OMB APPROVAL
OMB Number: 3235-0045 Estimated average burden hours per response............38

Required fields are shown with yellow backgrounds and asterisks.

SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549
Form 19b-4

File No.* SR - 2017 - * 021

Amendment No. (req. for Amendments *)

Filing by NASDAQ Stock Market

Pursuant to Rule 19b-4 under the Securities Exchange Act of 1934

Initial * ☑ Amendment * ☐ Withdrawal ☐

Section 19(b)(2) * ☐ Section 19(b)(3)(A) * ☑ Section 19(b)(3)(B) * ☐

Pilot ☐

Extension of Time Period for Commission Action * ☐

Date Expires *

Rule

☐ 19b-4(f)(1) ☐ 19b-4(f)(4)
☐ 19b-4(f)(2) ☐ 19b-4(f)(5)
☐ 19b-4(f)(3) ☑ 19b-4(f)(6)

Notice of proposed change pursuant to the Payment, Clearing, and Settlement Act of 2010

Section 806(e)(1) * ☐ Section 806(e)(2) * ☐

Security-Based Swap Submission pursuant to the Securities Exchange Act of 1934

Section 3C(b)(2) * ☐

Exhibit 2 Sent As Paper Document ☐

Exhibit 3 Sent As Paper Document ☐

Description

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

Proposal to amend Chapter X, Section 7(a) of the Exchange Rules, to harmonize the position limits minor rule violation fine schedules.

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 * Brett Last Name * Kitt

Title * Senior Associate General Counsel

E-mail * Brett.Kitt@nasdaq.com

Telephone * (301) 978-8132 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.

Date 03/06/2017

By Edward S. Knight

(Name *)

(Title *)

Executive Vice President and General Counsel

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.

edward.knight@nasdaq.com

Required fields are shown with yellow backgrounds and asterisks.

SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

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

Form 19b-4 Information * Add Remove View	The self-regulatory organization must provide all required information, presented in a clear and comprehensible manner, to enable the public to provide meaningful comment on the proposal and for the Commission to determine whether the proposal is consistent with the Act and applicable rules and regulations under the Act.
Exhibit 1 - Notice of Proposed Rule Change * Add Remove View	The Notice section of this Form 19b-4 must comply with the guidelines for publication in the Federal Register as well as any requirements for electronic filing as published by the Commission (if applicable). The Office of the Federal Register (OFR) offers guidance on Federal Register publication requirements in the Federal Register Document Drafting Handbook, October 1998 Revision. For example, all references to the federal securities laws must include the corresponding cite to the United States Code in a footnote. All references to SEC rules must include the corresponding cite to the Code of Federal Regulations in a footnote. All references to Securities Exchange Act Releases must include the release number, release date, Federal Register cite, Federal Register date, and corresponding file number (e.g., SR-[SRO] -xx-xx). A material failure to comply with these guidelines will result in the proposed rule change being deemed not properly filed. See also Rule 0-3 under the Act (17 CFR 240.0-3)
Exhibit 1A- Notice of Proposed Rule Change, Security-Based Swap Submission, or Advance Notice by Clearing Agencies * Add Remove View	The Notice section of this Form 19b-4 must comply with the guidelines for publication in the Federal Register as well as any requirements for electronic filing as published by the Commission (if applicable). The Office of the Federal Register (OFR) offers guidance on Federal Register publication requirements in the Federal Register Document Drafting Handbook, October 1998 Revision. For example, all references to the federal securities laws must include the corresponding cite to the United States Code in a footnote. All references to SEC rules must include the corresponding cite to the Code of Federal Regulations in a footnote. All references to Securities Exchange Act Releases must include the release number, release date, Federal Register cite, Federal Register date, and corresponding file number (e.g., SR-[SRO] -xx-xx). A material failure to comply with these guidelines will result in the proposed rule change, security-based swap submission, or advance notice being deemed not properly filed. See also Rule 0-3 under the Act (17 CFR 240.0-3)
Exhibit 2 - Notices, Written Comments, Transcripts, Other Communications 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 Add Remove View Exhibit Sent As Paper Document ☐	Copies of any form, report, or questionnaire that the self-regulatory organization proposes to use to help implement or operate the proposed rule change, or that is referred to by the proposed rule change.
Exhibit 4 - Marked Copies Add Remove View	The full text shall be marked, in any convenient manner, to indicate additions to and deletions from the immediately preceding filing. The purpose of Exhibit 4 is to permit the staff to identify immediately the changes made from the text of the rule with which it has been working.
Exhibit 5 - Proposed Rule Text Add Remove View	The self-regulatory organization may choose to attach as Exhibit 5 proposed changes to rule text in place of providing it in Item I and which may otherwise be more easily readable if provided separately from Form 19b-4. Exhibit 5 shall be considered part of the proposed rule change.
Partial Amendment Add Remove View	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 Stock Market, LLC (the "Exchange"), pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 ("Act")[1] and Rule 19b-4 thereunder,[2] is filing with the Securities and Exchange Commission ("SEC" or "Commission") a proposal to amend Chapter X, Section 7(a) of the Exchange's Rules, as described in further detail below.

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 (the "Board") on August 15, 2016. 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:

Brett Kitt
Senior Associate General Counsel
Nasdaq, Inc.
301-978-8132.

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[1] 15 U.S.C. 78s(b)(1).

[2] 17 CFR 240.19b-4.

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

a. Purpose

The purpose of the proposed rule change is to amend Chapter X, Section 7(a) of the Exchange's rules (the "Rules") applicable to the Nasdaq Options Market, LLC ("NOM"), which sets forth NOM's minor rule violation penalties and in particular, penalties for violating Chapter III, Section 7 of the Rules pertaining to position limits, so that these penalties are consistent with those of NOM's sister exchange, the International Securities Exchange, LLC ("ISE"), as well as other competing options exchanges.

Chapter III, Section 7 of the Exchange's Rules imposes position limits for Options Participants in certain circumstances. Meanwhile, Chapter X, Section 7(a) of the Rules assesses fines for minor rule violations, including position limits violations, as follows.

First, for violations occurring in customer accounts, Section 7(a)(i) assesses fines based upon the cumulative number of violations that occur over the course of a two year rolling period. For the first six violations that occur during any such period, an Option Participant will either be issued a letter of caution (to the extent that the violations are up to five percent in excess of applicable limits) or assessed $1 per contract (to the extent that the violations are more than five percent in excess of applicable limits). For the seventh through twelfth violations that occur during any such period, the fine is $1 per contract over the limit, regardless of the extent of the violations. Finally, for the thirteenth or any additional violations that occur during any such period, the fine increases to $5 per contract over the limit. Notwithstanding the above, the Rule provides that the minimum fine that the Exchange shall assess is $100.

Second, for violations that occur in the accounts of Options Participants (i.e., proprietary accounts and accounts of other Options Participants), Section 7(a)(ii) again assesses fines based upon the cumulative number of violations that occur over the course of a two year rolling period. For the first three violations that occur in any such period, an Option Participant will either be assessed a letter of caution (to the extent that the violations are up to five percent in excess of applicable limits) or $1 per contract (to the extent that the violations are more than five percent in excess of applicable limits). For the fourth through the sixth violations that occur during any such period, the fine is $1 per contract over the limit, regardless of the extent of the violations. Finally, for the seventh or any additional violations that occur during any such period, the fine increases to $5 per contract over the limit. Notwithstanding the above, the Rule provides that the minimum fine that the Exchange shall assess is $100.

The Exchange proposes to replace NOM's schedule of fines for position limit violations to mirror the schedule of fines that ISE and other exchanges apply to such violations. The ISE schedule of position limits fines set forth in ISE Rule 1614(d)(1) is simpler and, in certain instances, more stringent than the NOM schedule of fines. It provides that for any cumulative violations of the ISE position limits rule[3] that occur during any rolling two year period, ISE assesses a fine of $500 for the first offense, $1,000 for the second offense, $2,500 for the third offense, and $5,000 for the fourth and

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3 ISE Rule 1614(d)(1) counts as a single violation, provided that such a violation is inadvertent: (i) a 1 trade date overage; (ii) a consecutive string of trade date overage violations where the position does not change or where a steady reduction in the overage occurs; or (iii) a consecutive string of trade date overage violations resulting from other mitigating circumstances.

each subsequent offense. The ISE rule is identical to that which several other exchanges employ.[4] The proposed rule change conforms the fine schedule of NOM to that of ISE.

b. Statutory Basis

The Exchange believes that its proposal is consistent with Section 6(b) of the Act,[5] in general, and furthers the objectives of Section 6(b)(5) of the Act,[6] in particular, in that it is designed to prevent fraudulent and manipulative acts and practices, to promote just and equitable principles of trade, to remove impediments to and perfect the mechanisms of a free and open market and a national market system and, in general, to protect investors and the public interest.

The Exchange believes that its proposed Rule change will be more effective than the existing Rule in preventing manipulative acts and practices and protecting investors because under the proposed Rule, the Exchange will immediately impose a fine upon an Options Participant that violates its position limits, and it will do so regardless of the extent of the violation, as opposed to only imposing a fine (rather than a caution letter) after the first six violations or to the extent that a violation exceeds 5 percent of the applicable limits.

Moreover, the proposed Rule change promotes fairness and consistency in the marketplace by harmonizing penalties across exchanges for the same conduct. As noted above, the proposed schedule of fines would be identical to the schedules of fines that

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4 See BATS BZX Exchange, Inc. Rule 25.3(a); C2 Options Exchange Rule Chapter 17 (incorporating by reference CBOE Rule 17.50(g)(1); see also NYSE Arca, Inc. Rule 10.12(k)(i)(21) (imposing fines of $1,000, $2,500, and $5,000 for the first, second, and third violations, respectively while omitting corresponding verbiage that defines the nature of a single violation subject to a fine).

5 15 U.S.C. 78f(b).

6 15 U.S.C. 78f(b)(5).

ISE, BATS BZX, and C2 Options Exchange presently employ, and similar to that which NYSE Arca employs.

4. Self-Regulatory Organization's Statement on Burden on Competition

The Exchange does not believe that the proposed rule change will impose any burden on competition not necessary or appropriate in furtherance of the purposes of the Act. The proposal will adopt the same schedule of fines as exists at other exchanges and it will apply the same schedule of fines to all Options Participants.

5. Self-Regulatory Organization's Statement on Comments on the Proposed Rule Change Received from Members, Participants, or Others

No written comments were either solicited or received.

6. Extension of Time Period for Commission Action

The Exchange does not consent to an extension of the time period of Commission Action.

7. Basis for Summary Effectiveness Pursuant to Section 19(b)(3) or for Accelerated Effectiveness Pursuant to Section 19(b)(2)

The foregoing rule change has become effective pursuant to Section 19(b)(3)(A)(iii)[7] of the Act and Rule 19b-4(f)(6) thereunder[8] 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.

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[7] 15 U.S.C. 78s(b)(3)(A)(iii).

[8] 17 CFR 240.19b-4(f)(6).

The proposed changes do not significantly affect the protection of investors or the public interest. The proposed changes also do not impose any significant burden on competition. The proposed schedule of fines will be competitive with and generally as protective as the schedules that exist at other exchanges. Moreover, the proposed changes will render NOM's fine schedule identical to that of ISE.

Furthermore, Rule 19b-4(f)(6)(iii) requires a self-regulatory organization to give the Commission written notice of its intent to file a proposed rule change under that subsection at least five business days prior to the date of filing, or such shorter time as designated by the Commission. The Exchange has provided such notice.

At any time within 60 days of the filing of the proposed rule change, the Commission summarily may temporarily suspend such rule change if it appears to the Commission that such action is: (i) necessary or appropriate in the public interest; (ii) for the protection of investors; or (iii) otherwise in furtherance of the purposes of the Act. If the Commission takes such action, the Commission shall institute proceedings to determine whether the proposed rule should be approved or disapproved.

A proposed rule change filed under Rule 19b-4(f)(6) normally does not become operative prior to 30 days after the date of filing. Rule 19b-4(f)(6)(iii), however, permits the Commission to designate a shorter time if such action is consistent with the protection of investors and the public interest. The Exchange requests that the Commission waive the 30-day operative delay contained in Rule 19b-4(f)(6)(iii) so that it may implement the changes at the earliest point in time possible. The proposed changes promote the protection of investors and the public interest by imposing more immediate and significant sanctions for violations of the Exchange's Rules.

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

The proposed rule change is based upon ISE Rule 1614(d)(1).

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

Not applicable.

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

Not applicable.

11. Exhibits

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

5. Text of the proposed rule change.

EXHIBIT 1

SECURITIES AND EXCHANGE COMMISSION
(Release No. ; File No. SR-NASDAQ-2017-021)

March __, 2017

Self-Regulatory Organizations; NASDAQ Stock Market, LLC; Notice of Filing and Immediate Effectiveness of Proposed Rule Change to Amend Chapter X, Section 7(a) of the Exchange's Options 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 March 6, 2017, NASDAQ Stock Market, LLC (the "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 Chapter X, Section 7(a) of the Exchange's Rules applicable to the NASDAQ Options Market, LLC ("NOM"), as described in further detail below.

The text of the proposed rule change is available on the Exchange's Website at http://nasdaq.cchwallstreet.com, at the principal office of the Exchange, and at the Commission's Public Reference Room.

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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 purpose of the proposed rule change is to amend Chapter X, Section 7(a) of the Exchange's rules (the "Rules") applicable to NOM, which sets forth NOM's minor rule violation penalties and in particular, penalties for violating Chapter III, Section 7 of the Rules pertaining to position limits, so that these penalties are consistent with those of NOM's sister exchange, the International Securities Exchange, LLC ("ISE"), as well as other competing options exchanges.

Chapter III, Section 7 of the Exchange's Rules imposes position limits for Options Participants in certain circumstances. Meanwhile, Chapter X, Section 7(a) of the Rules assesses fines for minor rule violations, including position limits violations, as follows.

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Second, for violations that occur in the accounts of Options Participants (i.e., proprietary accounts and accounts of other Options Participants), Section 7(a)(ii) again assesses fines based upon the cumulative number of violations that occur over the course of a two year rolling period. For the first three violations that occur in any such period, an Option Participant will either be assessed a letter of caution (to the extent that the violations are up to five percent in excess of applicable limits) or $1 per contract (to the extent that the violations are more than five percent in excess of applicable limits). For the fourth through the sixth violations that occur during any such period, the fine is $1 per contract over the limit, regardless of the extent of the violations. Finally, for the seventh or any additional violations that occur during any such period, the fine increases to $5 per contract over the limit. Notwithstanding the above, the Rule provides that the minimum fine that the Exchange shall assess is $100.

The Exchange proposes to replace NOM's schedule of fines for position limit violations to mirror the schedule of fines that ISE and other exchanges apply to such violations. The ISE schedule of position limits fines set forth in ISE Rule 1614(d)(1) is simpler and, in certain instances, more stringent than the NOM schedule of fines. It provides that for any cumulative violations of the ISE position limits rule[3] that occur during any rolling two year period, ISE assesses a fine of $500 for the first offense, $1,000 for the second offense, $2,500 for the third offense, and $5,000 for the fourth and each subsequent offense. The ISE rule is identical to that which several other exchanges employ.[4] The proposed rule change conforms the fine schedule of NOM to that of ISE.

2. Statutory Basis

The Exchange believes that its proposal is consistent with Section 6(b) of the Act,[5] in general, and furthers the objectives of Section 6(b)(5) of the Act,[6] in particular, in that it is designed to prevent fraudulent and manipulative acts and practices, to promote just and equitable principles of trade, to remove impediments to and perfect the mechanisms of a free and open market and a national market system and, in general, to protect investors and the public interest.

The Exchange believes that its proposed Rule change will be more effective than the existing Rule in preventing manipulative acts and practices and protecting investors because under the proposed Rule, the Exchange will immediately impose a fine upon an Options Participant that violates its position limits, and it will do so regardless of the

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3 ISE Rule 1614(d)(1) counts as a single violation, provided that such a violation is inadvertent: (i) a 1 trade date overage; (ii) a consecutive string of trade date overage violations where the position does not change or where a steady reduction in the overage occurs; or (iii) a consecutive string of trade date overage violations resulting from other mitigating circumstances.

4 See BATS BZX Exchange, Inc. Rule 25.3(a); C2 Options Exchange Rule Chapter 17 (incorporating by reference CBOE Rule 17.50(g)(1); see also NYSE Arca, Inc. Rule 10.12(k)(i)(21) (imposing fines of $1,000, $2,500, and $5,000 for the first, second, and third violations, respectively while omitting corresponding verbiage that defines the nature of a single violation subject to a fine).

5 15 U.S.C. 78f(b).

6 15 U.S.C. 78f(b)(5).

extent of the violation, as opposed to only imposing a fine (rather than a caution letter) after the first six violations or to the extent that a violation exceeds 5 percent of the applicable limits.

Moreover, the proposed Rule change promotes fairness and consistency in the marketplace by harmonizing penalties across exchanges for the same conduct. As noted above, the proposed schedule of fines would be identical to the schedules of fines that ISE, BATS BZX, and C2 Options Exchange presently employ, and similar to that which NYSE Arca employs.

B. Self-Regulatory Organization's Statement on Burden on Competition

The Exchange does not believe that the proposed rule change will impose any burden on competition not necessary or appropriate in furtherance of the purposes of the Act. The proposal will adopt the same schedule of fines as exists at other exchanges and it will apply the same schedule of fines to all Options Participants.

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) of the Act and Rule 19b-4(f)(6) thereunder.

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.

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-NASDAQ-2017-021 on the subject line.

Paper comments:

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

All submissions should refer to File Number SR-NASDAQ-2017-021. 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-NASDAQ-2017-021 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.[7]

Robert W. Errett
Deputy Secretary

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[7] 17 CFR 200.30-3(a)(12).

EXHIBIT 5

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

NASDAQ Stock Market Rules

* * * * *

Options Rules

* * * * *

Chapter X Discipline and Summary Suspensions

* * * * *

Sec 7. Penalty for Minor Rule Violations

The following NOM rule and policy violations may be determined by Nasdaq Regulation to be minor in nature. If so, Nasdaq Regulation may, with respect to any such violation, proceed under the 9200 Series Rules of the Exchange and impose the fine set forth below. Nasdaq Regulation is not required to proceed under said Sections as to any rule violation and may, whenever such action is deemed appropriate, commence a disciplinary proceeding under the 9200 Series Rules of the Exchange as to any such violation. A subsequent violation is calculated on the basis of a rolling 24-month period ("Period").

(a) *Position Limit Violations*. Violations of Chapter III, Section 7 of these Rules (Position Limit) <u>are subject to fines as follows:</u> [that continue over consecutive business days will be subject to a separate fine, pursuant to this paragraph (a), for each day during which the violation occurs and is continuing

i. *Customer Accounts*. For purposes of this subparagraph (i) only, all accounts of non-Options Participant broker-dealers will be treated as customer accounts. In calculating fine thresholds under this subparagraph (i) for each Options Participant, all violations occurring within the Period in all of that Participant's customer accounts are to be added together. For violations of Chapter III, Section 7 of these Rules occurring in customer accounts, the Participant shall be subject to fines as follows, with a minimum fine amount of $100:

Number of Cumulative Fine Amount Violations Within One Period

1 to 6 (up to 5% in excess of applicable limit)	Letter of Caution
1 to 6 (above 5% in excess of applicable limit)	$1 per contract
7 to 12	$1 per contract over limit
13 or more	$5 per contract over limit

ii. *Options Participant Accounts*. For violations occurring in an Options Participant's account (i.e., proprietary accounts and accounts of other Options Participants), the Options Participant whose account exceeded the limits shall be subject to fines as follows, with a minimum fine amount of $100. In calculating fine thresholds under this paragraph (ii) for each Options Participant, all violations occurring within the Period in all of that Participant's accounts, (i.e., proprietary accounts and accounts of other Options Participants) are to be added together:

Number of Cumulative Fine Amount Violations Within One Period

1 to 3 (up to 5% in excess of applicable limit)	Letter of Caution
1 to 3 (above 5% in excess of applicable limit)	$1 per contract
4 to 6	$1 per contract over limit
7 or more	$5 per contract over limit]

Number of Cumulative Violations Within Any Twenty four Month Rolling Period*	Sanction (Imposed on Exchange Members or violations occurring in all other accounts)
First Offense	$500
Second Offense	$1,000
Third Offense	$2,500
Fourth and Each Subsequent Offense	$5,000

* A violation that consists of (i) a 1 trade date overage, (ii) a consecutive string of trade date overage violations where the position does not change or where a steady reduction in the overage occurs, or (iii) a consecutive string of trade date overage violations resulting from other mitigating circumstances, may be deemed to constitute one offense, provided that the violations are inadvertent.

(b) – (k) No change.

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