

Required fields are shown with yellow backgrounds and asterisks.

Page 1 of * <input type="text" value="43"/>	SECURITIES AND EXCHANGE COMMISSION WASHINGTON, D.C. 20549 Form 19b-4	File No.* SR - <input type="text" value="2012"/> - * <input type="text" value="28"/>	Amendment No. (req. for Amendments *) <input type="text"/>		
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 checked="" type="checkbox"/>	Section 19(b)(3)(A) * <input type="checkbox"/>	Section 19(b)(3)(B) * <input type="checkbox"/>
Pilot <input type="checkbox"/> Extension of Time Period for Commission Action * <input type="checkbox"/> Date Expires * <input type="text"/>			Rule		
			<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 type="checkbox"/> 19b-4(f)(6)	
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 *).					
Relating to MSCI EAFE					
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 * <input type="text" value="Angela"/>		Last Name * <input type="text" value="Dunn"/>			
Title * <input type="text" value="Associate General Counsel"/>					
E-mail * <input type="text" value="angela.dunn@nasdaqomx.com"/>					
Telephone * <input type="text" value="(215) 496-5692"/>		Fax <input type="text"/>			
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 <input type="text" value="03/01/2012"/>					
By <input type="text" value="Angela Saccomandi Dunn"/>		<input type="text" value="Associate 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.					
<input type="button" value="Angela Dunn, angela.dunn@phlx.com"/>					

SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

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

Form 19b-4 Information (required)

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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 (required)

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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 being deemed not properly filed. See also Rule 0-3 under the Act (17 CFR 240.0-3)

Exhibit 2 - Notices, Written Comments, Transcripts, Other Communications

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Exhibit Sent As Paper Document

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

Exhibit 3 - Form, Report, or Questionnaire

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Exhibit Sent As Paper Document

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

Exhibit 4 - Marked Copies

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

Exhibit 5 - Proposed Rule Text

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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 OMX 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 proposes to amend Exchange Rules 1079, 1009A and 1101A to list and trade new options on the MSCI EAFE Index based upon the Full Value MSCI EAFE Index ("Full Value MSCI EAFE Index").³

The Exchange also proposes to create a new Rule 1109A entitled "MSCI EAFE Index" which provides additional detailed information pertaining to the index as required by the licensor.

A draft notice of the proposed rule change for publication in the Federal Register is attached hereto as Exhibit 1, a copy of the contract specifications are attached as Exhibit 3 and a copy of the applicable portion of the Exchange's Rules are attached hereto as Exhibit 5.

(b) Inapplicable.

(c) Inapplicable.

2. Procedures of the Self-Regulatory Organization

The Board of Directors of the Exchange approved the submission of this proposed rule change on December 19, 2011. No other action by the Exchange is necessary for the filing of the rule change.

¹ 15 U.S.C. 78s(b)(1).

² 17 CFR 240.19b-4.

³ The Exchange has entered into a license agreement with MSCI Inc. ("MSCI") to list this product.

Questions and comments on the proposed rule change may be directed to Angela Saccomandi Dunn at (215) 496-5692.

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 Exchange Rules 1079 (FLEX Index, Equity and Currency Options), 1009A (Designation of the Index) and 1101A (Terms of Option Contracts) to list and trade P.M. cash-settled, European-style options, including FLEX⁴ options and LEAPS,⁵ on the MSCI EAFE (Europe, Australasia, and the Far East) Index. Specifically, the Exchange proposes to list and trade long-term options on the Full Value MSCI EAFE Index (“MSCI EAFE LEAPS”).⁶ The Exchange also proposes to create a new Rule 1109A entitled “MSCI EAFE Index” which provides additional detailed information pertaining to the index as required by the licensor including, but not limited to, liability and other representations on the part of MSCI Inc.

The MSCI EAFE Index is a free float-adjusted market capitalization index⁷ that is designed to measure the equity market performance of developed markets, excluding the

⁴ FLEX options are flexible exchange-traded index, equity, or currency option contracts that provide investors the ability to customize basic option features including size, expiration date, exercise style, and certain exercise prices. FLEX index options may have expiration dates within five years. See Exchange Rules 1079 and 1101A.

⁵ LEAPS or Long Term Equity Anticipation Securities are long term options that generally expire from twelve to thirty-nine months from the time they are listed.

⁶ The MSCI EAFE ETF is one of the top ten in the United States based on assets and trades a large volume with respect to ETFs today.

⁷ The free float adjusted market capitalization is used to calculate the weights of the securities in the indices. MSCI defines the free float of a security as the proportion of

U.S. and Canada. The MSCI EAFE Index consists of component securities from the following twenty-two (22) developed market countries: Australia, Austria, Belgium, Denmark, Finland, France, Germany, Greece, Hong Kong, Ireland, Israel, Italy, Japan, the Netherlands, New Zealand, Norway, Portugal, Singapore, Spain, Sweden, Switzerland, and the United Kingdom.

Index Design and Composition

The MSCI EAFE Index is designed to measure international equity performance. It consists of component securities from countries that represent developed markets outside of North America: Europe, Australasia and the Far East. The Index is maintained by MSCI.⁸ The Index was launched on December 31, 1969.

The MSCI EAFE Index is reviewed on a semi-annual basis. The index review is based on MSCI's Global Investable Markets Indices Methodology. A description of the methodology is available at

http://www.msci.com/eqb/methodology/meth_docs/MSCI_May11_GIMIMethod.pdf.

The MSCI EAFE Index consists of large and midcap components from countries classified by MSCI as developed and excludes North America.

Index Calculation and Index Maintenance

The base index value of the MSCI EAFE Index was 100, as of December 31, 1969. On June 1, 2011, the index value of the MSCI EAFE Index was 1727.187. The MSCI EAFE Index is calculated in U.S. Dollars on a real time basis from the open of the first market on which the components are traded to the closing of the last market on

shares outstanding that is deemed to be available for purchase in the public equity markets by international investors.

⁸ MSCI is a provider of investment decision support tools.

which the components are traded. The methodology used to calculate the value of the MSCI EAFE Index is similar to the methodology used to calculate the value of other well-known market-capitalization weighted indexes.⁹ The level of the MSCI EAFE Index reflects the free float-adjusted market value of the component stocks relative to a particular base date and is computed by dividing the total market value of the companies in the MSCI EAFE index by the index divisor.¹⁰

Static data is distributed daily to clients through MSCI as well as through major quotation vendors, including Bloomberg L.P. (“Bloomberg”), FactSet Research Systems, Inc. (“FactSet”) and Thomson Reuters (“Reuters”). Real time data is distributed at least every 15 seconds using MSCI’s real-time calculation engine to Reuters, Bloomberg, SIX Telekurs and FactSet.

The MSCI EAFE Index is monitored and maintained by MSCI. Adjustments to the MSCI EAFE Index are made on a daily basis with respect to corporate events and dividends. The MSCI EAFE Index is generally updated on a quarterly basis in February, May, August and November of each year to reflect amendments to shares outstanding and free float and full index reviews are conducted on a semi-annual basis in May and November of each year for purposes of rebalancing the index.

⁹ Additional information about the methodology for calculating the MSCI EAFE Index can be found at:

http://www.msci.com/eqb/methodology/meth_docs/MSCI_May11_GIMIMethod.pdf

¹⁰ A divisor is an arbitrary number chosen at the starting date of an index to fix the index starting value. The divisor is adjusted periodically when capitalization amendments are made to the constituents of the index in order to allow the index value to remain comparable over time. Without a divisor the index value would change when corporate actions took place and would not reflect the true value of an underlying portfolio based upon the index.

Exercise and Settlement Value

The settlement value for expiring options on the MSCI EAFE Index would be based on the closing prices of the component stocks on the last trading day prior to expiration, usually a Friday. The last trading day for expiring contracts is the last business day prior to expiration, usually the third Friday of the expiration month. The index multiplier is \$100. The Options Clearing Corporation would be the issuer and guarantor.

Contract Specifications

The MSCI EAFE Index is a broad-based index, as defined in Exchange Rule 1000A. Options on the MSCI EAFE Index would be European-style and P.M. cash-settled.¹¹ The Exchange's standard trading hours for index options (9:30 a.m. to 4:15 p.m. E.T. (Philadelphia Time)), as set forth in Exchange Rules 101 and 1101A at Commentary .01, would apply to options on the MSCI EAFE Index. The expiration date for this index is the Saturday following the third Friday of the expiration month.

The Exchange also notes that the MSCI EAFE Index is a broad-based index as defined in Exchange Rule 1000A(b)(11).¹² In addition, the Exchange proposes to create specific listing and maintenance standards for options on the MSCI EAFE Index in Exchange Rule 1009A(h). Specifically, in proposed Rule 1009A(h)(i)(1) through (10) the Exchange proposes to require that the following conditions are satisfied: (1) The index is broad-based, as defined in Rule 1000A(b)(11); (2) Options on the index are designated as P.M.-settled index options; (3) The index is capitalization-weighted, price-

¹¹ See proposed Exchange Rule 1009A(h)(i)(2).

¹² See Exchange Rule 1000A(b)(11), which defines a broad-based index as an index designed to be representative of a stock market as a whole or of a range of companies in unrelated industries.

weighted, modified capitalization-weighted or equal dollar-weighted; (4) The index consists of 500 or more component securities; (5) All of the component securities of the index will have a market capitalization of greater than \$100 million; (6) No single component security accounts for more than fifteen percent (15%) of the weight of the index, and the five highest weighted component securities in the index do not, in the aggregate, account for more than fifty percent (50%) of the weight of the MSCI EAFE Index; (7) Non-U.S. component securities (stocks or ADRs) that are not subject to comprehensive surveillance agreements do not, in the aggregate, represent more than twenty percent (20%) of the weight of the index; (8) The current index value is widely disseminated at least once every fifteen (15) seconds by one or more major market data vendors during the time options on the index are traded on the Exchange; (9) The Exchange reasonably believes it has adequate system capacity to support the trading of options on the index, based on a calculation of the Exchange's current Independent System Capacity Advisor (ISCA) allocation and the number of new messages per second expected to be generated by options on such index; and (10) The Exchange has written surveillance procedures in place with respect to surveillance of trading of options on the index.

Additionally, the Exchange proposes to require the following maintenance requirements, as set forth in proposed Rule 1009A, for the MSCI EAFE Index options: (1) the conditions set forth in subparagraphs (h)(i)(1), (2), (3), (4), (7), (8), (9) and (10) must continue to be satisfied. The conditions set forth in subparagraphs (h)(i) (5) and (6), must be satisfied only as of the first day of January and July in each year; and (2) the total number of component securities in the index may not increase or decrease by more than

thirty-five percent (35%) from the number of component securities in the index at the time of its initial listing.

The Exchange believes that the modified initial listing requirements are appropriate for trading options on the MSCI EAFE Index for various reasons. The Exchange believes that a P.M. settlement¹³ is appropriate given the nature of this index, which encompasses multiple markets around the world.¹⁴ Specifically, the MSCI EAFE Index components open with the start of trading in Asia at 6:00 P.M. E.T. (prior day) and closes with the end of trading in Europe at 12:30 P.M. E.T. (the next day) as closing prices from Ireland are accounted for in the closing calculation. The closing index level value is distributed by MSCI between 2:00 and 2:30 P.M. E.T. each trading day.¹⁵ The index has a higher market capitalization requirement than other broad based indexes. The MSCI EAFE Index currently contains more than 900 components and no single component comprises more than 5% of the index, making it not easily subject to market manipulation. Therefore, because the MSCI EAFE Index has a large number of component securities, representative of many countries, and trades a large volume with respect to ETFs today,¹⁶ the Exchange believes that the initial listing requirements are appropriate to trade options on this index. In addition, similar to other broad based indexes, the Exchange proposes various maintenance requirements, which require continual compliance and periodic compliance.

¹³ The settlement value of a P.M. settled index option is based on closing prices of the component securities.

¹⁴ The Exchange's Gold/Silver SectorSM Index ("XAU") is a P.M. settled capitalization-weighted index.

¹⁵ NYSE Liffe futures based on the MSCI EAFE Index utilize these P.M. closing prices.

¹⁶ MSCI EAFE ETF is one of the top ten in the United States based on assets.

Exchange Rules that apply to the trading of options on broad-based indexes also would apply to options on the Full Value MSCI EAFE Index.¹⁷ The trading of these options also would be subject to, among others, Exchange Rules governing margin requirements and trading halt procedures for index options.¹⁸ The Exchange would apply the same position limits as exist today for broad-based index options, namely 25,000 contracts on the same side of the market for the MSCI EAFE Index option.¹⁹ All position limit hedge exemptions will apply. The Exchange proposes to apply existing index option margin requirements for the purchase and sale of options on the MSCI EAFE Index.²⁰ In addition, the Exchange proposes to amend Rule 1079(d)(1) to also note that with respect to FLEX options on the MSCI EAFE index, the same number of contracts, 25,000, would apply with respect to the position limit.

The Exchange proposes to set strike price intervals for these options at \$2.50 when the strike price of Full Value MSCI EAFE Index option is below \$200, and at least \$5.00 strike price intervals otherwise. The minimum tick size for series trading below \$3 would be \$0.05 and for series trading at or above \$3 would be \$0.10.²¹

Pursuant to Exchange Rule 1101A, the Exchange proposes to open at least one expiration month and one series for each class of index options open for trading on the

¹⁷ See generally Exchange Rules 1000A through 1108A (Rules Applicable to Trading Options on Indices) and Exchange Rules 1000 through 1094 (Rules Applicable to Trading of Options on Stocks, Exchange-Traded Fund Shares and Foreign Currencies).

¹⁸ See Exchange Rules 721 (Proper and Adequate Margin) and 1047A (Trading Rotations, Halts or Reopenings).

¹⁹ The exercise limits would also be 25,000 contracts as per Exchange Rule 1002A.

²⁰ See Exchange Rule 721.

²¹ See Exchange Rule 1034 and proposed rule 1101A.

Exchange.²² The Exchange may open additional series of index options to maintain an orderly market, to meet customer demand or when the market price of the underlying index moves more than five strike prices from the initial exercise price or prices. New series of options may be added until the beginning of the month in which the options contract will expire. Additionally, due to unusual market conditions, the Exchange, in its discretion, may add a new series of options on the index until five (5) business days prior to expiration. Also, the opening of a new series of options shall not affect the series of options of the same class previously opened.

Options on the MSCI EAFE Index would be subject to the same rules that presently govern all Exchange index options, including sales practice rules, margin requirements, trading rules, and position and exercise limits. Exchange Rules are designed to protect public customer trading. Specifically, Rule 1024 prohibits members and member organizations from accepting a customer order to purchase or write an option unless such customer's account has been approved in writing by a designated Options Principal of the Member.²³ Additionally, Exchange Rule 1026, regarding suitability, is designed to ensure that options are only sold to customers capable of evaluating and bearing the risks associated with trading in this instrument.²⁴ Further, Exchange Rule 1027 permits members and employees of member organizations to exercise discretionary power with respect to trading options in a customer's account only if the member or employee of a member organization has received prior written authorization from the customer and the

²² See Exchange Rule 1101A.

²³ See Exchange Rule 1024.

²⁴ See Exchange Rule 1026.

account had been accepted in writing by a designated Options Principal.²⁵ Finally, Exchange Rule 1025, Supervision of Accounts, Rule 1028, Confirmations, and Rule 1029, Delivery of Options Disclosure Documents, will also apply to trading in options on the MSCI EAFE Index.

Surveillance and Capacity

The Exchange represents that it has an adequate surveillance program in place for options on the MSCI EAFE Index and intends to apply those same procedures that it applies to the Exchange's other index options. Additionally, the Exchange is a member of the Intermarket Surveillance Group ("ISG") under the Intermarket Surveillance Group Agreement, dated June 20, 1994. The members of the ISG include all of the national securities exchanges. ISG members work together to coordinate surveillance and share information regarding the stock and options markets. In addition, the major futures exchanges are affiliated members of the ISG, which allows for the sharing of surveillance information for potential intermarket trading abuses. In addition, the Exchange is an affiliate member of the International Organization of Securities Commissions ("IOSCO"). IOSCO has members from over 100 different countries. Each of the countries from which there is a component security in the MSCI EAFE Index is a member of IOSCO. These members regulate more than 90 percent of the world's securities markets. Additionally, the Exchange has entered into various Information Sharing Agreements and/or Memoranda of Understandings with various stock exchanges. Given the capitalization of this index and the deep and liquid markets for the securities

²⁵ See Exchange Rule 1027. Further, this Rule states that discretionary accounts shall receive frequent review by a Registered Options Principal qualified person specifically delegated such responsibilities under Rule 1025, who is not exercising the discretionary authority.

underlying the MSCI EAFE Index, the concerns for market manipulation and/or disruption in the underlying markets are greatly reduced. The MSCI EAFE ETF is one of the top ten in the United States based on assets and trades a large volume with respect to ETFs today.

The Exchange also represents that it has the necessary systems capacity to support the new options series that would result from the introduction of options on the Full Value MSCI EAFE Index, including LEAPS on the Full Value MSCI EAFE Index.

Finally, the Exchange proposes to add a new Rule 1109A entitled “MSCI EAFE Index” to provide additional detailed information pertaining to the index as required by the licensor, including but not limited to, liability and other representations on the part of MSCI Inc.

b. Statutory Basis

The Exchange believes that its proposal is consistent with Section 6(b) of the Act²⁶ in general, and furthers the objectives of Section 6(b)(5) of the Act²⁷ in particular, in that it will permit trading in options on Full Value MSCI EAFE Index pursuant to rules designed to prevent fraudulent and manipulative acts and practices to protect investor and the public interest, and to promote just and equitable principles of trade.

The Exchange believes that because the MSCI EAFE Index currently contains more than 900 components and no single component comprises more than 5% of the index, it is not easily subject to market manipulation. Given the capitalization of this index and the deep and liquid markets for the securities underlying the MSCI EAFE

²⁶ 15 U.S.C. 78f(b).

²⁷ 15 U.S.C. 78f(b)(5).

Index, the concerns for market manipulation and/or disruption in the underlying markets are greatly reduced. The MSCI EAFE ETF trades a large volume with respect to ETFs today.²⁸ Therefore, because the MSCI EAFE Index has a large number of component securities, representative of many countries, and trades a large volume with respect to ETFs today, the Exchange believes that the initial listing requirements are appropriate to trade options on this index. In addition, similar to other broad based indexes, the Exchange proposes various maintenance requirements, which require continual compliance and periodic compliance.

Exchange Rules that apply to the trading of options on broad-based indexes also would apply to options on the Full Value MSCI EAFE Index.²⁹ The trading of these options also would be subject to, among others, Exchange Rules governing margin requirements and trading halt procedures for index options.³⁰ The Exchange would apply the same position limits as exist today for broad-based index options, namely 25,000 contracts on the same side of the market for the MSCI EAFE Index option.³¹ All position limit hedge exemptions will apply. The Exchange proposes to apply existing index option margin requirements for the purchase and sale of options on the MSCI EAFE Index.³² In addition, the Exchange proposes to amend Rule 1079(d)(1) to also note that

²⁸ The MSCI EAFE ETF is one of the top ten in the United States based on assets.

²⁹ See generally Exchange Rules 1000A through 1108A (Rules Applicable to Trading Options on Indices) and Exchange Rules 1000 through 1094 (Rules Applicable to Trading of Options on Stocks, Exchange-Traded Fund Shares and Foreign Currencies).

³⁰ See Exchange Rules 721 (Proper and Adequate Margin) and 1047A (Trading Rotations, Halts or Reopenings).

³¹ The exercise limits would also be 25,000 contracts as per Exchange Rule 1002A.

³² See Exchange Rule 721.

with respect to FLEX options on the MSCI EAFE index, the same number of contracts, 25,000, would apply with respect to the position limit.

The Exchange represents that it has an adequate surveillance program in place for options on the MSCI EAFE Index. The Exchange also represents that it has the necessary systems capacity to support the new options series. As stated in the filing, the Exchange has rules in place designed to protect public customer trading.

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.

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 for Commission action.

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

Not applicable.

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

The proposed rule change is not based on the rules of another self-regulatory organization or of the Commission.

9. Exhibits

1. Notice of proposed rule for publication in the Federal Register.
3. Contract Specifications.
5. Proposed Rule Text.

Exhibit 1

SECURITIES AND EXCHANGE COMMISSION
(Release No. _____ ; File No. SR-Phlx-2012-28)

Self-Regulatory Organizations; Notice of Filing of Proposed Rule Change by NASDAQ OMX PHLX LLC Relating to the MSCI EAFE Index

Pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 (“Act”)¹, and Rule 19b-4² thereunder, notice is hereby given that on March 1, 2012, NASDAQ OMX 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 Exchange Rules 1079, 1009A and 1101A to list and trade new options on the MSCI EAFE Index based upon the Full Value MSCI EAFE Index (“Full Value MSCI EAFE Index”).³

The Exchange also proposes to create a new Rule 1109A entitled “MSCI EAFE Index” which provides additional detailed information pertaining to the index as required by the licensor.

¹ 15 U.S.C. 78s(b)(1).

² 17 CFR 240.19b-4.

³ The Exchange has entered into a license agreement with MSCI Inc. (“MSCI”) to list this product.

The text of the proposed rule change is available on the Exchange's Website at <http://www.nasdaqtrader.com/micro.aspx?id=PHLXRulefilings>, at the principal office of the Exchange, 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 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 Exchange Rules 1079 (FLEX Index, Equity and Currency Options), 1009A (Designation of the Index) and 1101A (Terms of Option Contracts) to list and trade P.M. cash-settled, European-style options, including FLEX⁴ options and LEAPS,⁵ on the MSCI EAFE (Europe, Australasia, and the Far East) Index. Specifically, the Exchange proposes to list and

⁴ FLEX options are flexible exchange-traded index, equity, or currency option contracts that provide investors the ability to customize basic option features including size, expiration date, exercise style, and certain exercise prices. FLEX index options may have expiration dates within five years. See Exchange Rules 1079 and 1101A.

⁵ LEAPS or Long Term Equity Anticipation Securities are long term options that generally expire from twelve to thirty-nine months from the time they are listed.

trade long-term options on the Full Value MSCI EAFE Index (“MSCI EAFE LEAPS”).⁶ The Exchange also proposes to create a new Rule 1109A entitled “MSCI EAFE Index” which provides additional detailed information pertaining to the index as required by the licensor including, but not limited to, liability and other representations on the part of MSCI Inc.

The MSCI EAFE Index is a free float-adjusted market capitalization index⁷ that is designed to measure the equity market performance of developed markets, excluding the U.S. and Canada. The MSCI EAFE Index consists of component securities from the following twenty-two (22) developed market countries: Australia, Austria, Belgium, Denmark, Finland, France, Germany, Greece, Hong Kong, Ireland, Israel, Italy, Japan, the Netherlands, New Zealand, Norway, Portugal, Singapore, Spain, Sweden, Switzerland, and the United Kingdom.

Index Design and Composition

The MSCI EAFE Index is designed to measure international equity performance. It consists of component securities from countries that represent developed markets outside of North America: Europe, Australasia and the Far East. The Index is maintained by MSCI.⁸ The Index was launched on December 31, 1969.

⁶ The MSCI EAFE ETF is one of the top ten in the United States based on assets and trades a large volume with respect to ETFs today.

⁷ The free float adjusted market capitalization is used to calculate the weights of the securities in the indices. MSCI defines the free float of a security as the proportion of shares outstanding that is deemed to be available for purchase in the public equity markets by international investors.

⁸ MSCI is a provider of investment decision support tools.

The MSCI EAFE Index is reviewed on a semi-annual basis. The index review is based on MSCI's Global Investable Markets Indices Methodology. A description of the methodology is available at

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The MSCI EAFE Index consists of large and midcap components from countries classified by MSCI as developed and excludes North America.

Index Calculation and Index Maintenance

The base index value of the MSCI EAFE Index was 100, as of December 31, 1969. On June 1, 2011, the index value of the MSCI EAFE Index was 1727.187. The MSCI EAFE Index is calculated in U.S. Dollars on a real time basis from the open of the first market on which the components are traded to the closing of the last market on which the components are traded. The methodology used to calculate the value of the MSCI EAFE Index is similar to the methodology used to calculate the value of other well-known market-capitalization weighted indexes.⁹ The level of the MSCI EAFE Index reflects the free float-adjusted market value of the component stocks relative to a particular base date and is computed by dividing the total market value of the companies in the MSCI EAFE index by the index divisor.¹⁰

⁹ Additional information about the methodology for calculating the MSCI EAFE Index can be found at:

http://www.msci.com/eqb/methodology/meth_docs/MSCI_May11_GIMIMethod.pdf.

¹⁰ A divisor is an arbitrary number chosen at the starting date of an index to fix the index starting value. The divisor is adjusted periodically when capitalization amendments are made to the constituents of the index in order to allow the index value to remain comparable over time. Without a divisor the index value would change when corporate actions took place and would not reflect the true value of an underlying portfolio based upon the index.

Static data is distributed daily to clients through MSCI as well as through major quotation vendors, including Bloomberg L.P. (“Bloomberg”), FactSet Research Systems, Inc. (“FactSet”) and Thomson Reuters (“Reuters”). Real time data is distributed at least every 15 seconds using MSCI’s real-time calculation engine to Reuters, Bloomberg, SIX Telekurs and FactSet.

The MSCI EAFE Index is monitored and maintained by MSCI. Adjustments to the MSCI EAFE Index are made on a daily basis with respect to corporate events and dividends. The MSCI EAFE Index is generally updated on a quarterly basis in February, May, August and November of each year to reflect amendments to shares outstanding and free float and full index reviews are conducted on a semi-annual basis in May and November of each year for purposes of rebalancing the index.

Exercise and Settlement Value

The settlement value for expiring options on the MSCI EAFE Index would be based on the closing prices of the component stocks on the last trading day prior to expiration, usually a Friday. The last trading day for expiring contracts is the last business day prior to expiration, usually the third Friday of the expiration month. The index multiplier is \$100. The Options Clearing Corporation would be the issuer and guarantor.

Contract Specifications

The MSCI EAFE Index is a broad-based index, as defined in Exchange Rule 1000A. Options on the MSCI EAFE Index would be European-style and P.M. cash-settled.¹¹ The Exchange’s standard trading hours for index options (9:30 a.m. to 4:15 p.m. E.T. (Philadelphia Time)), as set forth in Exchange Rules 101 and 1101A at

¹¹ See proposed Exchange Rule 1009A(h)(i)(2).

Commentary .01, would apply to options on the MSCI EAFE Index. The expiration date for this index is the Saturday following the third Friday of the expiration month.

The Exchange also notes that the MSCI EAFE Index is a broad-based index as defined in Exchange Rule 1000A(b)(11).¹² In addition, the Exchange proposes to create specific listing and maintenance standards for options on the MSCI EAFE Index in Exchange Rule 1009A(h). Specifically, in proposed Rule 1009A(h)(i)(1) through (10) the Exchange proposes to require that the following conditions are satisfied: (1) The index is broad-based, as defined in Rule 1000A(b)(11); (2) Options on the index are designated as P.M.-settled index options; (3) The index is capitalization-weighted, price-weighted, modified capitalization-weighted or equal dollar-weighted; (4) The index consists of 500 or more component securities; (5) All of the component securities of the index will have a market capitalization of greater than \$100 million; (6) No single component security accounts for more than fifteen percent (15%) of the weight of the index, and the five highest weighted component securities in the index do not, in the aggregate, account for more than fifty percent (50%) of the weight of the MSCI EAFE Index; (7) Non-U.S. component securities (stocks or ADRs) that are not subject to comprehensive surveillance agreements do not, in the aggregate, represent more than twenty percent (20%) of the weight of the index; (8) The current index value is widely disseminated at least once every fifteen (15) seconds by one or more major market data vendors during the time options on the index are traded on the Exchange; (9) The Exchange reasonably believes it has adequate system capacity to support the trading of

¹² See Exchange Rule 1000A(b)(11), which defines a broad-based index as an index designed to be representative of a stock market as a whole or of a range of companies in unrelated industries.

options on the index, based on a calculation of the Exchange's current Independent System Capacity Advisor (ISCA) allocation and the number of new messages per second expected to be generated by options on such index; and (10) The Exchange has written surveillance procedures in place with respect to surveillance of trading of options on the index.

Additionally, the Exchange proposes to require the following maintenance requirements, as set forth in proposed Rule 1009A, for the MSCI EAFE Index options: (1) the conditions set forth in subparagraphs (h)(i)(1), (2), (3), (4), (7), (8), (9) and (10) must continue to be satisfied. The conditions set forth in subparagraphs (h)(i) (5) and (6), must be satisfied only as of the first day of January and July in each year; and (2) the total number of component securities in the index may not increase or decrease by more than thirty-five percent (35%) from the number of component securities in the index at the time of its initial listing.

The Exchange believes that the modified initial listing requirements are appropriate for trading options on the MSCI EAFE Index for various reasons. The Exchange believes that a P.M. settlement¹³ is appropriate given the nature of this index, which encompasses multiple markets around the world.¹⁴ Specifically, the MSCI EAFE Index components open with the start of trading in Asia at 6:00 P.M. E.T. (prior day) and closes with the end of trading in Europe at 12:30 P.M. E.T. (the next day) as closing prices from Ireland are accounted for in the closing calculation. The closing index level

¹³ The settlement value of a P.M. settled index option is based on closing prices of the component securities.

¹⁴ The Exchange's Gold/Silver SectorSM Index ("XAU") is a P.M. settled capitalization-weighted index.

value is distributed by MSCI between 2:00 and 2:30 P.M. E.T. each trading day.¹⁵ The index has a higher market capitalization requirement than other broad based indexes. The MSCI EAFE Index currently contains more than 900 components and no single component comprises more than 5% of the index, making it not easily subject to market manipulation. Therefore, because the MSCI EAFE Index has a large number of component securities, representative of many countries, and trades a large volume with respect to ETFs today,¹⁶ the Exchange believes that the initial listing requirements are appropriate to trade options on this index. In addition, similar to other broad based indexes, the Exchange proposes various maintenance requirements, which require continual compliance and periodic compliance.

Exchange Rules that apply to the trading of options on broad-based indexes also would apply to options on the Full Value MSCI EAFE Index.¹⁷ The trading of these options also would be subject to, among others, Exchange Rules governing margin requirements and trading halt procedures for index options.¹⁸ The Exchange would apply the same position limits as exist today for broad-based index options, namely 25,000 contracts on the same side of the market for the MSCI EAFE Index option.¹⁹ All position limit hedge exemptions will apply. The Exchange proposes to apply existing index

¹⁵ NYSE Liffe futures based on the MSCI EAFE Index utilize these P.M. closing prices.

¹⁶ MSCI EAFE ETF is one of the top ten in the United States based on assets.

¹⁷ See generally Exchange Rules 1000A through 1108A (Rules Applicable to Trading Options on Indices) and Exchange Rules 1000 through 1094 (Rules Applicable to Trading of Options on Stocks, Exchange-Traded Fund Shares and Foreign Currencies).

¹⁸ See Exchange Rules 721 (Proper and Adequate Margin) and 1047A (Trading Rotations, Halts or Reopenings).

¹⁹ The exercise limits would also be 25,000 contracts as per Exchange Rule 1002A.

option margin requirements for the purchase and sale of options on the MSCI EAFE Index.²⁰ In addition, the Exchange proposes to amend Rule 1079(d)(1) to also note that with respect to FLEX options on the MSCI EAFE index, the same number of contracts, 25,000, would apply with respect to the position limit.

The Exchange proposes to set strike price intervals for these options at \$2.50 when the strike price of Full Value MSCI EAFE Index option is below \$200, and at least \$5.00 strike price intervals otherwise. The minimum tick size for series trading below \$3 would be \$0.05 and for series trading at or above \$3 would be \$0.10.²¹

Pursuant to Exchange Rule 1101A, the Exchange proposes to open at least one expiration month and one series for each class of index options open for trading on the Exchange.²² The Exchange may open additional series of index options to maintain an orderly market, to meet customer demand or when the market price of the underlying index moves more than five strike prices from the initial exercise price or prices. New series of options may be added until the beginning of the month in which the options contract will expire. Additionally, due to unusual market conditions, the Exchange, in its discretion, may add a new series of options on the index until five (5) business days prior to expiration. Also, the opening of a new series of options shall not affect the series of options of the same class previously opened.

Options on the MSCI EAFE Index would be subject to the same rules that presently govern all Exchange index options, including sales practice rules, margin requirements,

²⁰ See Exchange Rule 721.

²¹ See Exchange Rule 1034 and proposed rule 1101A.

²² See Exchange Rule 1101A.

trading rules, and position and exercise limits. Exchange Rules are designed to protect public customer trading. Specifically, Rule 1024 prohibits members and member organizations from accepting a customer order to purchase or write an option unless such customer's account has been approved in writing by a designated Options Principal of the Member.²³ Additionally, Exchange Rule 1026, regarding suitability, is designed to ensure that options are only sold to customers capable of evaluating and bearing the risks associated with trading in this instrument.²⁴ Further, Exchange Rule 1027 permits members and employees of member organizations to exercise discretionary power with respect to trading options in a customer's account only if the member or employee of a member organization has received prior written authorization from the customer and the account had been accepted in writing by a designated Options Principal.²⁵ Finally, Exchange Rule 1025, Supervision of Accounts, Rule 1028, Confirmations, and Rule 1029, Delivery of Options Disclosure Documents, will also apply to trading in options on the MSCI EAFE Index.

Surveillance and Capacity

The Exchange represents that it has an adequate surveillance program in place for options on the MSCI EAFE Index and intends to apply those same procedures that it applies to the Exchange's other index options. Additionally, the Exchange is a member of the Intermarket Surveillance Group ("ISG") under the Intermarket Surveillance Group

²³ See Exchange Rule 1024.

²⁴ See Exchange Rule 1026.

²⁵ See Exchange Rule 1027. Further, this Rule states that discretionary accounts shall receive frequent review by a Registered Options Principal qualified person specifically delegated such responsibilities under Rule 1025, who is not exercising the discretionary authority.

Agreement, dated June 20, 1994. The members of the ISG include all of the national securities exchanges. ISG members work together to coordinate surveillance and share information regarding the stock and options markets. In addition, the major futures exchanges are affiliated members of the ISG, which allows for the sharing of surveillance information for potential intermarket trading abuses. In addition, the Exchange is an affiliate member of the International Organization of Securities Commissions (“IOSCO”). IOSCO has members from over 100 different countries. Each of the countries from which there is a component security in the MSCI EAFE Index is a member of IOSCO. These members regulate more than 90 percent of the world's securities markets. Additionally, the Exchange has entered into various Information Sharing Agreements and/or Memoranda of Understandings with various stock exchanges. Given the capitalization of this index and the deep and liquid markets for the securities underlying the MSCI EAFE Index, the concerns for market manipulation and/or disruption in the underlying markets are greatly reduced. The MSCI EAFE ETF is one of the top ten in the United States based on assets and trades a large volume with respect to ETFs today.

The Exchange also represents that it has the necessary systems capacity to support the new options series that would result from the introduction of options on the Full Value MSCI EAFE Index, including LEAPS on the Full Value MSCI EAFE Index.

Finally, the Exchange proposes to add a new Rule 1109A entitled “MSCI EAFE Index” to provide additional detailed information pertaining to the index as required by the licensor, including but not limited to, liability and other representations on the part of MSCI Inc.

2. Statutory Basis

The Exchange believes that its proposal is consistent with Section 6(b) of the Act²⁶ in general, and furthers the objectives of Section 6(b)(5) of the Act²⁷ in particular, in that it will permit trading in options on Full Value MSCI EAFE Index pursuant to rules designed to prevent fraudulent and manipulative acts and practices to protect investor and the public interest, and to promote just and equitable principles of trade.

The Exchange believes that because the MSCI EAFE Index currently contains more than 900 components and no single component comprises more than 5% of the index, it is not easily subject to market manipulation. Given the capitalization of this index and the deep and liquid markets for the securities underlying the MSCI EAFE Index, the concerns for market manipulation and/or disruption in the underlying markets are greatly reduced. The MSCI EAFE ETF trades a large volume with respect to ETFs today.²⁸ Therefore, because the MSCI EAFE Index has a large number of component securities, representative of many countries, and trades a large volume with respect to ETFs today, the Exchange believes that the initial listing requirements are appropriate to trade options on this index. In addition, similar to other broad based indexes, the Exchange proposes various maintenance requirements, which require continual compliance and periodic compliance.

²⁶ 15 U.S.C. 78f(b).

²⁷ 15 U.S.C. 78f(b)(5).

²⁸ The MSCI EAFE ETF is one of the top ten in the United States based on assets.

Exchange Rules that apply to the trading of options on broad-based indexes also would apply to options on the Full Value MSCI EAFE Index.²⁹ The trading of these options also would be subject to, among others, Exchange Rules governing margin requirements and trading halt procedures for index options.³⁰ The Exchange would apply the same position limits as exist today for broad-based index options, namely 25,000 contracts on the same side of the market for the MSCI EAFE Index option.³¹ All position limit hedge exemptions will apply. The Exchange proposes to apply existing index option margin requirements for the purchase and sale of options on the MSCI EAFE Index.³² In addition, the Exchange proposes to amend Rule 1079(d)(1) to also note that with respect to FLEX options on the MSCI EAFE index, the same number of contracts, 25,000, would apply with respect to the position limit.

The Exchange represents that it has an adequate surveillance program in place for options on the MSCI EAFE Index. The Exchange also represents that it has the necessary systems capacity to support the new options series. As stated in the filing, the Exchange has rules in place designed to protect public customer trading.

²⁹ See generally Exchange Rules 1000A through 1108A (Rules Applicable to Trading Options on Indices) and Exchange Rules 1000 through 1094 (Rules Applicable to Trading of Options on Stocks, Exchange-Traded Fund Shares and Foreign Currencies).

³⁰ See Exchange Rules 721 (Proper and Adequate Margin) and 1047A (Trading Rotations, Halts or Reopenings).

³¹ The exercise limits would also be 25,000 contracts as per Exchange Rule 1002A.

³² See Exchange Rule 721.

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.

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

Within 45 days of the date of publication of this notice in the Federal Register or within such longer period (i) as the Commission may designate up to 90 days of such date if it finds such longer period to be appropriate and publishes its reasons for so finding or (ii) as to which the Exchange consents, the Commission shall: (a) by order approve or disapprove such proposed rule change, or (b) institute proceedings to determine whether the proposed rule change should be 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-2012-28 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-2012-28. This file number should be included on the subject line if e-mail is used. To help the Commission process and review your comments more efficiently, please use only one method. The Commission will post all comments on the Commission's Internet Web site

(<http://www.sec.gov/rules/sro.shtml>).

Copies of the submission, all subsequent amendments, all written statements with respect to the proposed rule change that are filed with the Commission, and all written communications relating to the proposed rule change between the Commission and any person, other than those that may be withheld from the public in accordance with the provisions of 5 U.S.C. 552, will be available for website viewing and printing in the Commission's Public Reference Room, 100 F Street, NE, Washington, DC 20549, on official business days between the hours of 10:00 a.m. and 3:00 p.m. Copies of the filing also will be available for inspection and copying at the principal office of the Exchange. All comments received will be posted without change; the Commission does not edit personal identifying information from submissions. You should submit only information that you wish to make available publicly.

All submissions should refer to File Number SR-Phlx-2012-28 and should be submitted on or before [insert date 21 days from publication in the Federal Register].

For the Commission, by the Division of Trading and Markets, pursuant to delegated authority.³³

Kevin M. O'Neill
Deputy Secretary

³³ 17 CFR 200.30-3(a)(12).

Exhibit 3

Contract Specifications for MSCI EAFE Index

Description: The MSCI EAFE Index (Europe, Australasia, Far East) is a free float-adjusted market capitalization index that is designed to measure the equity market performance of developed markets, excluding the US & Canada. The MSCI EAFE Index consists of the following 22 developed market country indices: Australia, Austria, Belgium, Denmark, Finland, France, Germany, Greece, Hong Kong, Ireland, Israel, Italy, Japan, the Netherlands, New Zealand, Norway, Portugal, Singapore, Spain, Sweden, Switzerland, and the United Kingdom.

Trading Symbol: EAFEQ

Settlement Value Symbol: EAW

CUSIP Number: TBD

Exercise Style: European – may be exercised only on the last business day before expiration

Expiration Date: Saturday following the third Friday of the expiration month.

Contract Listings: The exchange shall open a minimum of one expiration month and series for each class of index options. Additional series may be opened to meet customer demand or track the market price of the underlying index.

Settlement: Cash

Settlement Value for Expiring Contracts: Based on the *closing* prices of the component stocks on the last trading day prior to expiration (usually a Friday).

Last Trading Day for Expiring Contracts: The last business day (usually a Friday) preceding the expiration date.

Index Multiplier: \$100 (i.e., 1 contract = index value x 100)

Exercise (Strike) Price Intervals: The Exchange shall determine fixed-point intervals of exercise prices for index options. Generally, the exercise (strike) price interval shall be no less than \$5; provided, that the Exchange may determine to list strike price at no less than \$2.50 intervals on certain indexes listed in PHLX Rule 1101A.

Premium Quotation: One point = \$100. Thus a premium quote of 2.00 is \$200. The minimum change in a premium under 3 is \$5.00 and the minimum change in a premium of 3 or greater is \$10.00

Position Limits: 25,000 contracts on the same side of the market.

Trading Hours: 9:30 a.m. to 4:15 p.m. Eastern Time

Issuer and Guarantor: The Options Clearing Corporation (OCC)

Exhibit 5

New text is underlined; deleted text is in brackets.

Rules Applicable to Trading of Options on Stocks, Exchange-Traded Fund Shares and Foreign Currencies (Rules 1000—1094)

* * * * *

Rule 1079. FLEX Index, Equity and Currency Options

A Requesting Member shall obtain quotes and execute trades in certain non-listed FLEX options at the specialist post of the non-FLEX option on the Exchange. The term "FLEX option" means a FLEX option contract that is traded subject to this Rule. Although FLEX options are generally subject to the Rules in this section, to the extent that the provisions of this Rule are inconsistent with other applicable Exchange Rules, this Rule takes precedence with respect to FLEX options.

(a) –(c) No Change

(d) Position Limits.

(1) FLEX index options shall be subject to a separate position limit of 200,000 contracts on the same side of the market respecting market index options; 36,000, 48,000, or 60,000 contracts respecting industry index options, depending on the position limit tier determined pursuant to Rule 1001A(b)(i); the same number of contracts respecting Alpha Index options that would apply to such Alpha Index options if they were not FLEX; [and] the same number of contracts respecting MSCI EM Index options that would apply to such MSCI EM Index options if they were not FLEX; and the same number of contracts respecting MSCI EAFE Index options that would apply to such MSCI EAFE Index options if they were not FLEX. Reduced value or mini-size FLEX index option contracts shall be aggregated with full value or full-size FLEX index option contracts and counted by the amount by which they equal a full value contract (e.g. ten (10) one tenth (1/10th) value contracts equal one (1) full value contract). Positions in P.M.-settled FLEX index options shall be aggregated with positions in quarterly expiring options listed pursuant to Rule 1101A(b)(iv) on the same underlying index, if the FLEX index option expires at the close of trading on or within two business days of the last day of trading in each calendar quarter. However, except as provided in subsection (4) of this section (d), positions in FLEX index options shall otherwise not be taken into account when calculating position limits for non-FLEX index options. There shall be no position limits for full value options on the Russell 2000® Index ("Full Value Russell 2000® Options") and for one tenth (1/10th) value options on the Russell 2000® Index ("Reduced Value Russell 2000® Options"). There shall be no position limits for full value options on the Nasdaq 100 Index ("Full Value Nasdaq 100 Options") and for the reduced value options on the Nasdaq 100 Index ("Reduced Value Nasdaq 100 Options"). Options on the Full Value and Reduced Value Russell Indexes for the following products (collectively "Russell U.S. Indexes"): Russell 3000® Index, Russell 3000® Value Index, Russell 3000® Growth Index, Russell 2500™ Index, Russell 2500™ Value Index, Russell 2500™

Growth Index, Russell 2000[®] Value Index, Russell 2000[®] Growth Index, Russell 1000[®] Index, Russell 1000[®] Value Index, Russell 1000[®] Growth Index, Russell Top 200[®] Index, Russell Top 200[®] Value Index, Russell Top 200[®] Growth Index, Russell MidCap[®] Index, Russell MidCap[®] Value Index, Russell MidCap[®] Growth Index, Russell Small Cap Completeness[®] Index, Russell Small Cap Completeness[®] Value Index and Russell Small Cap Completeness[®] Growth Index, are subject to an aggregate position limit of 50,000 contracts on the same side of the market, provided that no more than 30,000 of such contracts are in the nearest expiration month series.

- (2) FLEX equity options shall not be subject to a separate FLEX position limit. Except as provided in subsection (4) of this section (d), positions in FLEX equity options shall not be taken into account when calculating position limits for non-FLEX equity options, or FLEX or non-FLEX index options.

However, each member or member organization (other than a Specialist or ROT) that maintains a position on the same side of the market in excess of the standard limit under Rule 1001 for non-FLEX equity options of the same class on behalf of its own account or for the account of a customer shall report information on the FLEX equity option position, positions in any related instrument, the purpose or strategy for the position and the collateral used by the account. This report shall be in the form and manner prescribed by the Exchange. In addition, whenever the Exchange determines that a higher margin requirement is necessary in light of the risks associated with a FLEX equity option position in excess of the standard limit for non-FLEX equity options of the same class, the Exchange may consider imposing additional margin upon the account maintaining such under-hedged position. Additionally, it should be noted that the clearing firm carrying the account will be subject to capital charges under SEC rule 15c3-1 to the extent of any margin deficiency resulting from the higher margin requirement.

- (3) Positions in FLEX currency options will be aggregated with positions in non-FLEX U.S. dollar-settled foreign currency option contracts for purposes of determining compliance with the position limits established by Rule 1001.
- (4) As long as the options positions remain open, positions in FLEX index options that expire on a third Friday-of-the-month shall be aggregated with positions in non-FLEX index options on the same underlying security ("comparable non-FLEX index options"), positions in FLEX equity options that expire on a third Friday-of-the-month shall be aggregated with positions in non-FLEX equity options on the same underlying security ("comparable non-FLEX equity options"), and shall be subject to the position and exercise limits set forth in this Rule 1079, and 1001, 1002, 1001A, and 1002A, as applicable.

(e) – (f) No Change

••• *Commentary:* -----

No Change

* * * * *

Rules Applicable to Trading of Options on Indices (Rules 1000A—110[8]9A)

* * * * *

Rule 1009A. Designation of the Index

(a) – (g) No Change

(h) MSCI EAFE Index(i) The Exchange may trade options on the MSCI EAFE Index if each of the following conditions is satisfied:

- (1) The index is broad-based, as defined in Rule 1000A(b)(11);
- (2) Options on the index are designated as P.M.-settled index options;
- (3) The index is capitalization-weighted, price-weighted, modified capitalization-weighted or equal dollar-weighted;
- (4) The index consists of 500 or more component securities;
- (5) All of the component securities of the index will have a market capitalization of greater than \$100 million;
- (6) No single component security accounts for more than fifteen percent (15%) of the weight of the index, and the five highest weighted component securities in the index do not, in the aggregate, account for more than fifty percent (50%) of the weight of the MSCI EAFE Index;
- (7) Non-U.S. component securities (stocks or ADRs) that are not subject to comprehensive surveillance agreements do not, in the aggregate, represent more than twenty percent (20%) of the weight of the index;
- (8) The current index value is widely disseminated at least once every fifteen (15) seconds by one or more major market data vendors during the time options on the index are traded on the Exchange;
- (9) The Exchange reasonably believes it has adequate system capacity to support the trading of options on the index, based on a calculation of the Exchange's current Independent System Capacity Advisor (ISCA) allocation and the number of new messages per second expected to be generated by options on such index; and
- (10) The Exchange has written surveillance procedures in place with respect to surveillance of trading of options on the index.

(ii) The following maintenance listing standards shall apply to each class of index options originally listed pursuant to paragraph (h).

(1) The conditions set forth in subparagraphs (h)(i) (1), (2), (3), (4), (7) (8), (9) and (10) must continue to be satisfied. The conditions set forth in subparagraphs (h)(i) (5) and (6) must be satisfied only as of the first day of January and July in each year;

(2) The total number of component securities in the index may not increase or decrease by more than thirty-five percent (35%) from the number of component securities in the index at the time of its initial listing.

In the event a class of index options listed on the Exchange fails to satisfy the maintenance listing standards set forth herein, the Exchange shall not open for trading any additional series of options of that class unless the continued listing of that class of index options has been approved by the Commission under Section 19(b)(2) of the Exchange Act.

* * * * *

Rule 1101A. Terms of Option Contracts

(a) The Exchange shall determine fixed point intervals of exercise prices for index options (options on indexes). Generally, except as provided in Commentary .04 below, the exercise (strike) price intervals will be no less than \$5, provided that the Exchange may determine to list strike prices at no less than \$2.50 intervals for options on the following indexes (which may also be known as sector indexes):

(i) PHLX Computer Box Maker Index, if the strike price is less than \$200,

(ii) PHLX Defense Index, if the strike price is less than \$200,

(iii) PHLX Drug Index, if the strike price is less than \$200,

(iv) PHLX Europe Index, if the strike price is less than \$200,

(v) PHLX Gold/Silver Index, if the strike price is less than \$200,

(vi) PHLX Housing Index, if the strike price is less than \$200,

(vii) PHLX Oil Service Index, if the strike price is less than \$200,

(viii) PHLX Semiconductor Index, if the strike price is less than \$200,

(ix) PHLX Utility Index, if the strike price is less than \$200,

(x) PHLX World Energy Index, if the strike price is less than \$200,

(xi) SIG Investment Managers IndexTM, if the strike price is less than \$200,

- (xii) SIG Cable, Media & Entertainment IndexTM, if the strike price is less than \$200,
- (xiii) SIG Casino Gaming IndexTM, if the strike price is less than \$200,
- (xiv) SIG Semiconductor Equipment IndexTM, if the strike price is less than \$200,
- (xv) SIG Semiconductor Device IndexTM, if the strike price is less than \$200,
- (xvi) SIG Specialty Retail IndexTM, if the strike price is less than \$200,
- (xvii) SIG Steel Producers IndexTM, if the strike price is less than \$200,
- (xviii) SIG Footwear & Athletic IndexTM, if the strike price is less than \$200,
- (xix) SIG Education IndexTM, if the strike price is less than \$200,
- (xx) SIG Restaurant IndexTM, if the strike price is less than \$200,
- (xxi) SIG Coal Producers IndexTM, if the strike price is less than \$200,
- (xxii) SIG Oil Exploration & Production IndexTM, if the strike price is less than \$200,
- (xxiii) PHLX/KBW Bank Index, if the strike price is less than \$200,
- (xxiv) KBW Capital Markets Index, if the strike price is less than \$200,
- (xxv) KBW Insurance Index, if the strike price is less than \$200,
- (xxvi) KBW Mortgage Finance Index, if the strike price is less than \$200,
- (xxvii) KBW Regional Banking Index, if the strike price is less than \$200,
- (xxviii) TheStreet.com Internet Sector, if the strike price is less than \$200,
- (xxix) Wellspring Bioclinical Trials IndexTM, if the strike price is less than \$200,
- (xxx) Hapoalim American Israeli Index or Hapoalim Index, if the strike price is less than \$200,
- (xxxi) Russell 2000® Index, if the strike price is less than \$200,
- (xxxii) Reduced Value Russell 2000® Index, if the strike price is less than \$200,
- (xxxiii) NASDAQ China IndexSM, if the strike price is less than \$200,
- (xxxiv) SIG Energy MLP IndexTM, if the strike price is less than \$200,

- (xxxv) SIG KCI Coal Index (SCP)TM, if the strike price is less than \$200,
- (xxxvi) NASDAQ Internet IndexSM (QNET), if the strike price is less than \$200,
- (xxxvii) Reduced Value Nasdaq 100® Index (Reduced Value Nasdaq 100® Options),
- (xxxviii) Reduced value long term options, also known as LEAPS;
- (xxxix) Russell 3000® Index, if the strike price is less than \$200;
- (xl) Russell 3000® Value Index, if the strike price is less than \$200;
- (xli) Russell 3000® Growth Index, if the strike price is less than \$200;
- (xlii) Russell 2500TM Index, if the strike price is less than \$200;
- (xliii) Russell 2500TM Value Index, if the strike price is less than \$200;
- (xliv) Russell 2500TM Growth Index, if the strike price is less than \$200;
- (xlv) Russell 2000® Value Index, if the strike price is less than \$200;
- (xlvi) Russell 2000® Growth Index, if the strike price is less than \$200;
- (xlvii) Russell 1000® Index , if the strike price is less than \$200;
- (xlviii) Russell 1000® Value Index , if the strike price is less than \$200;
- (xlix) Russell 1000® Growth Index, if the strike price is less than \$200;
- (l) Russell Top 200® Index , if the strike price is less than \$200;
- (li) Russell Top 200® Value Index , if the strike price is less than \$200;
- (lii) Russell Top 200® Growth Index , if the strike price is less than \$200;
- (liii) Russell MidCap® Index , if the strike price is less than \$200;
- (liv) Russell MidCap® Value Index , if the strike price is less than \$200;
- (lv) Russell MidCap® Growth Index, if the strike price is less than \$200;
- (lvi) Russell Small Cap Completeness® Index , if the strike price is less than \$200;
- (lvii) Russell Small Cap Completeness® Value Index, if the strike price is less than \$200;

- (lviii) Russell Small Cap Completeness® Growth Index, if the strike price is less than \$200;
- (lix) Reduced Value Russell 3000® Index, if the strike price is less than \$200;
- (lx) Reduced Value Russell 3000® Value Index, if the strike price is less than \$200;
- (lxi) Reduced Value Russell 3000® Growth Index, if the strike price is less than \$200;
- (lxii) Reduced Value Russell 2500TM Index, if the strike price is less than \$200;
- (lxiii) Reduced Value Russell 2500TM Value Index, if the strike price is less than \$200;
- (lxiv) Reduced Value Russell 2500TM Growth Index, if the strike price is less than \$200;
- (lxv) Reduced Value Russell 2000® Value Index, if the strike price is less than \$200;
- (lxvi) Reduced Value Russell 2000® Growth Index, if the strike price is less than \$200;
- (lxvii) Reduced Value Russell 1000® Index , if the strike price is less than \$200;
- (lxviii) Reduced Value Russell 1000® Value Index , if the strike price is less than \$200;
- (lxix) Reduced Value Russell 1000® Growth Index, if the strike price is less than \$200;
- (lxx) Reduced Value Russell Top 200® Index , if the strike price is less than \$200;
- (lxxi) Reduced Value Russell Top 200® Value Index , if the strike price is less than \$200;
- (lxxii) Reduced Value Russell Top 200® Growth Index , if the strike price is less than \$200;
- (lxxiii) Reduced Value Russell MidCap® Index , if the strike price is less than \$200;
- (lxxiv) Reduced Value Russell MidCap® Value Index , if the strike price is less than \$200;
- (lxxv) Reduced Value Russell MidCap® Growth Index, if the strike price is less than \$200;
- (lxxvi) Reduced Value Russell Small Cap Completeness® Index , if the strike price is less than \$200;
- (lxxvii) Reduced Value Russell Small Cap Completeness® Value Index, if the strike price is less than \$200;
- (lxxviii) Reduced Value Russell Small Cap Completeness® Growth Index, if the strike price is less than \$200; [and]
- (lxxix) Full Value MSCI EM Index, if the strike price is less than \$200[.]; and

(lxxx) Full Value MSCI EAFE Index, if the strike price is less than \$200.

The Exchange may also determine to list strike prices at no less than \$2.50 intervals for options on indexes delineated in this rule in response to demonstrated customer interest or specialist request. For purposes of this paragraph, demonstrated customer interest includes institutional (firm) corporate or customer interest expressed directly to the Exchange or through the customer's floor brokerage unit, but not interest expressed by an ROT with respect to trading for the ROT's own account.

(b) and (c) No Change

••• *Commentary:* -----

.01 Transactions in broad-based (market) index options traded on the Exchange, including Value Line Composite Index options, National Over-the-Counter Index options, U.S. Top 100 Index options, the OTC Industrial Average Index options, Full Value Russell 2000® Options and Reduced Value Russell 2000® Options, Full and Reduced Value Russell 3000® Index, Full and Reduced Value Russell 3000® Value Index, Full and Reduced Value Russell 3000® Growth Index, Full and Reduced Value Russell 2500™ Index, Full and Reduced Value Russell 2500™ Value Index, Full and Reduced Value Russell 2500™ Growth Index, Full and Reduced Value Russell 2000® Value Index, Full and Reduced Value Russell 2000® Growth Index, Full and Reduced Value Russell 1000® Index, Full and Reduced Value Russell 1000® Value Index, Full and Reduced Value Russell 1000® Growth Index, Full and Reduced Value Russell Top 200® Index, Full and Reduced Value Russell Top 200® Value Index, Full and Reduced Value Russell Top 200® Growth Index, Full and Reduced Value Russell MidCap® Index, Full and Reduced Value Russell MidCap® Value Index, Full and Reduced Value Russell MidCap® Growth Index, Full and Reduced Value Russell Small Cap Completeness® Index, Full and Reduced Value Russell Small Cap Completeness® Value Index, and Full and Reduced Value Russell Small Cap Completeness® Growth Index and Full Value Nasdaq 100 Options and Reduced Value Nasdaq 100 Options, [and] Full Value MSCI EM Index, and Full Value MSCI EAFE Index may be effected on the Exchange until 4:15 P.M. each business day, through the last trading day prior to expiration. Transactions in Alpha Index options may also be effected on the Exchange until 4:15 P.M. each business day, through the last trading day prior to expiration.

.02- - .04 No Change

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Rule 1109A. MSCI EAFE Index

.01 With respect to the MSCI EAFE Index, the contracts are not sponsored, endorsed, sold or promoted by MSCI Inc. ("MSCI"), any affiliate of MSCI or any other party involved in, or related to, making or compiling any Indexes. The contracts have not been passed on by MSCI, any of its affiliates or any other party involved in, or related to, making or compiling any Indexes as to their legality or suitability with respect to any person or entity. MSCI, its affiliates and any other party involved in, or related to, making or compiling the MSCI EAFE Index do not guarantee the originality, accuracy and/or completeness of the MSCI EAFE Index or any data included therein. Neither MSCI, any of its affiliates nor any other party involved in, or related to, making or compiling the MSCI EAFE Index makes any express or implied warranties, and expressly disclaims all warranties of merchantability and fitness for a particular purpose or use with respect to the contract, the MSCI EAFE Index or any data included therein. Without limiting any of the foregoing, in no event shall MSCI, any of its affiliates or any other party involved in, or related to, making or compiling the MSCI EAFE Index have any liability for any direct, special, punitive, indirect, or consequential damages (including lost profits), even if notified of the possibility of such damages, claims, losses or expenses relating to any futures or options contracts or caused by any errors or delays in calculating or disseminating the MSCI EAFE Index. Neither MSCI, any of its affiliates nor any other party involved in, or related to, making or compiling the MSCI EAFE Index has any obligation to take the needs of the issuers of the contracts, the owners of the contracts or the Exchange into consideration in determining, composing or calculating the Indexes. Neither MSCI, its affiliates nor any other party involved in, or related to, making or compiling the MSCI EAFE Index is responsible for or have participated in the determination of the timing of, prices at, or quantities of the contracts to be issued or in the determination or calculation of the equation by which the contracts are redeemable.

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