitions within Options 8, Section 2 does not impose an undue burden on competition as the definitions will become easier to locate. Amending the definition of a Presiding Exchange Official at current Options 8, Section 2(a)(4) to add “/her” next to “his” in two places is a non-substantive rule change. These amendments are intended to bring greater clarity to the Options 8 Rules.

The proposal to define “Floor Transaction” as a transaction that is effected in

²¹ See supra note 5.

open outcry on the Exchange's Trading Floor does not impose an undue burden on competition. This term is currently defined within Phlx Options 7, Section 1 for the purposes of pricing. The defined term is consistent with the use of that term in the current rules. This defined term will bring greater clarity to the Options 8 Rules. The Exchange's proposal to define "Remote FBMS Transaction" does not impose an undue burden on competition. The proposed term "Remote FBMS Transaction" would serve to provide members and member organizations a description of the manner in which a Floor Broker may remotely transact certain orders while not physically present on the Trading Floor. This defined term provides the citations to the applicable rules and further makes clear the current regulatory requirements that apply to such remote activity. Today, Floor Brokers must comply with these regulatory requirements. Also, the defined term makes clear that all uses of FBMS involving open outcry must be conducted while physically present on the Trading Floor.

Options 8, Sections 8 and 12

The Exchange's proposal to update cross citations to Nasdaq General 4 Rules within Options 8, Section 8, Trading Floor Registration and Options 8, Section 12, Clerks does not impose an undue burden on competition. These amendments are non-substantive and would clarify the current rules.

The Exchange's proposal to amend Options 8, Section 12, Clerks at subparagraph (c) to remove the phrase "or assigned to their employer's clearing firm" does not impose an undue burden on competition. Previously, Clearing Members operated posts on the Trading Floor. Member organizations were able to assign clerks to operate from those posts. Clearing Member posts no longer exist on the Trading Floor and therefore this

language is obsolete.

Options 8, Section 22

The Exchange's proposal to update citations to Options 8, Section 22(a)(3) within Options 8, Section 22(a)(2)(E)(i), Options 8, Section 28(e)(2), and Options 8, Section 39 at C-2 does not impose an undue burden on competition as the rule text corrects improper citations. Citations to Options 8, Section 22(a)(3) should instead refer to Options 8, Section 22(a)(3). Options 8, Section 22(a)(3) does not exist.

Options 8, Section 28

The Exchange's proposal to amend Options 8, Section 28, Responsibilities of Floor Brokers, at subsection (g) to replace the word "limit" with "electronic" before the term "order book" does not impose an undue burden on competition. The term "electronic order book" makes clear that specific order book being described.

The Exchange's proposal to amend Options 8, Section 28(g) to provide that Floor Brokers may enter limit, market, stop-limit or stop orders into the electronic order book does not impose an undue burden on competition. Currently, Options 8, Section 28(g) only refers to limit orders when it should have also noted market, stop-limit and stop orders. The Exchange notes that Floor Brokers may also utilize market, stop-limit and stop orders to clear resting Customers orders from the electronic order book. Today, placing market, stop-limit and stop orders on the electronic order book does not require exposure in open outcry.

Options 10, Section 20

The Exchange proposes to update a reference to Phx Rule 1049 within Options 10, Section 20, Options Communications, and replace "Nasdaq PHLX" throughout this

rule with “Phlx” are non-substantive amendments that will clarify the Rulebook.

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)²² of the Act and Rule 19b-4(f)(6) thereunder²³ in that it effects a change that: (i) does not significantly affect the protection of investors or the public interest; (ii) does not impose any significant burden on competition; and (iii) by its terms, does not become operative for 30 days after the date of the filing, or such shorter time as the Commission may designate if consistent with the protection of investors and the public interest.

The Exchange believes that this proposal does not significantly affect the protection of investors or the public interest. The Exchange’s proposal to alphabetize the existing definitions within Options 8, Section 2 does not significantly affect the protection of investors or the public interest as the definitions will become easier to locate. Amending the definition of a Presiding Exchange Official at current Options 8, Section 2(a)(4) to add “/her” next to “his” in two places is a non-substantive rule change. These amendments are intended to bring greater clarity to the Options 8 Rules. The

²² 15 U.S.C. 78s(b)(3)(A)(iii).

²³ 17 CFR 240.19b-4(f)(6).

proposal to define “Floor Transaction” as a transaction that is effected in open outcry on the Exchange’s Trading Floor does not significantly affect the protection of investors or the public interest. This term is currently defined within Phlx Options 7, Section 1 for the purposes of pricing and is consistent with the use of that term in the current rules. This defined term will bring greater clarity to the Options 8 Rules. The Exchange’s proposal to define “Remote FBMS Transaction” does not significantly affect the protection of investors or the public interest. The Exchange recently amended Options 8, Section 28, “Responsibilities of Floor Brokers” at subsection (g) and Section 30, “Crossing, Facilitation and Solicited Orders” at subsection (e) to permit Floor Brokers to utilize the FBMS, remotely,²⁴ to enter certain orders that do not require exposure in open outcry.²⁵ The proposed term “Remote FBMS Transaction” would serve to provide members and member organizations a description of the manner in which a Floor Broker may remotely transact certain orders while not physically present on the Trading Floor. This defined term provides the citations to the applicable rules and further makes clear the current regulatory requirements that apply to such remote activity. Today, Floor Brokers must comply with these regulatory requirements. Also, the defined term makes clear that all uses of FBMS involving open outcry must be conducted while physically present on the Trading Floor. This proposed rule would serve as a guide for Floor Brokers conducting Remote FBMS Transactions. The Exchange’s proposal to update cross citations to Nasdaq General 4 Rules within Options 8, Section 8, Trading Floor Registration and Options 8, Section 12, Clerks does not significantly affect the protection of investors or

²⁴ See supra note 4.

²⁵ See supra note 5.

the public interest. These amendments are non-substantive and will clarify the rules. The Exchange's proposal to amend Options 8, Section 12, Clerks at subparagraph (c) to remove the phrase "or assigned to their employer's clearing firm" does not significantly affect the protection of investors or the public interest. Previously, Clearing Members operated posts on the Trading Floor and member organizations were able to assign clerks to operate from those posts. Clearing Member posts no longer exist on the Trading Floor and therefore this language is obsolete. The Exchange's proposal to amend Options 8, Section 28, Responsibilities of Floor Brokers, at subsection (g) to replace the word "limit" with "electronic" before the term "order book" does not significantly affect the protection of investors or the public interest. The term "electronic order book" makes clear that specific order book being described. The Exchange's proposal to amend Options 8, Section 28(g) to provide that today Floor Brokers may enter limit, market, stop-limit or stop orders into the electronic order book does not significantly affect the protection of investors or the public interest. Currently, Options 8, Section 28(g) only refers to limit orders when it should have also noted market, stop-limit and stop orders. With respect to remotely entering limit orders into the electronic order book through FBMS, the Prior Rule Change stated that this capability exists to enable Floor Brokers to access electronic liquidity and/or to clear priority orders on the limit order book prior to transacting an order in the trading crowd through FBMS.²⁶ Placing limit orders on the electronic order book does not require exposure in open outcry and allows Floor Brokers the ability to clear resting Customers orders from the limit order book for their customers in the event that a Customer order had priority on the limit order book that would

²⁶ See supra note 10.

otherwise prevent a Floor Qualified Contingent Cross Order from being entered in compliance with Options 8, Section 30(e).²⁷ The Exchange notes that Floor Brokers may also utilize market, stop-limit and stop orders to clear resting Customers orders from the electronic order book. Also, placing market, stop-limit and stop orders on the electronic order book does not require exposure in open outcry. The remainder of the proposed changes are non-substantive technical amendments.

The Exchange believes that this proposal does not impose any significant burden on competition. The Exchange's proposal to alphabetize the existing definitions within Options 8, Section 2 does not impose any significant burden on competition as the definitions will become easier to locate. Amending the definition of a Presiding Exchange Official at current Options 8, Section 2(a)(4) to add "/her" next to "his" in two places is a non-substantive rule change. These amendments are intended to bring greater clarity to the Options 8 Rules. The proposal to define "Floor Transaction" as a transaction that is effected in open outcry on the Exchange's Trading Floor does not impose any significant burden on competition. This term is currently defined within Phlx Options 7, Section 1 for the purposes of pricing and it is consistent with the use of that term in the current rules. This defined term will bring greater clarity to the Options 8 Rules. The Exchange's proposal to define "Remote FBMS Transaction" does not impose any significant burden on competition. The proposed term "Remote FBMS Transaction" would serve to provide members and member organizations a description of the manner in which a Floor Broker may remotely transact certain orders while not physically present on the Trading Floor. This defined term provides the citations to the applicable rules and

²⁷ See supra note 5.

further makes clear the current regulatory requirements that apply to such remote activity. Today, Floor Brokers must comply with these regulatory requirements. Also, the defined term makes clear that all uses of FBMS involving open outcry must be conducted while physically present on the Trading Floor. The Exchange's proposal to update cross citations to Nasdaq General 4 Rules within Options 8, Section 8, Trading Floor Registration and Options 8, Section 12, Clerks does not impose any significant burden on competition. These amendments are non-substantive and would clarify the current rules. The Exchange's proposal to amend Options 8, Section 12, Clerks at subparagraph (c) to remove the phrase "or assigned to their employer's clearing firm" does not impose any significant burden on competition. Previously, Clearing Members operated posts on the Trading Floor and member organizations were able to assign clerks to operate from those posts. Clearing Member posts no longer exist on the Trading Floor and therefore this language is obsolete. The Exchange's proposal to amend Options 8, Section 28, Responsibilities of Floor Brokers, at subsection (g) to replace the word "limit" with "electronic" before the term "order book" does not impose an undue burden on competition. The term "electronic order book" makes clear that specific order book being described. The Exchange's proposal to amend Options 8, Section 28(g) to provide that Floor Brokers may enter limit, market, stop-limit or stop orders into the electronic order book does not impose any significant burden on competition. Currently, Options 8, Section 28(g) only refers to limit orders when it should have also noted market, stop-limit and stop orders. The Exchange notes that Floor Brokers may also utilize market, stop-limit and stop orders to clear resting Customers orders from the electronic order book. Also, placing market, stop-limit and stop orders on the electronic order book does not

require exposure in open outcry.

Furthermore, Rule 19b-4(f)(6)(iii)²⁸ 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.

²⁸ 17 CFR 240.19b-4(f)(6)(iii).

EXHIBIT 1

SECURITIES AND EXCHANGE COMMISSION
(Release No. _____ ; File No. SR-Phlx-2021-41)

July __, 2021

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

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 July 13, 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 8, Section 2 (Definitions); Section 8 (Trading Floor Registration); Section 12 (Clerks); Section 22 (Execution of Options Transactions on the Trading Floor); Section 28 (Responsibilities of Floor Brokers); and Section 39 (Option Minor Rule Violations and Order and Decorum Regulations) at C-2 (Options Floor Based Management System).

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.

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 amend Phlx Rules at Options 8, Section 2 (Definitions); Section 8 (Trading Floor Registration); Section 12 (Clerks); Section 22 (Execution of Options Transactions on the Trading Floor); Section 28 (Responsibilities of Floor Brokers); and Section 39 (Option Minor Rule Violations and Order and Decorum Regulations) at C-2 (Options Floor Based Management System). Each change is described below.

The Exchange also proposes a technical amendment to Options 10, Section 20 (Options Communications).

Options 8, Section 2

The Exchange proposes to amend Options 8, Section 2, Definitions, to alphabetize the existing definitions. The Exchange proposes to relocate and renumber the current definitions without change, with one exception which is described below. The Exchange proposes to amend the definition of a Presiding Exchange Official at current Options 8, Section 2(a)(4) to add “/her” next to “his” in two places. The amendment to this rule will bring greater clarity to the defined term.

The Exchange proposes to add two new definitions, “Floor Transaction” and “Remote FBMS Transaction” to Options 8, Section 2. The Exchange proposes to define “Floor Transaction” as a transaction that is effected in open outcry on the Exchange’s Trading Floor. This term is currently defined within Phlx Options 7, Section 1 for the purposes of pricing. The Exchange also proposes to define “Remote FBMS Transaction.” The Exchange recently amended Options 8, Section 28, “Responsibilities of Floor Brokers” at subsection (g) and Section 30, “Crossing, Facilitation and Solicited Orders” at subsection (e) to permit Floor Brokers to utilize the Options Floor Based Management System (“FBMS”),³ remotely,⁴ to enter certain orders that do not require exposure in open outcry.⁵ At this time the Exchange proposes to define a “Remote FBMS Transaction” as a transaction that is effected by a Floor Broker, while not physically present on the Trading Floor, by submitting limit, market or stop orders pursuant to Options 8, Section 28(g) and Floor Qualified Contingent Cross Orders pursuant to Options 8, Section 30(e) to the electronic order book, through FBMS,

³ FBMS, an order management system, is the gateway for the electronic execution of equity, equity index and U.S. dollar-settled foreign currency option orders represented by Floor Brokers on the Exchange’s Options Floor. Floor Brokers contemporaneously upon receipt of an order and prior to the representation of such an order in the trading crowd, record all options orders represented by such Floor Broker to FBMS, which creates an electronic audit trail. The execution of orders to Phlx’s electronic trading system also occurs via FBMS. The FBMS application is available on hand-held tablets and stationary desktops.

⁴ Utilizing FBMS while not physically present on the Trading Floor would be considered remote access.

⁵ See Securities Exchange Act Release No. 90909 (January 13, 2021), 86 FR 6389 (January 21, 2021) (SR-Phlx-2021-02) (Notice of Filing and Immediate Effectiveness of a Proposed Rule Change To Modify Phlx Options 8, Section 28, “Responsibilities of Floor Brokers” and Section 30, “Crossing, Facilitation and Solicited Orders”) (“Prior Rule Change”).

pursuant to Options 8, Sections 28 and 30, respectively, in accordance with the Prior Rule Change. Further, the Exchange proposes to specify that members and member organizations must comply with certain regulatory requirements, unless the member or member organization is otherwise exempt from the requirements in accordance with Supplementary Material .08 to Options 10, Section 6⁶ or Phlx General 4, Rule 1230.⁷ The Exchange proposes to state that in order to conduct remote FBMS transactions, unless exempt from such requirements, Floor Brokers are subject to the following regulatory requirements: (1) compliance with branch office requirements as described in Supplementary Material .08 to Options 10, Section 6, as well as supervision of such branch office as described in Phlx General 9, Section 20; and (2) compliance with applicable registration requirements described in Phlx General 4.⁸ Finally, the Exchange proposes to make clear that all uses of FBMS involving open outcry must be conducted while physically present on the Trading Floor. The proposed definition would describe and cite to the types of orders that may be submitted remotely by a Floor Broker for ease of location in the Options 8 Rules. Further, the proposed rule indicates the various existing Phlx Rules that are relevant today for regulatory compliance when transacting

⁶ Supplementary Material .08(i) – (vii) to Options 10, Section 6 describe branch office exclusions.

⁷ Phlx General 4 Rules are incorporated by reference to the General 4 Rules of The Nasdaq Stock Market LLC. General 4, Rule 1230 describes associated persons exempt from registration.

⁸ General 4 Rules describe registration, qualification and continuing education requirements. Phlx floor members are required to comply with Phlx General 4 Rules. If a member is no longer present on a trading floor, the member would not be subject to the exemption associated with effecting transactions on the floor of another national securities exchange. A Floor Broker conducting a Remote FBMS Transaction would therefore need to comply with General 4 registration requirements, including but not limited to, the Series 57 registration.

Remote FBMS Transactions. The last sentence of the proposed rule indicates that open outcry transactions may only be effected while physically present on the Exchange's Trading Floor and therefore uses of FBMS involving open outcry must be conducted while physically present on the Trading Floor. Today, Floor Brokers must comply with these regulatory requirements. This proposed rule would serve as a guide for Floor Brokers conducting Remote FBMS Transactions.

Options 8, Sections 8 and 12

The Exchange proposes to update cross citations to General 4 Rules within Options 8, Section 8, Trading Floor Registration and Options 8, Section 12, Clerks to reflect The Nasdaq Stock Market LLC's ("Nasdaq") General 4 rule numbering that was amended.⁹ These amendments are non-substantive.

The Exchange proposes to amend Options 8, Section 12, Clerks, at subparagraph (c) to remove the phrase "or assigned to their employer's clearing firm." Previously, Clearing Members operated posts on the Trading Floor. Member organizations were able to assign clerks to operate from those posts. Clearing Member posts no longer exist on the Trading Floor and therefore this language is obsolete.

Options 8, Section 22

The Exchange proposes to update a citation to Options 8, Section 22(a)(3). The citation is incorrect and should instead refer to Options 8, Section 22(a)(2). There is no Options 8, Section 22(a)(3). Similar changes are also proposed for Options 8, Section 28(e)(2) and Options 8, Section 39 at C-2 to correct improper citations.

⁹ See Securities Exchange Act Release No. 90577 (December 7, 2020), 85 FR 80202 (December 11, 2020) (SR-NASDAQ-2020-079)(Notice of Filing and Immediate Effectiveness of Proposed Rule Change To Relocate Its Equity and General Rules From Its Current Rulebook Into Its New Rulebook Shell).

Options 8, Section 28

The Exchange proposes to amend Options 8, Section 28, Responsibilities of Floor Brokers, at subsection (g) to replace the word “limit” with “electronic” before the term “order book.” The term “electronic order book” makes clear the order book is being described. Also, the Exchange notes that, today, Floor Brokers may enter limit,¹⁰ market,¹¹ stop-limit or stop orders¹² into the electronic order book. Options 8, Section 28(g) only refers to limit orders when it should have also noted market, stop-limit and stop orders. With respect to remotely entering limit orders into the electronic order book through FBMS, the Prior Rule Change stated that this capability exists to enable Floor Brokers to access electronic liquidity and/or to clear priority orders on the limit order

¹⁰ A Limit Order is an order to buy or sell a stated number of option contracts at a specified price, or better. See Options 8, Section 32(a)(2).

¹¹ A Market Order is an order to buy or sell a stated number of option contracts and is to be executed at the best price obtainable when the order reaches the post. See Options 8, Section 32(a)(1).

¹² A Stop-Limit Order is a contingency order to buy or sell at a limited price when a trade or quote on the Exchange for a particular option contract reaches a specified price. A Stop-Limit Order to buy becomes a Limit Order executable at the limit price or better when the option contract trades or is bid on the Exchange at or above the stop-limit price. A Stop-Limit Order to sell becomes a Limit Order executable at the limit price or better when the option contract trades or is offered on the Exchange at or below the stop-limit price.

A Stop Order is a contingency order to buy or sell when a trade or quote on the Exchange for a particular option contract reaches a specified price. A Stop Order to buy becomes a Market Order when the option contract trades or is bid on the Exchange at or above the stop price. A Stop Order to sell becomes a Market Order when the option contract trades or is offered on the Exchange at or below the stop price.

Notwithstanding the foregoing, a Stop or Stop-Limit Order shall not be elected by a trade that is reported late or out of sequence. See Options 8, Section 32(b)(1) and (2).

book prior to transacting an order in the trading crowd through FBMS.¹³ Placing limit orders on the electronic order book does not require exposure in open outcry and allows Floor Brokers the ability to clear resting Customer orders from the limit order book for their customers in the event that a Customer order had priority on the limit order book that would otherwise prevent a Floor Qualified Contingent Cross Order from being entered in compliance with Options 8, Section 30(e).¹⁴ The Exchange notes that Floor Brokers may also utilize market, stop-limit and stop orders to clear resting Customers' orders from the electronic order book. Also, placing market, stop-limit and stop orders on the electronic order book does not require exposure in open outcry today.

Options 10, Section 20

The Exchange proposes to update a reference to Phx Rule 1049 within Options 10, Section 20, Options Communications. Phlx Rule 1049 was the prior reference to

¹³ See Securities Exchange Act Release No. 68960 (February 20, 2013), 78 FR 13132, 13134 (February 26, 2013) (SR-Phlx-2013-09) (Notice of Filing of Proposed Rule Change To Enhance the Functionality Offered on Its Options Floor Broker Management System ("FBMS") by, Among Other Things, Automating Functions Currently Performed by Floor Brokers). This filing provided the following explanation, "For example, if a Floor Broker enters a two-sided order through the new FBMS and there is an order on the book at a price that prevents the Floor Broker's order from executing, FBMS will indicate to the Floor Broker how many contracts need to be satisfied before the Floor Broker's order can execute at the agreed-upon price. If the Floor Broker agrees to satisfy that order, consistent with the order placed in his care, he can cause FBMS to send a portion of one of his orders to Phlx XL to trade against the order on the book, thereby clearing it and permitting the remainder of the Floor Broker's order to trade. This functionality is optional in the sense that the Floor Broker can decide not to trade against the book, consistent with order instructions he has been given, and therefore not execute his two-sided order at that particular price." Phlx XL refers to the electronic order book.

¹⁴ See supra note 5.

Options 10, Section 20.¹⁵ At this time the Exchange proposes to replace “Nasdaq PHLX Rule 1049” with “Options 10, Section 20.” In addition the Exchange proposes to replace “Nasdaq PHLX” throughout this rule with “Phlx” to conform the reference to the Exchange to the remainder of the Rulebook.

2. Statutory Basis

The Exchange believes that its proposal is consistent with Section 6(b) of the Act,¹⁶ in general, and furthers the objectives of Section 6(b)(5) of the Act,¹⁷ in particular, in that it is designed to promote just and equitable principles of trade and to protect investors and the public interest.

Options 8, Section 2

The Exchange’s proposal to alphabetize the existing definitions within Options 8, Section 2 is consistent with the Act as the definitions will become easier to locate. Amending the definition of a Presiding Exchange Official at current Options 8, Section 2(a)(4) to add “/her” next to “his” in two places is a non-substantive rule change. These amendments are intended to bring greater clarity to the Options 8 Rules.

The proposal to define “Floor Transaction” as a transaction that is effected in open outcry on the Exchange’s Trading Floor is consistent with the Act. This term is currently defined within Phlx Options 7, Section 1 for the purposes of pricing. The

¹⁵ See Securities Exchange Act Release No. 88213 (February 14, 2020), 85 FR 9859 (February 20, 2020) (SR-Phlx-2020-03) (Notice of Filing and Immediate Effectiveness of Proposed Rule Change To Relocate Rules From Its Current Rulebook Into Its New Rulebook Shell).

¹⁶ 15 U.S.C. 78f(b).

¹⁷ 15 U.S.C. 78f(b)(5).

defined term is consistent with the use of that term in the current rules. This defined term will bring greater clarity to the Options 8 Rules.

The Exchange's proposal to define "Remote FBMS Transaction" is consistent with the Act. The Exchange recently amended Options 8, Section 28, "Responsibilities of Floor Brokers" at subsection (g) and Section 30, "Crossing, Facilitation and Solicited Orders" at subsection (e) to permit Floor Brokers to utilize the FBMS remotely,¹⁸ to enter certain orders that do not require exposure in open outcry.¹⁹ The proposed term "Remote FBMS Transaction" would serve to provide members and member organizations a description of the manner in which a Floor Broker may remotely transact certain orders while not physically present on the Trading Floor. This defined term provides the citations to the applicable rules and further makes clear the current regulatory requirements that apply to such remote activity. Today, Floor Brokers must comply with these regulatory requirements provided they are not exempt from those requirements pursuant to Supplementary Material .08 to Options 10, Section 6 or Phlx General 4, Rule 1230. Also, the defined term makes clear that all uses of FBMS involving open outcry must be conducted while physically present on the Trading Floor. This proposed rule would serve as a guide for Floor Brokers conducting Remote FBMS Transactions.

Options 8, Sections 8 and 12

The Exchange's proposal to update cross citations to Nasdaq General 4 Rules within Options 8, Section 8, Trading Floor Registration and Options 8, Section 12, Clerks

¹⁸ See supra note 4.

¹⁹ See supra note 5.

is consistent with the Act. These amendments are non-substantive and will clarify the rules.

The Exchange's proposal to amend Options 8, Section 12, Clerks at subparagraph (c) to remove the phrase "or assigned to their employer's clearing firm" is consistent with the Act. Previously, Clearing Members operated posts on the Trading Floor. Member organizations were able to assign clerks to operate from those posts. Clearing Member posts no longer exist on the Trading Floor and therefore this language is obsolete.

Options 8, Section 22

The Exchange's proposal to update citations to Options 8, Section 22(a)(3) within Options 8, Section 22(a)(2)(E)(i), Options 8, Section 28(e)(2), and Options 8, Section 39 at C-2 is consistent with the Act as the rule text corrects improper citations. Citations to Options 8, Section 22(a)(3) should instead refer to Options 8, Section 22(a)(3). Options 8, Section 22(a)(3) does not exist.

Options 8, Section 28

The Exchange's proposal to amend Options 8, Section 28, Responsibilities of Floor Brokers, to replace the word "limit" with "electronic" before the term "order book" is consistent with the Act. The term "electronic order book" makes clear that specific order book being described.

The Exchange's proposal to amend Options 8, Section 28 to provide that Floor Brokers may enter limit, market, stop-limit or stop orders into the electronic order book is consistent with the Act. Currently, Options 8, Section 28 only refers to limit orders when it should have also noted market, stop-limit and stop orders. With respect to remotely entering limit orders into the electronic order book through FBMS, the Prior Rule Change

stated that this capability exists to enable Floor Brokers to access electronic liquidity and/or to clear priority orders on the limit order book prior to transacting an order in the trading crowd through FBMS.²⁰ Placing limit orders on the electronic order book does not require exposure in open outcry and allows Floor Brokers the ability to clear resting Customers orders from the limit order book for their customers in the event that a Customer order had priority on the limit order book that would otherwise prevent a Floor Qualified Contingent Cross Order from being entered in compliance with Options 8, Section 30(e).²¹ Today, Floor Brokers may also utilize market, stop-limit and stop orders to clear resting Customers orders from the electronic order book. Also, placing market, stop-limit and stop orders on the electronic order book does not require exposure in open outcry.

Options 10, Section 20

The Exchange proposes to update a reference to Phx Rule 1049 within Options 10, Section 20, Options Communications, and replace “Nasdaq PHLX” throughout this rule with “Phlx” are non-substantive amendments that will clarify the Rulebook.

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.

Options 8, Section 2

The Exchange’s proposal to alphabetize the existing definitions within Options 8,

²⁰ See supra note 10.

²¹ See supra note 5.

Section 2 does not impose an undue burden on competition as the definitions will become easier to locate. Amending the definition of a Presiding Exchange Official at current Options 8, Section 2(a)(4) to add “/her” next to “his” in two places is a non-substantive rule change. These amendments are intended to bring greater clarity to the Options 8 Rules.

The proposal to define “Floor Transaction” as a transaction that is effected in open outcry on the Exchange’s Trading Floor does not impose an undue burden on competition. This term is currently defined within Phlx Options 7, Section 1 for the purposes of pricing. The defined term is consistent with the use of that term in the current rules. This defined term will bring greater clarity to the Options 8 Rules. The Exchange’s proposal to define “Remote FBMS Transaction” does not impose an undue burden on competition. The proposed term “Remote FBMS Transaction” would serve to provide members and member organizations a description of the manner in which a Floor Broker may remotely transact certain orders while not physically present on the Trading Floor. This defined term provides the citations to the applicable rules and further makes clear the current regulatory requirements that apply to such remote activity. Today, Floor Brokers must comply with these regulatory requirements. Also, the defined term makes clear that all uses of FBMS involving open outcry must be conducted while physically present on the Trading Floor.

Options 8, Sections 8 and 12

The Exchange’s proposal to update cross citations to Nasdaq General 4 Rules within Options 8, Section 8, Trading Floor Registration and Options 8, Section 12, Clerks does not impose an undue burden on competition. These amendments are non-

substantive and would clarify the current rules.

The Exchange's proposal to amend Options 8, Section 12, Clerks at subparagraph (c) to remove the phrase "or assigned to their employer's clearing firm" does not impose an undue burden on competition. Previously, Clearing Members operated posts on the Trading Floor. Member organizations were able to assign clerks to operate from those posts. Clearing Member posts no longer exist on the Trading Floor and therefore this language is obsolete.

Options 8, Section 22

The Exchange's proposal to update citations to Options 8, Section 22(a)(3) within Options 8, Section 22(a)(2)(E)(i), Options 8, Section 28(e)(2), and Options 8, Section 39 at C-2 does not impose an undue burden on competition as the rule text corrects improper citations. Citations to Options 8, Section 22(a)(3) should instead refer to Options 8, Section 22(a)(3). Options 8, Section 22(a)(3) does not exist.

Options 8, Section 28

The Exchange's proposal to amend Options 8, Section 28, Responsibilities of Floor Brokers, at subsection (g) to replace the word "limit" with "electronic" before the term "order book" does not impose an undue burden on competition. The term "electronic order book" makes clear that specific order book being described.

The Exchange's proposal to amend Options 8, Section 28(g) to provide that Floor Brokers may enter limit, market, stop-limit or stop orders into the electronic order book does not impose an undue burden on competition. Currently, Options 8, Section 28(g) only refers to limit orders when it should have also noted market, stop-limit and stop orders. The Exchange notes that Floor Brokers may also utilize market, stop-limit and

stop orders to clear resting Customers orders from the electronic order book. Today, placing market, stop-limit and stop orders on the electronic order book does not require exposure in open outcry.

Options 10, Section 20

The Exchange proposes to update a reference to Phx Rule 1049 within Options 10, Section 20, Options Communications, and replace “Nasdaq PHLX” throughout this rule with “Phlx” are non-substantive amendments that will clarify the Rulebook.

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 Act²² and subparagraph (f)(6) of Rule 19b-4 thereunder.²³

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

²² 15 U.S.C. 78s(b)(3)(A)(iii).

²³ 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 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.

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-2021-41 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-2021-41. 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-2021-41 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.²⁴

J. Matthew DeLesDernier
Assistant Secretary

²⁴ 17 CFR 200.30-3(a)(12).

EXHIBIT 5

New text is underlined; deleted text is in brackets.

NASDAQ PHLX LLC Rules

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Options Rules

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Options 8 Floor Trading

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Section 2. Definitions

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

(1) **Floor.** The term "floor" means the floor of the Exchange.

(2) **Floor Broker.** The term "Floor Broker" means an individual who is registered with the Exchange for the purpose, while on the Options Floor, of accepting and handling options orders.

(3) **Floor Lead Market Maker.** The term "Floor Lead Market Maker" is a member who is registered as an options Lead Market Maker pursuant to Options 2, Section 12(a) and has a physical presence on the Exchange's trading floor.

(4) **Floor Market Maker.** The term "Floor Market Maker" is a Market Maker who is neither an SQT or an RSQT. A Floor Market Maker may provide a quote in open outcry.

(5) **Floor Transaction.** The term "Floor Transaction" is a transaction that is effected in open outcry on the Exchange's Trading Floor.

([3]6) **Inactive Nominee.** The term "inactive nominee" shall mean a natural person associated with and designated as such by a member organization and who has been approved for such status and is registered as such with the Membership Department. An inactive nominee shall have no rights or privileges under a permit unless and until said inactive nominee becomes admitted as a member of the Exchange pursuant to the By-Laws and Rules of the Exchange. An inactive nominee merely stands ready to exercise rights under a permit upon notice by the member organization to the Membership Department on an expedited basis.

(7) **Permit.** The term "Permit" shall refer to the description in Rule 1(z). Additionally, notwithstanding applicable By-Laws and Rules conditioning

membership, a Series A-1 permit holder on the Exchange's Trading Floor may be affiliated with up to two (2) member organizations (a primary and a secondary member organization) that are under common ownership. Both the primary and secondary member organizations shall notify the Membership Department of such an affiliation. This notification shall include: (i) an attestation of common ownership; (ii) the names of the individuals responsible for supervision of the permit holder; and (iii) the Exchange account numbers for billing purposes. For purposes of this Rule, "common ownership" shall be defined as at least 75% common ownership between the member organizations. A permit may not be transferred by lease, sale, gift, involuntary transfer, or any other means or as collateral to secure any obligation, except that a permit may be transferred within the Permit Holder's Member Organization or to an "Inactive Nominee" who is registered as such with the Exchange, subject to the provisions of the By-Laws and Rules relating to an "Inactive Nominee".

[(4)8] Presiding Exchange Officials. The term “Presiding Exchange Official” shall refer to the President of the Exchange and his/her designated staff who shall have general supervision over: (i) the options trading floor as well as general supervision of the dealings of members on the trading floor and on Exchange trading systems, and of the premises of the Exchange immediately adjacent thereto; (ii) the activities of Lead Market Makers, registered option traders, floor brokers, or other types of market makers and shall establish standards and procedures for the training and qualification of members active on the trading floor; (iii) all trading floor employees of members, and shall make and enforce such rules with respect to such employees as it may deem necessary; (iv) all connections or means of communications with the options trading floor and may require the discontinuance of any such connection or means of communication when, in the opinion of the President or his/her designee, it is contrary to the welfare or interest of the Exchange; (v) the location of equipment and the assignment and use of space on the options trading floor; and (vi) relations with other options exchanges.

[(5) Permit. The term “Permit” shall refer to the description in Rule 1(z). Additionally, notwithstanding applicable By-Laws and Rules conditioning membership, a Series A-1 permit holder on the Exchange's Trading Floor may be affiliated with up to two (2) member organizations (a primary and a secondary member organization) that are under common ownership. Both the primary and secondary member organizations shall notify the Membership Department of such an affiliation. This notification shall include: (i) an attestation of common ownership; (ii) the names of the individuals responsible for supervision of the permit holder; and (iii) the Exchange account numbers for billing purposes. For purposes of this Rule, "common ownership" shall be defined as at least 75% common ownership between the member organizations. A permit may not be transferred by lease, sale, gift, involuntary transfer, or any other means or as collateral to secure any obligation, except that a permit may be transferred within the Permit Holder’s Member Organization or to an “Inactive Nominee” who is

registered as such with the Exchange, subject to the provisions of the By-Laws and Rules relating to an “Inactive Nominee”.]

([6]9) Public Outcry. The term “Public Outcry” shall refer, pursuant to Options 8, Section 24 at Supplementary Material .01, bids and offers which must be made in an audible tone of voice. A member shall be considered “in” on a bid or offer, while he remains at the post, unless he shall distinctly and audibly say “out.” A member bidding and offering in immediate and rapid succession shall be deemed “in” until he shall say “out” on either bid or offer. Once the trading crowd has provided a quote, it will remain in effect until: (A) a reasonable amount of time has passed, or (B) there is a significant change in the price of the underlying security, or (C) the market given in response to the request has been improved. In the case of a dispute, the term “significant change” will be interpreted on a case-by-case basis by an Options Exchange Official based upon the extent of the recent trading in the option and, in the case of equity and index options, in the underlying security, and any other relevant factors.

(7) Floor Lead Market Maker. The term “Floor Lead Market Maker” is a member who is registered as an options Lead Market Maker pursuant to Options 2, Section 12(a) and has a physical presence on the Exchange’s trading floor.

(8) Floor Market Maker. The term “Floor Market Maker” is a Market Maker who is neither an SQT or an RSQT. A Floor Market Maker may provide a quote in open outcry.]

(10) Remote FBMS Transaction. The term “Remote FBMS Transaction” is a transaction effected by a Floor Broker, while not physically present on the Trading Floor, by submitting limit, market or stop orders pursuant to Options 8, Section 28(g) and Floor Qualified Contingent Cross Orders pursuant to Options 8, Section 30(e) to the electronic order book, through FBMS.. In order to conduct remote FBMS transactions, unless exempt from such requirements in accordance with Supplementary Material .08 to Options 10, Section 6 or Phlx General 4, Rule 1230, Floor Brokers are subject to the following regulatory requirements: (1) compliance with branch office requirements as described in Supplementary Material .08 to Options 10, Section 6, as well as supervision of such branch office as described in Phlx General 9, Section 20; and (2) compliance with applicable registration requirements described in Phlx General 4. All uses of FBMS involving open outcry must be conducted while physically present on the Trading Floor.

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Section 8. Trading Floor Registration

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(c) Members whose activities are limited to the Exchange's options trading floor and who are registered pursuant to subparagraph (a) as well as associated persons whose activities

are limited to the Exchange's options trading floor and are registered pursuant to subparagraph (b) are exempt from the representative registration requirements (but not the principal registration requirements, including any prerequisite representative registration requirement) of General 4, [Section 1.]Rules 1210 and [1.]1220.

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Section 12. Clerks

(a) The term "Clerk" means any registered on-floor person employed by or associated with a member or member organization who is not a member and is not eligible to effect transactions on the Options Floor as a Lead Market Maker, Floor Market Maker, or Floor Broker. For purposes of this Rule, an Inactive Nominee shall be deemed a Clerk.

(b) Badges. While on the trading floor, Clerks shall display prominently at all times the identification supplied to them by the Exchange.

(c) Conduct on the Trading Floor. Clerks shall be primarily located at a post assigned to their employer [or assigned to their employer's clearing firm]unless such Clerk is:

(1) entering or leaving the trading floor;

(2) transmitting, correcting, or checking the status of an order or reporting or correcting an executed trade; or

(3) supervising other Clerks of his member organization if he is identified as a supervisor on the registration form submitted to the Exchange's Membership Department.

(d) Registration Requirements. A member or member organization who employs a Clerk that performs any function other than a solely clerical or ministerial function shall, prior to the time such Clerk performs any function as a Clerk, (i) comply with the registration requirement(s) set forth in Exchange General 4, [Section 1.]Rule 1210, where applicable; (ii) disclose in detail to the Exchange, on an annual basis, the specific nature of such additional function(s); and (iii) submit to the Exchange written supervisory procedures relating to such Clerk's activities in accordance with General 9, Section 20.

(e) Clerks' Use of Vendor Quote Terminals and Other Order-Entry Devices.

A Clerk may enter an order under the direction of a member by way of a vendor quote terminal or any other order handling entry device.

(f) Lead Market Maker Clerks. A Lead Market Maker Clerk is any on-floor Clerk, not a member of the Exchange, employed by or associated with a member or member organization registered as a Lead Market Maker.

(1) *Registration Requirements.* Any member or member organization that employs a Lead Market Maker Clerk shall register such Lead Market Maker Clerk with the Exchange's Membership Department. A Lead Market Maker Clerk that performs any function other than a solely clerical or ministerial function shall, prior to performing any function as a Lead Market Maker Clerk, (i) comply with the registration requirement(s) set forth in Exchange General 4, [Section 1.]Rule 1210, where applicable; (ii) disclose in detail to the Exchange, on an annual basis, the specific nature of such additional function(s); and (iii) in accordance with General 9, Section 20, submit to the Exchange written supervisory procedures relating to such Lead Market Maker Clerk's activities.

(2) *Conduct on the trading floor.* A Lead Market Maker Clerk is permitted to communicate verbal market information (i.e., bid, offer, and size) in response to requests for such information, provided that such information is communicated under the direct supervision of his or her member employer. A Lead Market Maker Clerk may consummate electronic transactions under the express direction of his or her member employer by matching bids and offers. Such bids and offers and transactions effected under the supervision of a member employer are binding as if made by the member employer.

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Section 22. Execution of Options Transactions on the Trading Floor

(a) Options transactions on the Exchange's Trading Floor shall be executed in one of the following ways:

- (1) automatically by the Exchange Trading System as provided in applicable Exchange Rules;
- (2) through the Options Floor Based Management System. Members authorized to operate on the floor are not permitted to execute orders in the Exchange's options trading crowd, except as follows:
 - (A) The Exchange may determine to permit executions otherwise than in accordance with subparagraphs (1) and (2) above respecting an option or all options in the event of a problem with Exchange systems.
 - (B) In addition, members can execute orders in the options trading crowd pursuant to Options 8, Section 33, Accommodation Transactions (cabinet trades), and Options 8, Section 34, FLEX Equity, Index and Currency Options.
 - (C) Multi-leg orders with more than 15 legs can be executed in the trading crowd.
 - (D) The following split price orders that, due to FBMS system limitations, require manual calculation:

- (i) simple orders not expressed in the applicable minimum increment ("sub-MPV") and that cannot be evenly split into two whole numbers to create a price at the midpoint of the minimum increment; and (ii) complex and multi-leg orders with at least one option leg with an odd-numbered volume that must trade at a sub-MPV price or one leg that qualifies under (i) above.
- (E) As set forth in Options 8, Section 29(e)(v), members may use the Snapshot feature of the Options Floor Based Management System to provisionally execute orders in the options trading crowd.
- (i) Surveillance staff must approve all executions submitted under this Options 8, Section 22(a)([3]2)(A)-(D) to validate that each abides by applicable priority and trade through rules. Under subsection (a)(3)(D), the rounding of prices may be used only where necessary to execute the trade at the MPV, and only to the benefit of a Public Customer order or, where multiple Public Customers' orders are involved, for the Public Customer order that is earliest in time. If no Public Customer order is involved, rounding of prices is available to the non-Public Customer order that is earliest in time.

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Section 28. Responsibilities of Floor Brokers

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(e)(1) *Options Floor Based Management System*. In order to create an electronic audit trail for equity, equity index and U.S. dollar-settled foreign currency options orders represented by Floor Brokers on the Exchange's Options Floor, a Floor Broker or such Floor Broker's employees shall, contemporaneously upon receipt of an order and prior to the representation of such an order in the trading crowd, record all options orders represented by such Floor Broker onto the electronic Options Floor Based Management System ("FBMS") (as described in Options 3, Section 7(a)(i)(C)). The following specific information with respect to orders represented by a Floor Broker shall be recorded by such Floor Broker or such Floor Broker's employees: (i) the order type (i.e., Public Customer, firm, broker-dealer, Professional) and order receipt time; (ii) the option symbol; (iii) buy, sell, cross or cancel; (iv) call, put, complex (i.e., spread, straddle), or contingency order as described in Option 8, Section 32; (v) number of contracts; (vi) limit price or market order or, in the case of a multi-leg order, net debit or credit, if applicable; (vii) whether the transaction is to open or close a position; and (viii) The Options Clearing Corporation ("OCC") clearing number of the broker-dealer that submitted the order (collectively, the "required information"). A Floor Broker must enter complete alpha/numeric identification assigned by the Exchange for all orders entered on behalf of Exchange Registered Option Traders. Any additional information with respect to the order shall be inputted into the Options Floor Based Management System contemporaneously upon receipt, which may occur after the representation and execution of the order. In the event of a malfunction in the Options Floor Based Management System, Floor Brokers shall record the required information on trade tickets, and shall not

represent an order for execution which has not been time stamped with the time of entry on the trading floor. Such trade tickets also shall be time stamped upon the execution of such an order. Floor Brokers or their employees shall ensure the required information that is recorded on such trade tickets is entered into the Exchange's electronic trading system by DETs for inclusion in the electronic audit trail.

(2) Pursuant to Options 8, Section 22, Floor Brokers are not permitted to execute orders in the Exchange's options trading crowd (subject to certain exceptions). In the event that Floor Brokers execute orders in the Exchange's options trading crowd pursuant to Options 8, Section 22(a)([3]2), Floor Brokers shall record the required information on trade tickets, and shall not represent an order for execution which has not been time stamped with the time of entry on the trading floor. Such trade tickets also shall be time stamped upon the execution of such an order. Floor Brokers or their employees shall ensure the required information that is recorded on such trade tickets is entered into the Exchange's electronic trading system by DETs for inclusion in the electronic audit trail.

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(g) A Floor Broker who wishes to place a limit, market or stop order on the [limit]electronic order book must submit such a limit, market or stop order electronically through the Options Floor Based Management System. A Floor Broker does not have to be present on the Exchange's Trading Floor to submit a limit, market or stop order to the [limit]electronic order book. A Floor Broker may remotely submit a limit, market or stop order electronically to the [limit]electronic order book through the Options Floor Based Management System.

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Section 39. Option Minor Rule Violations and Order and Decorum Regulations

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C. FLOOR BROKERS

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C-2 Options Floor Based Management System

Options Floor Based Management System. In order to create an electronic audit trail for options orders represented by Floor Brokers on the Exchange's Options Floor, a Floor Broker or such Floor Broker's employees shall, contemporaneously upon receipt of an order and prior to the representation of such an order in the trading crowd, record all options orders represented by such Floor Broker onto the electronic Options Floor Based Management System (as described in Options 3, Section 7(a)(i)(C)). The following specific information with respect to orders represented by a Floor Broker shall be recorded by such Floor Broker or such Floor Broker's employees: (i) the order type (i.e., customer, firm, broker-dealer, professional, market maker) and order receipt time; (ii) the option symbol; (iii) buy, sell, cross or cancel; (iv) call, put, complex (i.e., spread,

straddle), or contingency order as described in Options 8, Section 32; (v) number of contracts; (vi) limit price or Market Order or, in the case of a complex or multi-leg order, net debit or credit, if applicable; (vii) whether the transaction is to open or close a position; and (viii) The Options Clearing Corporation ("OCC") clearing number of the broker-dealer that submitted the order (collectively, the "required information"). A Floor Broker must enter complete alpha/numeric identification assigned by the Exchange for all orders entered on behalf of Exchange Registered Option Traders. Any additional information with respect to the order shall be inputted into the Options Floor Based Management System contemporaneously upon receipt, which may occur after the representation and execution of the order.

Pursuant to Options 8, Section 22(a), Floor Brokers are not permitted to execute orders in the Exchange's options trading crowd (subject to certain exceptions). In the event of a malfunction in the Options Floor Based Management System or in the event that the Exchange determines that Floor Brokers are permitted to execute orders in the Exchange's options trading crowd for a specific reason pursuant to Options 8, Section 22(a)([3]2), (other than for the use of Snapshot, as set forth in Options 8, Section 22(a)([3]2)(E)), Floor Brokers shall record the required information on trade tickets, and shall not represent an order for execution which has not been time stamped with the time of entry on the trading floor. Such trade tickets also shall be time stamped upon the execution of such an order. Floor Brokers or their employees shall either enter the required information that is recorded on such trade tickets into the Exchange's electronic trading system or ensure that such information is entered for inclusion in the electronic audit ensure the required information that is recorded on such trade tickets is entered into the Exchange's electronic trading system by DETs for inclusion in the electronic audit trail.

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Options 10 Doing Business with the Public

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Section 20. Options Communications

(a) [Nasdaq PHLX]Phlx members and persons associated with a member shall comply with FINRA Rule 2220 (except FINRA Rule 2220(c)) as if such Rule were part of [Nasdaq PHLX's]Phlx's Rules. [Nasdaq PHLX]Phlx and FINRA are parties to the Regulatory Contract pursuant to which FINRA has agreed to perform certain functions on behalf of [Nasdaq PHLX]Phlx. Therefore, [Nasdaq PHLX]Phlx members are complying with Options 10, Section 20[Nasdaq PHLX Rule 1049] by complying with FINRA Rule 2220 as written, including, for example, filing requirements and notifications. In addition, functions performed by FINRA, FINRA departments, and FINRA staff under Options 10, Section 20 are being performed by FINRA on Nasdaq's behalf.

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