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Required fields are shown with yellow backgrounds and asterisks.

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

File No.* SR - 2012 - * 78
Amendment No. (req. for Amendments *)

Proposed Rule Change by NASDAQ OMX PHLX LLC.

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

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

Rule

Pilot	Extension of Time Period for Commission Action *	Date Expires *	19b-4(f)(1)	19b-4(f)(2)	19b-4(f)(3)	19b-4(f)(4)	19b-4(f)(5)	19b-4(f)(6)
☐	☐		☐	☐	☐	☐	☐	☐

Exhibit 2 Sent As Paper Document ☐

Exhibit 3 Sent As Paper Document ☐

Description

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

A Proposal Regarding Strike Price Intervals in the Short Term Option Program.

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 * Jurij Last Name * Trypupenko
Title * Associate General Counsel
E-mail * jurij.trypupenko@nasdaqomx.com
Telephone * (301) 978-8132 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 06/20/2012
By Edward S. Knight
(Name *)

Executive Vice President and General Counsel
(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 EFFS 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 the Proposed Rule Change

(a) Pursuant to the provisions of Section 19(b)(1) of the Securities Exchange Act of 1934 ("Act")[1] and Rule 19b-4 thereunder,[2] NASDAQ OMX PHLX LLC ("Phlx" or "Exchange") is filing with the Securities and Exchange Commission ("Commission") a proposal to amend Rule 1012 (Series of Options Open for Trading) and Rule 1101A (Terms of Option Contracts) to modify the Short Term Option Program ("STO Program" or "Program") to indicate that the interval between strike prices on STOs[3] will be $0.50 or greater where the strike price is less than $75 and $1 or greater where the strike price is between $75 and $150; and that during the expiration week of an option class that is selected for the STO Program, the strike price intervals and opening process for the related non-STO options shall be the same as for the STO.

The Exchange requests that the proposal be approved on an accelerated basis.

A notice of the proposed rule change for publication in the Federal Register is attached hereto as Exhibit 1 and the text of the proposed rule change is attached as Exhibit 5.

(b) Not applicable.

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

2 17 CFR 240.19b-4.

3 Short term options are generally known as "STOs," "weeklies," or "weekly options." STOs are series in an option class that is approved for listing and trading on the Exchange in which the series is opened for trading on any Thursday or Friday that is a business day and that expires on the Friday of the next business week. If a Thursday or Friday is not a business day, the series may be opened (or shall expire) on the first business day immediately prior to that Thursday or Friday, respectively. Rules 1000(b)(44), 1000A(b)(16), Commentary .11 to Rule 1012 and Rule 1101A(b)(vi).

(c) Not applicable.

2. Procedures of the Self-Regulatory Organization

The proposed rule change was approved by senior management of the Exchange pursuant to authority delegated by the Board of Governors of the Exchange (the "Board") on August 19, 2011. Exchange staff will advise the Board of any action taken pursuant to delegated authority. No other action by the Exchange is necessary for the filing of the rule change.

Questions and comments on the proposed rule change may be directed to Jurij Trypupenko, Associate General Counsel, NASDAQ OMX, at (301) 978-8132.

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

a. Purpose

The purpose of this proposed rule change is to indicate in Rules 1012 and 1101A that the interval between strike prices on STOs will be $0.50 or greater where the strike price is less than $75 and $1 or greater where the strike price is between $75 and $150. The purpose is also to indicate that during the expiration week of an option class that is selected for the STO Program, the strike price intervals and opening process for the related non-STO option[4] shall be the same as for the STO.

The STO Program is codified in Commentary .11 to Rule 1012 and Rule 1101A(b)(vi).[5] These provisions state that after an option class has been approved for

4 The related non-STO option will be the same option class as the STO but will have a longer expiration cycle (e.g. a SLV monthly option as compared to a SLV weekly option).

5 See Securities Exchange Act Release No. 62296 (June 15, 2010), 75 FR 35115 (June 21, 2010)(SR-Phlx-2010-84)(notice of filing and immediate effectiveness permanently establishing STO Program on the Exchange). The STO Program

listing and trading on the Exchange, the Exchange may open for trading on any Thursday or Friday that is a business day series of options on no more than thirty option classes that expire on the Friday of the following business week that is a business day. In addition to the thirty-option class limitation, there is also a limitation that no more than twenty series for each expiration date in those classes may be opened for trading.[6] Furthermore, the strike price of each STO has to be fixed with approximately the same number of strike prices being opened above and below the value of the underlying security at about the

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was last expanded in 2011. See Securities Exchange Act Release No. 65776 (November 17, 2011), 76 FR 72482 (November 23, 2011)(SR-Phlx-2011-131)(order approving expansion of STO Program). Like Phlx, other options exchanges have STO programs. See Securities Exchange Act Release Nos. 59824 (April 27, 2009), 74 FR 20518 (May 4, 2009)(SR-CBOE-2009-018)(approval order); 62444 (July 2, 2010), 75 FR 39595 (July 9, 2010)(SR-ISE-2010-72)(notice of filing and immediate effectiveness); 62297 (June 15, 2010), 75 FR 35111 (June 21, 2010)(SR-NASDAQ-2010-073)(notice of filing and immediate effectiveness); 62369 (June 23, 2010), 75 FR 37868 (June 30, 2010) (SR-NYSEArca-2010-059)(notice of filing and immediate effectiveness); 62370 (June 23, 2010), 75 FR 37870 (June 30, 2010)(SR-Amex-2010-062)(notice of filing and immediate effectiveness); 62505(July 15, 2010), 75 FR 42792 (July 22, 2010)(SR-BX-2010-047)(notice of filing and immediate effectiveness); and 62597 (July 29, 2010), 75 FR 47335 (August 5, 2010)(SR-BATS-2010-020)(notice of filing and immediate effectiveness).

[6] However, if the Exchange opens less than twenty (20) short term options for a Short Term Option Expiration Date, additional series may be opened for trading on the Exchange when the Exchange deems it necessary to maintain an orderly market, to meet customer demand or when the market price of the underlying security moves substantially from the exercise price or prices of the series already opened. Any additional strike prices listed by the Exchange shall be within thirty percent (30%) above or below the current price of the underlying security. The Exchange may also open additional strike prices of Short Term Option Series that are more than 30% above or below the current price of the underlying security provided that demonstrated customer interest exists for such series, as expressed by institutional, corporate or individual customers or their brokers (market-makers trading for their own account shall not be considered when determining customer interest under this provision). Commentary .11(d) to Rule 1012 and Rule 1101A(b)(vi)(D).

time that the short term options are initially opened for trading on the Exchange, and with strike prices being within thirty percent (30%) above or below the closing price of the underlying security from the preceding day. In respect of the STO Program, the Exchange does not propose any changes to these additional program limitations; the Exchange proposes only to specify that STOs can have interval prices of $0.50 and $1.[7]

The principal reason for the proposed interval pricing structure is market demand for weekly options. There is continuing strong customer demand for having the ability to execute hedging and trading strategies effectively via STOs,[8] particularly in the current fast and volatile multi-faceted trading and investing environment that extends across numerous markets and platforms.[9] The Exchange has observed increased demand for STO classes and/or series, particularly when market moving events such as significant market volatility, corporate events, or large market, sector, or individual issue price swings have occurred. The STO Program is one of the most popular and quickly-expanding options expiration programs.

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7 Currently, STOs have the same interval prices as the relevant non-STOs. For example, RUT STOs and RUT non-STOs (that is, monthly expiration RUT options), which are trading at more than $750 per contract, have strike price intervals that are $2.50 or higher. This proposal would not impact any high valuation STO products such as RUT (barring a truly catastrophic market-wide price de-valuation).

8 In the last STO Program filing, the Exchange noted that it was seeking an expansion in the number of STO classes to greatly minimize the fragmented nature of the STO Program and, like the current proposal, to allow execution of more effective trading and hedging strategies on the Exchange. See Securities Exchange Act Release No. 65776 (November 17, 2011), 76 FR 72482 (November 23, 2011)(SR-Phlx-2011-131)(order approving expansion of STO Program).

9 These include, without limitation, options, equities, futures, derivatives, indexes, exchange traded funds, exchange traded notes, currencies, and over-the-counter instruments.

In the almost two years since the inception of the STO Program, it has steadily expanded to the point that as of March 20, 2012, STOs represent 5.5% of the total options volume on the Exchange and 9.2% of the total options volume in the United States.[10] The STO volumes become even more significant when the volumes of an STO class are compared to the volumes of the related non-STO options class. As an example, in the first two months of 2012, on the Exchange there were 3,115,538 contracts of SPY STOs traded and 9,139,908 contracts of SPY monthly options traded; and 650,997 contracts of AAPL STOs traded and 1,584,184 contracts of AAPL monthly options traded. From the 4th quarter of 2010 to the 4th quarter of 2011, STO volume expanded more than 90%,[11] and the Exchange believes that STO volumes will continue to expand in 2012. The Exchange believes that, as such, while STOs are currently one of most popular (high volume) expiration lengths of options traded on Phlx and other options exchanges, the weekly options will only become more popular as market participants continue to gain knowledge about more effective uses of these products for trading and hedging purposes.

Moreover, the Commission has approved the use of $0.50 and $1 strike price intervals on the Exchange as well as in the options industry, particularly at lower price levels (e.g. below $150). Numerous options products are listed (trade) on the Exchange at $0.50 and $1 strike price intervals. For example, there are two individual ETF options

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10 The Exchange notes that, in fact, the volume increase in STOs since their inception less than two years ago greatly exceeds the volume increase of any other length option (e.g. monthly, quarterly, or long term) over the same equivalent time period.

11 During the same time period, monthly options volume decreased by 8%.

listed on the Exchange at $0.50 strike price intervals.[12] There are approximately 53 options listed on the Exchange at $0.50 strike price intervals pursuant to the $0.50 Strike Program.[13] There are more than 1,000 options listed on the Exchange with $1 strike price intervals: approximately 272 ETF/ETN options, 7 currency options (FCOs or WCOs), and 812 options pursuant to the $1 Strike Program.[14] Moreover, the Commission has recently approved certain products to trade at $0.50 and $1 strike price intervals on CBOE within exactly the same strike price points that are proposed by the Exchange in this filing, namely $75 and $150.[15]

The Exchange believes that the benefits of the ability to trade STOs at $0.50 and $1 intervals at lower price levels cannot be underestimated. The proposed intervals would clearly allow traders and investors, and in particular public (retail) investors to

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12 See Securities Exchange Act Release No. 66285 (February 1, 2012), 77 FR 6160 (February 7, 2012)(SR-Phlx-2011-175)(order granting approval of $0.50 strike price intervals for SLV and USO options).

13 The Exchange notes, however, that the $0.50 Strike Program has inherent price limitations that make it unsuitable for STO options.

14 Like the $0.50 Strike Program, the $1 Strike Program has inherent limitations that make it unsuitable for STO options.

The Exchange is not aware of any material market surveillance issues arising because of the $0.50 or $1 strike price intervals.

15 See Securities Exchange Act Release No. 64189 (April 5, 2011), 76 FR 20066 (April 11, 2011)(SR-CBOE-2011-008)(order granting approval of $0.50 and $1 strike price intervals for certain volatility options where the strike prices are less than $75 and between $75 and $150, respectively). In approving the CBOE l proposal, the Commission stated that the proposal appears to strike a reasonable balance between the Exchange's desire to offer a wider array of investment opportunities and the need to avoid unnecessary proliferation of options series and the corresponding increase in quotes and market fragmentation. The Exchange notes that other options exchanges including NYSE Amex, NYSE Arca, ISE, NOM, and Phlx, have made similar rule changes. See Phlx Commentary .12 to Rule 1012.

more effectively and with greater precision consummate trading and hedging strategies on the Exchange. The Exchange believes that this precision is increasingly necessary, and in fact crucial, as traders and investors engage in trading and hedging strategies across various investment platforms (e.g. equity and ETF, index, derivatives, futures, foreign currency, and even commodities products); particularly when many of these platforms enjoy substantially smaller strike price differentiations (e.g. as low as $.05).[16]

Weekly options have characteristics that are attractive for certain trading and hedging strategies. Thus, weeklies may be attractive for retail trading strategies that could benefit from the inherent accelerated time decay of weekly options, such as selling (buying) vertical or calendar spreads. And weeklies may be particularly attractive instruments for short-term institutional hedging needs (e.g. sudden price movements against large option positions during expiration week; maintenance or adjustment of complex option positions) as well as for retail hedging needs (e.g. preceding large earnings plays). In every case, trading and hedging is more effective when it can be closely tailored.

The current wider STO price intervals have negatively impacted investors and traders, particularly retail public customers, who have on several occasions requested the Exchange for finer, narrower STO intervals. The proposal would fix this.

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16 As an example, per the CME website, strike prices for options on futures may be at an interval of $.05, $.10, and $.25 per specified parameters. See http://www.cmegroup.com/trading/equity-index/files/EQUITY_FLEX_Options.pdf (options on S&P 500 and NASDAQ-100 contracts) and http://www.cmegroup.com/rulebook/files/S_5734_x11-05-18x_Change_in_Listing_Rules_for_Goldx_Silverx_Copper_Options.pdf (options on metals contracts).

Following are examples of how inadequately narrow STO intervals negatively impact trading and hedging opportunities.

If an investor needs to purchase an STO call option in CSCO (03/26/12 closing price $20.84), the current $1 strike interval would offer less opportunity and choice for an investor seeking to keep cash expenditures low. For example, an investor wishing to buy an in-the-money call option for less than a $2.50 investment per call purchase has only two strike prices that meet his criteria from which to choose: the 19 strike and the 20 strike. Such call options with five days until expiration might offer "ask prices" (option premiums) of $1.75 and $.75. However, if CSCO had $0.50 strike prices as proposed, the same investor would have a selection of March 18.50, 19.00, 19.50, 20.00, and the 20.50 strike call options that may have options premiums from approximately $2.25 down to approximately $.25. This expanded range of strikes, and commensurate option premiums, offers far more choice and a considerably lower cost of entry to the investor, thereby garnering the investor more than a 66% options premium savings. Lower intervals increase effective liquidity by offering investors and traders more price points at which they may execute trading and hedging strategies.[17] This allows investors and traders the ability to more effectively execute their strategies at lower cost. Clearly, more efficient pricing is advantageous to all market participants, from retail to institutional investors.

If, on the put side, an investor is interested in purchasing an STO option in LNKD (03/26/12 closing price $101.38), the current strike interval rules similarly offer less

[17] Moreover, lower strike intervals provide additional price points for liquidity providers. This allows the liquidity providers to improve theoretical pricing as well as hedging capabilities, thereby enabling them to increase the size and quality of their markets.

opportunity and less choice for the investor seeking to keep cash expenditures low. For example, an investor wishing to buy an in-the-money put option for less than a $5.00 investment per put purchase has only one strike price that meets his criteria from which to choose: the 105 strike. This put option with five days until expiration may have an option premium of $5.00. However, if LNKD had $1 strike intervals as proposed, the investor would have a selection of March 105, 104, 103, 102, and 101 strike put options that may have options premiums from approximately $5 down to $2. This greatly expanded range of strikes allows the investor more choice and lower cost of entry, and may save the investor as much as 60% in options premium payout.[18]

And as yet another example, if an investor is interested in purchasing a complex option spread, narrow strike intervals would offer additional cost savings and choice. With the 105 LNKD puts trading at $5.00, as stated in the example above, the next strike available to offset the cost of the 105 strike would be the 100 puts trading at an approximately $1.50 premium. With the current intervals, this would result in a 105-100 put spread costing approximately $3.50. However, if strike prices were available in $1 increments, various cheaper spreads could be obtained within the same 105-100 range of strikes. In that each $1 incremented put spread might trade at approximately $.30 to $.80 within this strike range, it is easy to see that $1 strikes as proposed may result in significant savings for investors trying to execute complex strategies.

Furthermore, the inadequate price intervals for STOs, particularly at the lower price levels proposed by the Exchange, may discourage retail and other customers from

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18 This premium savings may be very significant for an investor that is buying a large number of option contracts. See supra note 17 and related text.

executing STO orders when they could be the most advantageous for effective execution of trading and hedging strategies on regulated and transparent exchanges. The Exchange feels that it is essential that such negative, potentially costly and time-consuming impacts on retail investors are eliminated by offering tighter intervals within the STO Program. The changes proposed by the Exchange should allow execution of more trading and hedging strategies on the Exchange.[19]

With regard to the impact of this proposal on system capacity, the Exchange has analyzed its capacity and represents that it and the Options Price Reporting Authority ("OPRA") have the necessary systems capacity to handle the potential additional traffic associated with trading in the Program at $0.50 or greater where the strike price is less than $75 and $1 where the strike price is between $75 and $150. The Exchange believes that its members will not have a capacity issue as a result of this proposal.

The Exchange also proposes language designed to enable a non-STO option class (e.g. monthly option) that is selected for the STO to behave like the STO during the expiration week of the related non-STO option.[20] Specifically, the Exchange proposes that notwithstanding any other provision regarding strike prices or restriction on adding a new series within five (5) business days prior to expiration in the applicable rule (Rule

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[19] In addition, there is a competitive impact. First, the proposal would enable the Exchange to provide market participants with an opportunity to execute their strategies (e.g. complex option spreads) wholly on their preferred market, namely the Exchange. Second, the proposal would diminish the potential for foregone market opportunities on the Exchange caused by the need to use a more advantageous (that is, interval-precise) platform than STOs currently allow.

[20] The Exchange notes that STOs are not listed and traded during the expiration week of the related non-STO options. During this week, those that want or need weekly options must buy (sell) the related non-STO options. The proposal would allow traders and hedgers to have the same benefits during each week in a month, including the one week when STOs are not listed and traded.

1012 or 1101A), the strike price intervals for the related non-STO option shall be the same as the strike price intervals for the STO. This is done to ensure conformity between STOs and non-STOs that are in the same options class (e.g. weekly and monthly SLV options). The Exchange believes that not having such conforming changes would be counter-productive and not beneficial for trading and hedging purposes.

The Exchange believes that the STO Program has provided investors with greater trading opportunities and flexibility and the ability to more closely tailor their investment and risk management strategies and decisions. Furthermore, the Exchange has had to reject trading requests because of the limitations imposed by the Program. For these reasons, the Exchange requests an expansion of the strike price intervals in the Program and the opportunity to provide investors with better weekly option choices for investment, trading, and risk management purposes.

b. Statutory Basis

The Exchange believes that its proposal is consistent with Section 6(b) of the Act[21] in general, and furthers the objectives of Section 6(b)(5) of the Act[22] in particular, in that it is designed to promote just and equitable principles of trade, to remove impediments to and perfect the mechanism of a free and open market and a national market system, and, in general to protect investors and the public interest. This will be effectuated by providing strike prices of $0.50 or greater where the strike price is less than $75 and $1 or greater where the strike price is between $75 and $150 in the STO Program; and providing that during the expiration week of the related non-STO, the strike

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21 15 U.S.C. 78f(b).

22 15 U.S.C. 78f(b)(5).

price intervals and opening process for the related non-STO option will be the same as for the STO. The Exchange believes that the proposed changes will result in a continuing benefit to investors by giving them more flexibility to closely tailor their investment and hedging decisions, while ensuring conformity between STOs and related non-STOs.

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. To the contrary, the Exchange believes the proposal is pro-competitive. First, the proposal would enable the Exchange to provide market participants with an opportunity to execute their strategies wholly on their preferred market, namely the Exchange. And second, the proposal would diminish the potential for foregone market opportunities on the Exchange caused by the need to use a more advantageous (that is, interval-precise) platform than STOs currently allow.

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

No written comments were either solicited or received.

6. Extension of Time Period for Commission Action

Not applicable.

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

The Exchange requests that the Commission approve the proposed rule change on an accelerated basis pursuant to Section 19(b)(2)[23] of the Act so that more appropriate short term option classes and series may be traded pursuant to the Program, thereby

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[23] 15 U.S.C. 78f(b)(2).

benefitting investors, traders, and public customers by giving them more flexibility to closely tailor their investment and hedging decisions in greater number of securities.

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

Not applicable.

9. Exhibits

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

5. Text of the proposed rule change.

EXHIBIT 1

SECURITIES AND EXCHANGE COMMISSION
(Release No. ; File No. SR-Phlx-2012-78)

Self-Regulatory Organizations; Notice of Filing of Proposed Rule Change by NASDAQ OMX PHLX LLC Regarding Strike Price Intervals in the Short Term Option Program

Pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 ("Act")[1], and Rule 19b-4[2] thereunder, notice is hereby given that on June 20, 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 is filing with the Commission a proposal to amend Rule 1012 (Series of Options Open for Trading) and Rule 1101A (Terms of Option Contracts) to modify the Short Term Option Program ("STO Program" or "Program") to indicate that the interval between strike prices on STOs[3] will be $0.50 or greater where the strike price

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

2 17 CFR 240.19b-4.

3 Short term options are generally known as "STOs," "weeklies," or "weekly options." STOs are series in an option class that is approved for listing and trading on the Exchange in which the series is opened for trading on any Thursday or Friday that is a business day and that expires on the Friday of the next business week. If a Thursday or Friday is not a business day, the series may be opened (or shall expire) on the first business day immediately prior to that Thursday or Friday, respectively. Rules 1000(b)(44), 1000A(b)(16), Commentary .11 to Rule 1012 and Rule 1101A(b)(vi).

is less than $75 and $1 or greater where the strike price is between $75 and $150; and that during the expiration week of an option class that is selected for the STO Program, the strike price intervals and opening process for the related non-STO options shall be the same as for the STO.

The Exchange requests that the proposal be approved on an accelerated basis.

The text of the proposed rule change is available on the Exchange's Website at http://nasdaqomxphlx.cchwallstreet.com/NASDAQOMXPHLX/Filings/, 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 this proposed rule change is to indicate in Rules 1012 and 1101A that the interval between strike prices on STOs will be $0.50 or greater where the strike price is less than $75 and $1 or greater where the strike price is between $75 and $150. The purpose is also to indicate that during the expiration week of an option class that is selected for the STO Program, the strike price intervals and opening process for the related non-STO option[4] shall be the same as for the STO.

The STO Program is codified in Commentary .11 to Rule 1012 and Rule 1101A(b)(vi).[5] These provisions state that after an option class has been approved for listing and trading on the Exchange, the Exchange may open for trading on any Thursday or Friday that is a business day series of options on no more than thirty option classes that expire on the Friday of the following business week that is a business day. In addition to the thirty-option class limitation, there is also a limitation that no more than twenty series for each expiration date in those classes may be opened for trading.[6] Furthermore, the

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4 The related non-STO option will be the same option class as the STO but will have a longer expiration cycle (e.g. a SLV monthly option as compared to a SLV weekly option).

5 See Securities Exchange Act Release No. 62296 (June 15, 2010), 75 FR 35115 (June 21, 2010)(SR-Phlx-2010-84)(notice of filing and immediate effectiveness permanently establishing STO Program on the Exchange). The STO Program was last expanded in 2011. See Securities Exchange Act Release No. 65776 (November 17, 2011), 76 FR 72482 (November 23, 2011)(SR-Phlx-2011-131)(order approving expansion of STO Program). Like Phlx, other options exchanges have STO programs. See Securities Exchange Act Release Nos. 59824 (April 27, 2009), 74 FR 20518 (May 4, 2009)(SR-CBOE-2009-018)(approval order); 62444 (July 2, 2010), 75 FR 39595 (July 9, 2010)(SR-ISE-2010-72)(notice of filing and immediate effectiveness); 62297 (June 15, 2010), 75 FR 35111 (June 21, 2010)(SR-NASDAQ-2010-073)(notice of filing and immediate effectiveness); 62369 (June 23, 2010), 75 FR 37868 (June 30, 2010) (SR-NYSEArca-2010-059)(notice of filing and immediate effectiveness); 62370 (June 23, 2010), 75 FR 37870 (June 30, 2010)(SR-Amex-2010-062)(notice of filing and immediate effectiveness); 62505(July 15, 2010), 75 FR 42792 (July 22, 2010)(SR-BX-2010-047)(notice of filing and immediate effectiveness); and 62597 (July 29, 2010), 75 FR 47335 (August 5, 2010)(SR-BATS-2010-020)(notice of filing and immediate effectiveness).

6 However, if the Exchange opens less than twenty (20) short term options for a Short Term Option Expiration Date, additional series may be opened for trading on the Exchange when the Exchange deems it necessary to maintain an orderly market, to meet customer demand or when the market price of the underlying security moves substantially from the exercise price or prices of the series already

strike price of each STO has to be fixed with approximately the same number of strike prices being opened above and below the value of the underlying security at about the time that the short term options are initially opened for trading on the Exchange, and with strike prices being within thirty percent (30%) above or below the closing price of the underlying security from the preceding day. In respect of the STO Program, the Exchange does not propose any changes to these additional program limitations; the Exchange proposes only to specify that STOs can have interval prices of $0.50 and $1.[7]

The principal reason for the proposed interval pricing structure is market demand for weekly options. There is continuing strong customer demand for having the ability to execute hedging and trading strategies effectively via STOs,[8] particularly in the current fast and volatile multi-faceted trading and investing environment that extends across

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opened. Any additional strike prices listed by the Exchange shall be within thirty percent (30%) above or below the current price of the underlying security. The Exchange may also open additional strike prices of Short Term Option Series that are more than 30% above or below the current price of the underlying security provided that demonstrated customer interest exists for such series, as expressed by institutional, corporate or individual customers or their brokers (market-makers trading for their own account shall not be considered when determining customer interest under this provision). Commentary .11(d) to Rule 1012 and Rule 1101A(b)(vi)(D).

[7] Currently, STOs have the same interval prices as the relevant non-STOs. For example, RUT STOs and RUT non-STOs (that is, monthly expiration RUT options), which are trading at more than $750 per contract, have strike price intervals that are $2.50 or higher. This proposal would not impact any high valuation STO products such as RUT (barring a truly catastrophic market-wide price de-valuation).

[8] In the last STO Program filing, the Exchange noted that it was seeking an expansion in the number of STO classes to greatly minimize the fragmented nature of the STO Program and, like the current proposal, to allow execution of more effective trading and hedging strategies on the Exchange. See Securities Exchange Act Release No. 65776 (November 17, 2011), 76 FR 72482 (November 23, 2011)(SR-Phlx-2011-131)(order approving expansion of STO Program).

numerous markets and platforms.[9] The Exchange has observed increased demand for STO classes and/or series, particularly when market moving events such as significant market volatility, corporate events, or large market, sector, or individual issue price swings have occurred. The STO Program is one of the most popular and quickly-expanding options expiration programs.

In the almost two years since the inception of the STO Program, it has steadily expanded to the point that as of March 20, 2012, STOs represent 5.5% of the total options volume on the Exchange and 9.2% of the total options volume in the United States.[10] The STO volumes become even more significant when the volumes of an STO class are compared to the volumes of the related non-STO options class. As an example, in the first two months of 2012, on the Exchange there were 3,115,538 contracts of SPY STOs traded and 9,139,908 contracts of SPY monthly options traded; and 650,997 contracts of AAPL STOs traded and 1,584,184 contracts of AAPL monthly options traded. From the 4th quarter of 2010 to the 4th quarter of 2011, STO volume expanded more than 90%,[11] and the Exchange believes that STO volumes will continue to expand in 2012. The Exchange believes that, as such, while STOs are currently one of most popular (high volume) expiration lengths of options traded on Phlx and other options exchanges, the weekly options will only become more popular as market participants

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9 These include, without limitation, options, equities, futures, derivatives, indexes, exchange traded funds, exchange traded notes, currencies, and over-the-counter instruments.

10 The Exchange notes that, in fact, the volume increase in STOs since their inception less than two years ago greatly exceeds the volume increase of any other length option (e.g. monthly, quarterly, or long term) over the same equivalent time period.

11 During the same time period, monthly options volume decreased by 8%.

continue to gain knowledge about more effective uses of these products for trading and hedging purposes.

Moreover, the Commission has approved the use of $0.50 and $1 strike price intervals on the Exchange as well as in the options industry, particularly at lower price levels (e.g. below $150). Numerous options products are listed (trade) on the Exchange at $0.50 and $1 strike price intervals. For example, there are two individual ETF options listed on the Exchange at $0.50 strike price intervals.[12] There are approximately 53 options listed on the Exchange at $0.50 strike price intervals pursuant to the $0.50 Strike Program.[13] There are more than 1,000 options listed on the Exchange with $1 strike price intervals: approximately 272 ETF/ETN options, 7 currency options (FCOs or WCOs), and 812 options pursuant to the $1 Strike Program.[14] Moreover, the Commission has recently approved certain products to trade at $0.50 and $1 strike price intervals on CBOE within exactly the same strike price points that are proposed by the Exchange in this filing, namely $75 and $150.[15]

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12 See Securities Exchange Act Release No. 66285 (February 1, 2012), 77 FR 6160 (February 7, 2012)(SR-Phlx-2011-175)(order granting approval of $0.50 strike price intervals for SLV and USO options).

13 The Exchange notes, however, that the $0.50 Strike Program has inherent price limitations that make it unsuitable for STO options.

14 Like the $0.50 Strike Program, the $1 Strike Program has inherent limitations that make it unsuitable for STO options.

The Exchange is not aware of any material market surveillance issues arising because of the $0.50 or $1 strike price intervals.

15 See Securities Exchange Act Release No. 64189 (April 5, 2011), 76 FR 20066 (April 11, 2011)(SR-CBOE-2011-008)(order granting approval of $0.50 and $1 strike price intervals for certain volatility options where the strike prices are less than $75 and between $75 and $150, respectively). In approving the CBOE l proposal, the Commission stated that the proposal appears to strike a reasonable

The Exchange believes that the benefits of the ability to trade STOs at $0.50 and $1 intervals at lower price levels cannot be underestimated. The proposed intervals would clearly allow traders and investors, and in particular public (retail) investors to more effectively and with greater precision consummate trading and hedging strategies on the Exchange. The Exchange believes that this precision is increasingly necessary, and in fact crucial, as traders and investors engage in trading and hedging strategies across various investment platforms (e.g. equity and ETF, index, derivatives, futures, foreign currency, and even commodities products); particularly when many of these platforms enjoy substantially smaller strike price differentiations (e.g. as low as $.05).[16]

Weekly options have characteristics that are attractive for certain trading and hedging strategies. Thus, weeklies may be attractive for retail trading strategies that could benefit from the inherent accelerated time decay of weekly options, such as selling (buying) vertical or calendar spreads. And weeklies may be particularly attractive instruments for short-term institutional hedging needs (e.g. sudden price movements against large option positions during expiration week; maintenance or adjustment of complex option positions) as well as for retail hedging needs (e.g. preceding large

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balance between the Exchange's desire to offer a wider array of investment opportunities and the need to avoid unnecessary proliferation of options series and the corresponding increase in quotes and market fragmentation. The Exchange notes that other options exchanges including NYSE Amex, NYSE Arca, ISE, NOM, and Phlx, have made similar rule changes. See Phlx Commentary .12 to Rule 1012.

16 As an example, per the CME website, strike prices for options on futures may be at an interval of $.05, $.10, and $.25 per specified parameters. See http://www.cmegroup.com/trading/equity-index/files/EQUITY_FLEX_Options.pdf (options on S&P 500 and NASDAQ-100 contracts) and http://www.cmegroup.com/rulebook/files/S_5734_x11-05-18x_Change_in_Listing_Rules_for_Goldx_Silverx_Copper_Options.pdf (options on metals contracts).

earnings plays). In every case, trading and hedging is more effective when it can be closely tailored.

The current wider STO price intervals have negatively impacted investors and traders, particularly retail public customers, who have on several occasions requested the Exchange for finer, narrower STO intervals. The proposal would fix this.

Following are examples of how inadequately narrow STO intervals negatively impact trading and hedging opportunities.

If an investor needs to purchase an STO call option in CSCO (03/26/12 closing price $20.84), the current $1 strike interval would offer less opportunity and choice for an investor seeking to keep cash expenditures low. For example, an investor wishing to buy an in-the-money call option for less than a $2.50 investment per call purchase has only two strike prices that meet his criteria from which to choose: the 19 strike and the 20 strike. Such call options with five days until expiration might offer "ask prices" (option premiums) of $1.75 and $.75. However, if CSCO had $0.50 strike prices as proposed, the same investor would have a selection of March 18.50, 19.00, 19.50, 20.00, and the 20.50 strike call options that may have options premiums from approximately $2.25 down to approximately $.25. This expanded range of strikes, and commensurate option premiums, offers far more choice and a considerably lower cost of entry to the investor, thereby garnering the investor more than a 66% options premium savings. Lower intervals increase effective liquidity by offering investors and traders more price points at which they may execute trading and hedging strategies.[17] This allows investors and

[17] Moreover, lower strike intervals provide additional price points for liquidity providers. This allows the liquidity providers to improve theoretical pricing as

traders the ability to more effectively execute their strategies at lower cost. Clearly, more efficient pricing is advantageous to all market participants, from retail to institutional investors.

If, on the put side, an investor is interested in purchasing an STO option in LNKD (03/26/12 closing price $101.38), the current strike interval rules similarly offer less opportunity and less choice for the investor seeking to keep cash expenditures low. For example, an investor wishing to buy an in-the-money put option for less than a $5.00 investment per put purchase has only one strike price that meets his criteria from which to choose: the 105 strike. This put option with five days until expiration may have an option premium of $5.00. However, if LNKD had $1 strike intervals as proposed, the investor would have a selection of March 105, 104, 103, 102, and 101 strike put options that may have options premiums from approximately $5 down to $2. This greatly expanded range of strikes allows the investor more choice and lower cost of entry, and may save the investor as much as 60% in options premium payout.[18]

And as yet another example, if an investor is interested in purchasing a complex option spread, narrow strike intervals would offer additional cost savings and choice. With the 105 LNKD puts trading at $5.00, as stated in the example above, the next strike available to offset the cost of the 105 strike would be the 100 puts trading at an approximately $1.50 premium. With the current intervals, this would result in a 105-100 put spread costing approximately $3.50. However, if strike prices were available in $1

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well as hedging capabilities, thereby enabling them to increase the size and quality of their markets.

18 This premium savings may be very significant for an investor that is buying a large number of option contracts. See supra note 17 and related text.

increments, various cheaper spreads could be obtained within the same 105-100 range of strikes. In that each $1 incremented put spread might trade at approximately $.30 to $.80 within this strike range, it is easy to see that $1 strikes as proposed may result in significant savings for investors trying to execute complex strategies.

Furthermore, the inadequate price intervals for STOs, particularly at the lower price levels proposed by the Exchange, may discourage retail and other customers from executing STO orders when they could be the most advantageous for effective execution of trading and hedging strategies on regulated and transparent exchanges. The Exchange feels that it is essential that such negative, potentially costly and time-consuming impacts on retail investors are eliminated by offering tighter intervals within the STO Program. The changes proposed by the Exchange should allow execution of more trading and hedging strategies on the Exchange.[19]

With regard to the impact of this proposal on system capacity, the Exchange has analyzed its capacity and represents that it and the Options Price Reporting Authority ("OPRA") have the necessary systems capacity to handle the potential additional traffic associated with trading in the Program at $0.50 or greater where the strike price is less than $75 and $1 where the strike price is between $75 and $150. The Exchange believes that its members will not have a capacity issue as a result of this proposal.

19 In addition, there is a competitive impact. First, the proposal would enable the Exchange to provide market participants with an opportunity to execute their strategies (e.g. complex option spreads) wholly on their preferred market, namely the Exchange. Second, the proposal would diminish the potential for foregone market opportunities on the Exchange caused by the need to use a more advantageous (that is, interval-precise) platform than STOs currently allow.

The Exchange also proposes language designed to enable a non-STO option class (e.g. monthly option) that is selected for the STO to behave like the STO during the expiration week of the related non-STO option.[20] Specifically, the Exchange proposes that notwithstanding any other provision regarding strike prices or restriction on adding a new series within five (5) business days prior to expiration in the applicable rule (Rule 1012 or 1101A), the strike price intervals for the related non-STO option shall be the same as the strike price intervals for the STO. This is done to ensure conformity between STOs and non-STOs that are in the same options class (e.g. weekly and monthly SLV options). The Exchange believes that not having such conforming changes would be counter-productive and not beneficial for trading and hedging purposes.

The Exchange believes that the STO Program has provided investors with greater trading opportunities and flexibility and the ability to more closely tailor their investment and risk management strategies and decisions. Furthermore, the Exchange has had to reject trading requests because of the limitations imposed by the Program. For these reasons, the Exchange requests an expansion of the strike price intervals in the Program and the opportunity to provide investors with better weekly option choices for investment, trading, and risk management purposes.

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[20] The Exchange notes that STOs are not listed and traded during the expiration week of the related non-STO options. During this week, those that want or need weekly options must buy (sell) the related non-STO options. The proposal would allow traders and hedgers to have the same benefits during each week in a month, including the one week when STOs are not listed and traded.

2. Statutory Basis

The Exchange believes that its proposal is consistent with Section 6(b) of the Act[21] in general, and furthers the objectives of Section 6(b)(5) of the Act[22] in particular, in that it is designed to promote just and equitable principles of trade, to remove impediments to and perfect the mechanism of a free and open market and a national market system, and, in general to protect investors and the public interest. This will be effectuated by providing strike prices of $0.50 or greater where the strike price is less than $75 and $1 or greater where the strike price is between $75 and $150 in the STO Program; and providing that during the expiration week of the related non-STO, the strike price intervals and opening process for the related non-STO option will be the same as for the STO. The Exchange believes that the proposed changes will result in a continuing benefit to investors by giving them more flexibility to closely tailor their investment and hedging decisions, while ensuring conformity between STOs and related non-STOs.

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. To the contrary, the Exchange believes the proposal is pro-competitive. First, the proposal would enable the Exchange to provide market participants with an opportunity to execute their strategies wholly on their preferred market, namely the Exchange. And second, the proposal would diminish the potential for foregone market opportunities on

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[21] 15 U.S.C. 78f(b).

[22] 15 U.S.C. 78f(b)(5).

the Exchange caused by the need to use a more advantageous (that is, interval-precise) platform than STOs currently allow.

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-2012-78 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-2012-78. 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 inspection and copying in the Commission's Public Reference Room. 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-2012-78 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.[23]

Kevin M. O'Neill
Deputy Secretary

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23 17 CFR 200.30-3(a)(12).

EXHIBIT 5

Proposed new text is underlined. Deleted text is [bracketed].

Phlx Rules

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Rule 1012. Series of Options Open for Trading

(a) – (d) No Change.

• • • ***Commentary:*** ------------------

.01 – .04 No Change.

.05 (a) The interval of strike prices of series of options on individual stocks may be:

(i) – (vi) No Change.

(vii) Notwithstanding any other provision regarding strike prices or restriction on adding a new series within five (5) business days prior to expiration in this rule, during the expiration week of an option class that is selected for the Short Term Option Series Program pursuant to this rule (Short Term Option):

(A) The strike price intervals for the related non-Short Term Option shall be the same as the strike price intervals for the Short Term Option.

(b) - (c) No Change.

.06 - .10 No Change.

.11 Short Term Option Series Program. After an option class has been approved for listing and trading on the Exchange, the Exchange may open for trading on any Thursday or Friday that is a business day ("Short Term Option Opening Date") series of options on that class that expire on the Friday of the following business week that is a business day ("Short Term Option Expiration Date"). If the Exchange is not open for business on the respective Thursday or Friday, the Short Term Option Opening Date will be the first business day immediately prior to that respective Thursday or Friday. Similarly, if the Exchange is not open for business on the Friday of the following business week, the Short Term Option Expiration Date will be the first business day immediately prior to that Friday. Regarding Short Term Option Series:

(a) – (d) No Change.

(e) The interval between strike prices on Short Term Option Series shall be [the same as the strike prices for series in that same option class that expire in accordance with the normal monthly expiration cycle]$0.50 or greater where the strike price is less than $75, and $1 or greater where the strike price is between $75 and $150. During the expiration week of an option class that is selected for the Short Term Option Series Program pursuant to this rule (Short Term Option), the strike price intervals for the related non-Short Term Option shall be the same as the strike price intervals for the Short Term Option.

.12 No Change.

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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) - (lxxix) No Change.

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.

Notwithstanding any other provision regarding strike prices or restriction on adding a new series within five (5) business days prior to expiration in this rule, during the expiration week of an index option class that is selected for the Short Term Option Series Program pursuant to this rule (Short Term Option):
- The strike price intervals for the related non-Short Term Option shall be the same as the strike price intervals for the Short Term Option.

(b) No Change.

(i) – (v) No Change.

(vi) **Short Term Option Series Program**

After an index option class has been approved for listing and trading on the Exchange, the Exchange may open for trading on any Thursday or Friday that is a business day ("Short Term Option Opening Date") series of options on that class that expire on the Friday of the following business week that is a business day ("Short Term Option Expiration Date"). If the Exchange is not open for business on the respective Thursday or Friday, the Short Term Option Opening Date will be the first business day immediately prior to that respective Thursday or Friday. Similarly, if the Exchange is not open for business on the Friday of the following business week, the Short Term Option Expiration Date will be the first business day immediately prior to that Friday. Regarding Short Term Option Series:

(A) – (D) No Change.

(E) The interval between strike prices on Short Term Option Series shall be [the same as the strike prices for series in that same index option class that expire in accordance with the normal monthly expiration cycle]$0.50 or greater where the strike price is less than $75, and $1 or greater where the strike price is between $75 and $150. During the expiration week of an index option class that is selected for the Short Term Option Series Program pursuant to this rule (Short Term Option), the strike price intervals for the related index non-Short Term Option shall be the same as the strike price intervals for the Short Term Option.

(c) No Change.

• • • ***Commentary:*** ------------------

.01 - .04 No Change.

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