

Required fields are shown with yellow backgrounds and asterisks.

Proposed Rule Change by NASDAQ OMX PHLX LLC.  
Pursuant to Rule 19b-4 under the Securities Exchange Act of 1934

Initial * <input checked="" type="checkbox"/>	Amendment * <input type="checkbox"/>	Withdrawal <input type="checkbox"/>	Section 19(b)(2) * <input type="checkbox"/>	Section 19(b)(3)(A) * <input checked="" type="checkbox"/>	Section 19(b)(3)(B) * <input type="checkbox"/>			
			Rule					
Pilot <input type="checkbox"/>	Extension of Time Period for Commission Action * <input type="checkbox"/>	Date Expires * <input type="text"/>	19b-4(f)(1) <input checked="" type="checkbox"/>	19b-4(f)(2) <input type="checkbox"/>	19b-4(f)(3) <input type="checkbox"/>	19b-4(f)(4) <input type="checkbox"/>	19b-4(f)(5) <input type="checkbox"/>	19b-4(f)(6) <input type="checkbox"/>

Exhibit 2 Sent As Paper Document <input type="checkbox"/>	Exhibit 3 Sent As Paper Document <input type="checkbox"/>
--	--

**Description**  
Provide a brief description of the proposed rule change (limit 250 characters, required when Initial is checked \*).  
A proposal to offer members the ability to pay a regulatory fine pursuant to an elective Installment Plan.

**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 proposed rule change.

First Name \* John Last Name \* Yetter  
Title \* Vice President  
E-mail \* john.yetter@nasdaqomx.com  
Telephone \* (301) 978-8497 Fax (301) 978-8472

**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 officer.

Date 08/15/2012  
By Edward S. Knight Executive Vice President and General Counsel  
(Name \*) (Title \*)

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 S Knight,

SECURITIES AND EXCHANGE COMMISSION  
WASHINGTON, D.C. 20549

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

**Form 19b-4 Information (required)**

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 (required)**

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 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 Proposed Rule Change

(a) Pursuant to the provisions of Section 19(b)(1) of the Securities Exchange Act of 1934 (“Act”),<sup>1</sup> and Rule 19b-4 thereunder,<sup>2</sup> NASDAQ OMX PHLX LLC (“PHLX” or “Exchange”), is filing with the Securities and Exchange Commission (“Commission”) a proposal to offer members the ability to pay a regulatory fine pursuant to an elective Installment Plan.

The text of the proposed rule change is below. Proposed new language is underlined.<sup>3</sup>

\* \* \* \* \*

**Rule 52. Fees, Dues and Other Charges**

(a) – (d) No change.

(e) The method available for payment of regulatory fines via Installment Plan, as elected by the member, is as follows:

(1) Installment arrangements will only be permitted if the Installment Plan has been checked on the Election of Payment Form included with the signed letter of acceptance, waiver, and consent (“AWC”).

(2) Fines less than fifty thousand dollars (\$50,000) are not eligible for the Installment Plan.

(3) An initial down payment of twenty-five percent (25%) or more of the total fine(s) must be submitted as the initial payment.

(4) An Installment Package, including the Promissory Note and the Payment schedule, will be mailed upon receipt of the initial down payment, as required in subparagraph (3) above.

---

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

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

<sup>3</sup> Changes are marked to the rules of PHLX found at <http://nasdaqomxphlx.cchwallstreet.com>

(5) An executed (signed and notarized) Promissory Note for the unpaid balance of the fine(s) must be returned with the first installment payment.

(6) The term of the Installment Plan shall not exceed three years (3) after the execution of the AWC. The member may elect monthly or quarterly payments.

\*\*\*\*\*

A notice of the proposed rule change for publication in the Federal Register is attached hereto as Exhibit 1 and the relevant forms are attached as Exhibit 3.

(b) Not applicable.

(c) Not applicable.

2. Procedures of the Self-Regulatory Organization

The proposed rule change was approved by senior management of PHLX pursuant to authority delegated by the Board of Directors of PHLX on July 10, 2012. PHLX staff will advise the Board of Directors of PHLX of any action taken pursuant to delegated authority. No other action by PHLX is necessary for the filing of the rule change. PHLX proposes to implement the proposed rule change immediately.

Questions regarding this rule filing may be directed to John Yetter, Vice President, The NASDAQ OMX Group, at (301) 978-8497.

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

a. Purpose

PHLX is proposing to amend Rule 52 governing "Fees, Dues and Other Charges." Specifically, PHLX will offer an Installment Plan on its Election of Payment Form ("Form"). This Form is attached to all letters of Acceptance, Waiver and Consent ("AWCs").<sup>4</sup> A member that executes an AWC with a regulatory fine amount equal to or

---

<sup>4</sup> See PHLX Rule 960.7.

exceeding \$50,000 is eligible to elect the Installment Plan. When a member elects to pay a regulatory fine via the proposed Installment Plan, the member must pay an initial down payment of at least 25% of the total fine amount. The member can elect to pay on a monthly or quarterly basis. Once the initial down payment is received, PHLX will send the member an Installment Package, including a Promissory Note and the Payment schedule. The member will then return to PHLX an executed (signed and notarized) Promissory Note for the unpaid balance of the fine(s), with the first installment payment. PHLX believes offering an Installment Plan to a member that has voluntarily agreed to pay a regulatory fine will promote the willingness of members to settle.

b. Statutory Basis

PHLX believes that the proposed rule change is consistent with the provisions of Section 6 of the Act,<sup>5</sup> in general, and with Section 6(b)(5) of the Act,<sup>6</sup> in particular, in that the proposal is designed to prevent fraudulent and manipulative acts and practices, to promote just and equitable principles of trade, to foster cooperation and coordination with persons engaged in regulating, clearing, settling, processing information with respect to, and facilitating transactions in securities, to remove impediments to and perfect the mechanism of a free and open market and a national market system, and, in general, to protect investors and the public interest. In addition, PHLX believes that the proposed rule change is consistent with the provisions of Section 6(b)(6) and 6(b)(7) of the Act,<sup>7</sup> which require an exchange to provide fair procedures for the disciplining of members and

---

<sup>5</sup> 15 U.S.C. 78f.

<sup>6</sup> 15 U.S.C. 78f(b)(5).

<sup>7</sup> 15 U.S.C. 78f(b)(6) and (b)(7).

persons associated with members. Specifically, PHLX believes that the proposal will promote the settlement of disciplinary cases by allowing members to make installment payments.

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

The Exchange does not believe that the proposed rule change will result in any burden on competition that is not necessary or appropriate in furtherance of the purposes of the Act, as amended.

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

Written comments were neither solicited nor received.

6. Extension of Time Period for Commission Action

Not applicable.

7. Date of Effectiveness of the Proposed Rule Change and Timing for Commission Action

The proposed rule change is effective upon filing pursuant to Section 19(b)(3)(A) of the Act<sup>8</sup> and paragraph (f)(1) of Rule 19b-4 thereunder,<sup>9</sup> in that the proposed rule is a stated policy, practice, or interpretation with respect to the meaning, administration, or enforcement of an existing rule.

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

Not applicable.

9. Exhibits

1. Notice of the proposed rule for publication in the Federal Register.

---

<sup>8</sup> 15 U.S.C. 78s(b)(3)(A).

<sup>9</sup> 17 CFR 240.19b-4(f)(1).

3. Form, Report, or Questionnaire.

**EXHIBIT 1**

SECURITIES AND EXCHANGE COMMISSION  
(Release No. 34- ; File No. SR-Phlx-2012-109)

August \_\_, 2012

Self-Regulatory Organizations; NASDAQ OMX PHLX LLC; Notice of Filing and Immediate Effectiveness of Proposed Rule Change to Offer Members the Ability to Pay a Regulatory Fine Pursuant to an Elective Installment Plan

Pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 (“Act”),<sup>1</sup> and Rule 19b-4 thereunder,<sup>2</sup> notice is hereby given that on August 15, 2012, NASDAQ OMX PHLX LLC (“PHLX” or “Exchange”) filed with the Securities and Exchange Commission (“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 the Substance of the Proposed Rule Change

The Exchange proposes a rule change to offer members the ability to pay a regulatory fine pursuant to an elective Installment Plan. The text of the proposed rule change is available at <http://nasdaqomxphlx.cchwallstreet.com/>, at the Exchange’s principal office, and at the Commission’s Public Reference Room.

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

---

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

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



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

PHLX is proposing to amend Rule 52 governing "Fees, Dues and Other Charges." Specifically, PHLX will offer an Installment Plan on its Election of Payment Form ("Form"). This Form is attached to all letters of Acceptance, Waiver and Consent ("AWCs").<sup>3</sup> A member that executes an AWC with a regulatory fine amount equal to or exceeding \$50,000 is eligible to elect the Installment Plan. When a member elects to pay a regulatory fine via the proposed Installment Plan, the member must pay an initial down payment of at least 25% of the total fine amount. The member can elect to pay on a monthly or quarterly basis. Once the initial down payment is received, PHLX will send the member an Installment Package, including a Promissory Note and the Payment schedule. The member will then return to PHLX an executed (signed and notarized) Promissory Note for the unpaid balance of the fine(s), with the first installment payment. PHLX believes offering an Installment Plan to a member that has voluntarily agreed to pay a regulatory fine will promote the willingness of members to settle.

2. Statutory Basis

PHLX believes that the proposed rule change is consistent with the provisions of Section 6 of the Act,<sup>4</sup> in general, and with Section 6(b)(5) of the Act,<sup>5</sup> in particular, in

---

<sup>3</sup> See PHLX Rule 960.7.

<sup>4</sup> 15 U.S.C. 78f.

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

that the proposal is designed to prevent fraudulent and manipulative acts and practices, to promote just and equitable principles of trade, to foster cooperation and coordination with persons engaged in regulating, clearing, settling, processing information with respect to, and facilitating transactions in securities, to remove impediments to and perfect the mechanism of a free and open market and a national market system, and, in general, to protect investors and the public interest. In addition, PHLX believes that the proposed rule change is consistent with the provisions of Section 6(b)(6) and 6(b)(7) of the Act,<sup>6</sup> which require an exchange to provide fair procedures for the disciplining of members and persons associated with members. Specifically, PHLX believes that the proposal will promote the settlement of disciplinary cases by allowing members to make installment payments.

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

The Exchange does not believe that the proposed rule change will result in any burden on competition that is not necessary or appropriate in furtherance of the purposes of the Act, as amended.

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

Written comments were neither solicited nor received.

III. Date of Effectiveness of the Proposed Rule Change and Timing for Commission Action

The foregoing rule change has become effective pursuant to Section 19(b)(3)(A)(i) of the Act.<sup>7</sup> At any time within 60 days of the filing of the proposed rule

---

<sup>6</sup> 15 U.S.C. 78f(b)(6) and (b)(7).

<sup>7</sup> 15 U.S.C. 78s(b)(3)(a)(i).

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.

#### IV. Solicitation of Comments

Interested persons are invited to submit written data, views, and arguments concerning the foregoing, including whether the proposed rule change, as amended, is consistent with the Act. Comments may be submitted by any of the following methods:

##### Electronic comments:

- Use the Commission's Internet comment form (<http://www.sec.gov/rules/sro.shtml>); or
- Send an e-mail to [rule-comments@sec.gov](mailto:rule-comments@sec.gov). Please include File Number SR-Phlx-2012-109 on the subject line.

##### Paper comments:

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

All submissions should refer to File Number SR-Phlx-2012-109. 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 on official business days between the hours of 10:00 a.m. and 3:00 p.m. Copies of such filing also will be available for inspection and copying at the principal offices 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-2012-109, and should be submitted on or before [insert date 21 days from publication in the Federal Register].

For the Commission, by the Division of Trading and Markets, pursuant to delegated authority.<sup>8</sup>

Kevin M. O'Neill  
Deputy Secretary

---

<sup>8</sup> 17 CFR 200.30-3(a)(12).

**EXHIBIT 3**

**[DRAFT] ELECTION OF PAYMENT FORM**

The firm intends to pay the fine proposed in the attached Letter of Acceptance, Waiver and Consent by the following method (check one):

- A firm check or bank check for the full amount;
- Wire transfer;
- The installment payment plan (only if approved by NASDAQ OMX PHLX).<sup>1</sup>

Respectfully submitted,

*Respondent*

\_\_\_\_\_  
Date

By: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

\_\_\_\_\_  
<sup>1</sup> The installment payment plan is only available for fines of \$50,000 or more. Certain requirements apply. You must discuss these terms with PHLX staff prior to requesting this method of payment.

NEGOTIABLE PROMISSORY NOTE

I, [*Firm's Name*], hereby promise to pay to the order of NASDAQ OMX PHLX LLC, a Pennsylvania Limited Liability Company, whose principal offices are located at xxxxx, in lawful money of the United States of America, the principal sum of [*Dollar Amount Written Out*] Dollars (\$xx,xxx.xx), in [#] monthly payments (*term*). **The first payment will be due on [*Date*], and each payment thereafter must be received on or before the [*day*] of the month.**

I may prepay this Note at any time in whole or in part from time to time, provided that each prepayment shall be applied to the balance of the principal sum.

This Note is not a consumer loan or an extension of consumer credit. It is payment of a monetary sanction which I hereby acknowledge is due and payable, imposed in connection with the disposition of disciplinary proceedings by NASDAQ OMX PHLX LLC (registered as a National Securities Exchange subject to regulation by the United States Securities and Exchange Commission and under Section 6 of the Securities and Exchange Act of 1934, as amended).

Any default in the payment of any part of the principal sum when due, will, at the sole option of the holder, mature the whole of this Note. No acceptance by the holder of any late payment or other default will be deemed or construed as a waiver of any prior or subsequent default or any rights of the holder to mature this Note or take any other action upon said prior or subsequent default. In the event of default, I will be responsible for any costs of collection, including reasonable attorney's fees (of inside and outside counsel) and expenses, incurred by NASDAQ OMX PHLX LLC.

Sworn and subscribed before me

[*Firm's Name*]  
[street address]  
[city, state, zip]

This \_\_\_\_ day of \_\_\_\_\_, 2009

Notary Public:

Commission Expires:

Signature: \_\_\_\_\_

Witnesses: \_\_\_\_\_  
Corporate Secretary

Name: \_\_\_\_\_

Page 2

I, \_\_\_\_\_, am the Corporate Secretary of [*Firm's Name*].

\_\_\_\_\_ (*above signatory on page 1*) is the \_\_\_\_\_

(*Title*) of

[*Firm's Name*], and is authorized by its By-Laws and/or Resolution of its Board of Directors to execute this Note on its behalf.

Sworn and subscribed before me

This \_\_\_\_ day of \_\_\_\_\_, 2009

Notary Public:

Commission Expires:

Signature: \_\_\_\_\_

Witnesses: \_\_\_\_\_

Name: \_\_\_\_\_

Corporate Secretary