

Required fields are shown with yellow backgrounds and asterisks.

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

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

Notice of proposed change pursuant to the Payment, Clearing, and Settlement Act of 2010	Security-Based Swap Submission pursuant to the Securities Exchange Act of 1934
Section 806(e)(1) * <input type="checkbox"/>	Section 806(e)(2) * <input type="checkbox"/>
Section 3C(b)(2) * <input type="checkbox"/>	

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

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

A proposal to amend Section (p)(3), Order Price Protection, of Exchange Rule1080, Obligations and Restrictions Applicable to Specialists and Registered Options Traders.

Contact Information

Provide the name, telephone number, and e-mail address of the person on the staff of the self-regulatory organization prepared to respond to questions and comments on the action.

First Name * Carla	Last Name * Behnfeldt
Title * Associate General Counsel	
E-mail * carla.behnfeldt@nasdaq.com	
Telephone * (215) 496-5208	Fax

Signature

Pursuant to the requirements of the Securities Exchange Act of 1934,

has duly caused this filing to be signed on its behalf by the undersigned thereunto duly authorized.

(Title *)

Date 06/12/2015	Executive Vice President and General Counsel
By Edward S. Knight	
(Name *)	edward.knight@nasdaq.com

NOTE: Clicking the button at right will digitally sign and lock this form. A digital signature is as legally binding as a physical signature, and once signed, this form cannot be changed.

SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

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

Form 19b-4 Information *

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The self-regulatory organization must provide all required information, presented in a clear and comprehensible manner, to enable the public to provide meaningful comment on the proposal and for the Commission to determine whether the proposal is consistent with the Act and applicable rules and regulations under the Act.

Exhibit 1 - Notice of Proposed Rule Change *

Add Remove View

The Notice section of this Form 19b-4 must comply with the guidelines for publication in the Federal Register as well as any requirements for electronic filing as published by the Commission (if applicable). The Office of the Federal Register (OFR) offers guidance on Federal Register publication requirements in the Federal Register Document Drafting Handbook, October 1998 Revision. For example, all references to the federal securities laws must include the corresponding cite to the United States Code in a footnote. All references to SEC rules must include the corresponding cite to the Code of Federal Regulations in a footnote. All references to Securities Exchange Act Releases must include the release number, release date, Federal Register cite, Federal Register date, and corresponding file number (e.g., SR-[SRO]-xx-xx). A material failure to comply with these guidelines will result in the proposed rule change being deemed not properly filed. See also Rule 0-3 under the Act (17 CFR 240.0-3)

Exhibit 1A- Notice of Proposed Rule Change, Security-Based Swap Submission, or Advance Notice by Clearing Agencies *

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The Notice section of this Form 19b-4 must comply with the guidelines for publication in the Federal Register as well as any requirements for electronic filing as published by the Commission (if applicable). The Office of the Federal Register (OFR) offers guidance on Federal Register publication requirements in the Federal Register Document Drafting Handbook, October 1998 Revision. For example, all references to the federal securities laws must include the corresponding cite to the United States Code in a footnote. All references to SEC rules must include the corresponding cite to the Code of Federal Regulations in a footnote. All references to Securities Exchange Act Releases must include the release number, release date, Federal Register cite, Federal Register date, and corresponding file number (e.g., SR-[SRO]-xx-xx). A material failure to comply with these guidelines will result in the proposed rule change, security-based swap submission, or advance notice being deemed not properly filed. See also Rule 0-3 under the Act (17 CFR 240.0-3)

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

Add Remove View

Exhibit Sent As Paper Document

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

Exhibit 3 - Form, Report, or Questionnaire

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Exhibit Sent As Paper Document

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

Exhibit 4 - Marked Copies

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

Exhibit 5 - Proposed Rule Text

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

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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 (“Exchange” or “Phlx”), pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 (“Act”)¹ and Rule 19b-4 thereunder,² is filing with the Securities and Exchange Commission (“Commission”) a proposal to amend Section (p)(3), Order Price Protection, of Exchange Rule 1080, Obligations and Restrictions Applicable to Specialists and Registered Options Traders.

A notice of the proposed rule change for publication in the Federal Register is attached hereto as Exhibit 1. The text of the proposed rule change is set forth below.

Proposed new language is underlined; deletions are bracketed.

* * * * *

Rule 1080 Obligations and Restrictions Applicable to Specialists and Registered Options Traders

(a) – (o) No change.

(p)

(1) – (2) No change.

(3) Order Price Protection ("OPP"). OPP is a feature of Phlx XL that prevents certain day limit, good til cancelled, immediate or cancel, and all-or-none orders at prices outside of pre-set standard limits from being accepted by the system. OPP applies to all options but does not apply to market orders, stop limit orders, Intermarket Sweep Orders or complex orders.

(A) OPP is operational each trading day after the opening until the close of trading, except during trading halts. [The Exchange may also temporarily deactivate OPP from time to time on an intraday basis at its discretion if it determines that volatility warrants deactivation. Members will be notified of intraday OPP deactivation due to volatility and any subsequent intraday reactivation by the Exchange through the issuance of system status messages.]

¹ 15 U.S.C. 78s(b)(1).

² 17 CFR 240.19b-4.

(B) OPP will reject incoming orders that exceed certain parameters according to the following algorithm.

(i) If the better of the NBBO or the internal market BBO (the "Reference BBO") on the contra-side of an incoming order is greater than \$1.00, orders with a limit more than 50% through such contraside [NBBO] Reference BBO will be rejected by Phlx XL upon receipt. For example, if the [NBBO] Reference BBO on the offer side is \$1.10, an order to buy options for more than \$1.65 would be rejected. Similarly, if the [NBBO] Reference BBO on the bid side is \$1.10, an order to sell options for less than \$0.55 will be rejected.

(ii) If the [NBBO] Reference BBO on the contra-side of an incoming order is less than or equal to \$1.00, orders with a limit more than 100% through such contra-side [NBBO] Reference BBO will be rejected by Phlx XL upon receipt. For example, if the [NBBO] Reference BBO on the offer side is \$1.00, an order to buy options for more than \$2.00 would be rejected. However, if the [NBBO] Reference BBO of the bid side of an incoming order to sell is less than or equal to \$1.00, the OPP limits set forth above will result in all incoming sell orders being accepted regardless of their limit. To illustrate, if the [NBBO] Reference BBO on the bid side is equal to \$1.00, the OPP limits provide protection such that all orders to sell with a limit less than \$0.00 would be rejected.

(iii) No change.

* * * Commentary

No change.

* * * * *

(b) Not applicable.

(c) Not applicable.

2. Procedures of the Self-Regulatory Organization

The proposed rule change was approved by senior management of the Exchange pursuant to authority delegated by the Board of Directors of Phlx (the "Board") on July 16, 2014. Exchange staff will advise the Board of any action taken pursuant to delegated authority. No other action is necessary for the filing of the rule change. Questions and

comments on the proposed rule change may be directed to Carla Behnfeldt, Associate General Counsel, The NASDAQ OMX Group, Inc., at (215) 496-5208.

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 and correct Exchange Rule 1080(p)(3) which describes Order Price Protection ("OPP"), a feature of the Phlx XL trading system that prevents certain day limit, good till cancelled, immediate or cancel and all-or-none orders at prices outside of pre-set standard limits from being accepted by the system. The amendments also remove language providing for the temporary deactivation of OPP from time to time on an intraday basis at the Exchange's discretion if the Exchange determines that volatility warrants deactivation.

OPP applies to all options but does not apply to market orders, stop limit orders, Intermarket Sweep Orders or complex orders. OPP is operational each trading day after the opening until the close of trading, except during trading halts. Rule 1080(p)(3)(A) also currently provides that the Exchange may also temporarily deactivate OPP from time to time on an intraday basis at its discretion if it determines that volatility warrants deactivation. Participants are notified of intraday OPP deactivation due to volatility and any subsequent intraday reactivation by the Exchange through the issuance of system status messages.³

OPP rejects incoming orders that exceed certain parameters. Currently, Rule 1080(p)(3)(B) establishes those parameters with reference to the NBBO. It states that if the NBBO on the contra-side of an incoming order is greater than \$1.00, orders with a

³ See Rule 1080(p)(3)(A).

limit more than 50% through such contraside NBBO will be rejected by Phlx XL upon receipt. For example, the rule provides that if the NBBO on the offer side is \$1.10, an order to buy options for more than \$1.65 would be rejected. Similarly, the rule states that if the NBBO on the bid side is \$1.10, an order to sell options for less than \$0.55 will be rejected. The rule provides that if the NBBO on the contra-side of an incoming order is less than or equal to \$1.00, orders with a limit more than 100% through such contra-side NBBO will be rejected by Phlx XL upon receipt. For example, under the rule if the NBBO on the offer side is \$1.00, an order to buy options for more than \$2.00 would be rejected. However, the rule provides that if the NBBO of the bid side of an incoming order to sell is less than or equal to \$1.00, the OPP limits set forth above will result in all incoming sell orders being accepted regardless of their limit.

The Exchange has determined that a discrepancy exists between this rule description of how the OPP process works and how the system actually functions in cases where certain legging orders have been generated by the system pursuant to Rule 1080.07(f)(iii)(C).⁴ The trading system may generate Legging Orders in \$0.01 increments on the Exchange regardless of the minimum price variation (“MPV”) of the option.

These legging orders are considered part of the Exchange’s internal market BBO at their non-MPV limit and are displayed at the allowable MPV price as part of the NBBO.

While Rule 1080(p)(3)(B) states that the NBBO is used for OPP determinations as

⁴ Generally, a legging order is a limit order on the regular order book in an individual series that represents one leg of a two-legged complex order to buy or sell an equal quantity of two option series resting on the Exchange’s Complex Order Book. Legging orders are firm orders that are included in the Exchange’s displayed best bid or offer. Legging orders are designed to increase the opportunity for complex orders to execute by “legging” into the market, whereby all of the legs of the complex order execute against the best bids or offers on the Exchange for the individual options series. See Exchange Rule 1080.07(f)(iii)(C).

described above, the system is actually basing OPP determinations on the better of (a) the NBBO, or (b) the Exchange's internal market BBO, which may differ from the NBBO due to the presence of legging orders. The Exchange is proposing to correct this discrepancy by deleting the term "NBBO" in each instance where it appears in Rule 1080(p)(3)(B) and replacing it with the term "Reference BBO" which will be defined in Rule 1080(p)(3)(B)(i) as the better of the NBBO or the internal market BBO.

Finally, the Exchange is removing from Rule 1080(p)(3)(A) the statements that the Exchange may temporarily deactivate OPP from time to time on an intraday basis at its discretion if it determines that volatility warrants deactivation, and that members will be notified of intraday OPP deactivation due to volatility and any subsequent intraday reactivation by the Exchange through the issuance of system status messages. The Exchange currently lacks the technology to implement intraday OPP deactivation and is deleting the language which suggests that it has such capability.

b. Statutory Basis

The Exchange believes that its proposal is consistent with Section 6(b) of the Act⁵ in general, and furthers the objectives of Section 6(b)(5) of the Act⁶ 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, by amending and correcting the rule text to that it accurately reflects the functioning of the trading system. The amendments concerning the Reference BBO and the elimination of references to intraday deactivation

⁵ 15 U.S.C. 78f(b).

⁶ 15 U.S.C. 78f(b)(5).

of the OPP are both intended to improve the accuracy of the rule. The Exchange believes that the amendments should promote just and equitable principles of trade as well as protect investors and the public interest by making clear how OPP determinations are actually made on the Exchange, and by eliminating the potential for confusion inherent in the statement that the Exchange may temporarily deactivate OPP on an intraday basis when in fact it lacks the technical capacity to do so. Calculating OPP on the basis of the better of the NBBO or the internal market BBO rather than solely on the basis of the NBBO protects investors and the public interest by extending the benefits of OPP to orders received in instances where the internal market BBO is better than the NBBO.

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, as the amendments to Rule 1080(p)(3)(B) will apply uniformly to all market participants availing themselves of the OPP feature. Nor will the proposal impose a burden on competition among the options exchanges, because of the vigorous competition for order flow among the options exchanges. To the extent that market participants disagree with the particular approach taken by the Exchange herein, market participants can easily and readily direct order flow to competing venues.

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)

The foregoing rule change has become effective pursuant to Section 19(b)(3)(A)⁷ of the Act and Rule 19b-4(f)(6) thereunder⁸ in that it effects a change that: (i) does not significantly affect the protection of investors or the public interest; (ii) does not impose any significant burden on competition; and (iii) by its terms, does not become operative for 30 days after the date of the filing, or such shorter time as the Commission may designate if consistent with the protection of investors and the public interest. The Exchange believes that waiving the 30-day operative delay is consistent with the protection of investors and the public interest because it would allow the Exchange to immediately correct the inaccuracy with respect to the NBBO described above, as well as eliminate language suggesting the Exchange possesses the capability to temporarily deactivate OPP on an intraday basis when in fact this is not the case. The Exchange believes that the public interest would not be served by preserving these inaccuracies in its rules during a notice and comment period for this proposed rule change.

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

The NASDAQ Stock Market LLC has recently filed a proposed rule change for immediate effectiveness which makes amendments to its options rules that are the same as the amendments proposed herein.⁹

⁷ 15 U.S.C. 78s(b)(3)(A).

⁸ 17 CFR 240.19b-4(f)(6).

⁹ See SR-NASDAQ-2015-060, filed June 4, 2015.

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

Not applicable.

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

Not applicable.

11. Exhibits

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

EXHIBIT 1

SECURITIES AND EXCHANGE COMMISSION
(Release No. _____ ; File No. SR-Phlx-2015-51)

June __, 2015

Self-Regulatory Organizations; NASDAQ OMX PHLX LLC; Notice of Filing and Immediate Effectiveness of Proposed Rule Change Relating to Order Price Protection

Pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 (“Act”)¹, and Rule 19b-4 thereunder,² notice is hereby given that on June 12, 2015, 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 Section (p)(3), Order Price Protection, of Exchange Rule 1080, Obligations and Restrictions Applicable to Specialists and Registered Options Traders.

The text of the proposed rule change is below; proposed new language is underlined; proposed deletions are in brackets.

* * * * *

Rule 1080 Obligations and Restrictions Applicable to Specialists and Registered Options Traders

(a) – (o) No change.

¹ 15 U.S.C. 78s(b)(1).

² 17 CFR 240.19b-4.

(p)

(1) – (2) No change.

(3) Order Price Protection ("OPP"). OPP is a feature of Phlx XL that prevents certain day limit, good til cancelled, immediate or cancel, and all-or-none orders at prices outside of pre-set standard limits from being accepted by the system.

OPP applies to all options but does not apply to market orders, stop limit orders, Intermarket Sweep Orders or complex orders.

(A) OPP is operational each trading day after the opening until the close of trading, except during trading halts. [The Exchange may also temporarily deactivate OPP from time to time on an intraday basis at its discretion if it determines that volatility warrants deactivation. Members will be notified of intraday OPP deactivation due to volatility and any subsequent intraday reactivation by the Exchange through the issuance of system status messages.]

(B) OPP will reject incoming orders that exceed certain parameters according to the following algorithm.

(i) If the better of the NBBO or the internal market BBO (the "Reference BBO") on the contra-side of an incoming order is greater than \$1.00, orders with a limit more than 50% through such contraside [NBBO] Reference BBO will be rejected by Phlx XL upon receipt. For example, if the [NBBO] Reference BBO on the offer side is \$1.10, an order to buy options for more than \$1.65 would be rejected. Similarly, if the [NBBO] Reference BBO on

the bid side is \$1.10, an order to sell options for less than \$0.55 will be rejected.

(ii) If the [NBBO] Reference BBO on the contra-side of an incoming order is less than or equal to \$1.00, orders with a limit more than 100% through such contra-side [NBBO] Reference BBO will be rejected by Phlx XL upon receipt. For example, if the [NBBO] Reference BBO on the offer side is \$1.00, an order to buy options for more than \$2.00 would be rejected. However, if the [NBBO] Reference BBO of the bid side of an incoming order to sell is less than or equal to \$1.00, the OPP limits set forth above will result in all incoming sell orders being accepted regardless of their limit. To illustrate, if the [NBBO] Reference BBO on the bid side is equal to \$1.00, the OPP limits provide protection such that all orders to sell with a limit less than \$0.00 would be rejected.

(iii) No change.

* * * Commentary

No change.

* * * * *

The text of the proposed rule change is available on the Exchange's Website at <http://nasdaqomxphlx.cchwallstreet.com/>, 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 and correct Exchange Rule 1080(p)(3) which describes Order Price Protection ("OPP"), a feature of the Phlx XL trading system that prevents certain day limit, good till cancelled, immediate or cancel and all-or-none orders at prices outside of pre-set standard limits from being accepted by the system. The amendments also remove language providing for the temporary deactivation of OPP from time to time on an intraday basis at the Exchange's discretion if the Exchange determines that volatility warrants deactivation.

OPP applies to all options but does not apply to market orders, stop limit orders, Intermarket Sweep Orders or complex orders. OPP is operational each trading day after the opening until the close of trading, except during trading halts. Rule 1080(p)(3)(A) also currently provides that the Exchange may also temporarily deactivate OPP from time to time on an intraday basis at its discretion if it determines that volatility warrants deactivation. Participants are notified of intraday OPP deactivation due to volatility and

any subsequent intraday reactivation by the Exchange through the issuance of system status messages.³

OPP rejects incoming orders that exceed certain parameters. Currently, Rule 1080(p)(3)(B) establishes those parameters with reference to the NBBO. It states that if the NBBO on the contra-side of an incoming order is greater than \$1.00, orders with a limit more than 50% through such contraside NBBO will be rejected by Phlx XL upon receipt. For example, the rule provides that if the NBBO on the offer side is \$1.10, an order to buy options for more than \$1.65 would be rejected. Similarly, the rule states that if the NBBO on the bid side is \$1.10, an order to sell options for less than \$0.55 will be rejected. The rule provides that if the NBBO on the contra-side of an incoming order is less than or equal to \$1.00, orders with a limit more than 100% through such contra-side NBBO will be rejected by Phlx XL upon receipt. For example, under the rule if the NBBO on the offer side is \$1.00, an order to buy options for more than \$2.00 would be rejected. However, the rule provides that if the NBBO of the bid side of an incoming order to sell is less than or equal to \$1.00, the OPP limits set forth above will result in all incoming sell orders being accepted regardless of their limit.

The Exchange has determined that a discrepancy exists between this rule description of how the OPP process works and how the system actually functions in cases where certain legging orders have been generated by the system pursuant to Rule 1080.07(f)(iii)(C).⁴ The trading system may generate Legging Orders in \$0.01 increments

³ See Rule 1080(p)(3)(A).

⁴ Generally, a legging order is a limit order on the regular order book in an individual series that represents one leg of a two-legged complex order to buy or sell an equal quantity of two option series resting on the Exchange's Complex Order Book. Legging orders are firm orders that are included in the Exchange's

on the Exchange regardless of the minimum price variation (“MPV”) of the option. These legging orders are considered part of the Exchange’s internal market BBO at their non-MPV limit and are displayed at the allowable MPV price as part of the NBBO. While Rule 1080(p)(3)(B) states that the NBBO is used for OPP determinations as described above, the system is actually basing OPP determinations on the better of (a) the NBBO, or (b) the Exchange’s internal market BBO, which may differ from the NBBO due to the presence of legging orders. The Exchange is proposing to correct this discrepancy by deleting the term “NBBO” in each instance where it appears in Rule 1080(p)(3)(B) and replacing it with the term “Reference BBO” which will be defined in Rule 1080(p)(3)(B)(i) as the better of the NBBO or the internal market BBO.

Finally, the Exchange is removing from Rule 1080(p)(3)(A) the statements that the Exchange may temporarily deactivate OPP from time to time on an intraday basis at its discretion if it determines that volatility warrants deactivation, and that members will be notified of intraday OPP deactivation due to volatility and any subsequent intraday reactivation by the Exchange through the issuance of system status messages. The Exchange currently lacks the technology to implement intraday OPP deactivation and is deleting the language which suggests that it has such capability.

2. Statutory Basis

The Exchange believes that its proposal is consistent with Section 6(b) of the Act⁵

displayed best bid or offer. Legging orders are designed to increase the opportunity for complex orders to execute by “legging” into the market, whereby all of the legs of the complex order execute against the best bids or offers on the Exchange for the individual options series. See Exchange Rule 1080.07(f)(iii)(C).

⁵ 15 U.S.C. 78f(b).

in general, and furthers the objectives of Section 6(b)(5) of the Act⁶ 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, by amending and correcting the rule text to that it accurately reflects the functioning of the trading system. The amendments concerning the Reference BBO and the elimination of references to intraday deactivation of the OPP are both intended to improve the accuracy of the rule. The Exchange believes that the amendments should promote just and equitable principles of trade as well as protect investors and the public interest by making clear how OPP determinations are actually made on the Exchange, and by eliminating the potential for confusion inherent in the statement that the Exchange may temporarily deactivate OPP on an intraday basis when in fact it lacks the technical capacity to do so. Calculating OPP on the basis of the better of the NBBO or the internal market BBO rather than solely on the basis of the NBBO protects investors and the public interest by extending the benefits of OPP to orders received in instances where the internal market BBO is better than the NBBO.

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, as the amendments to Rule 1080(p)(3)(B) will apply uniformly to all market participants availing themselves of the OPP feature. Nor will the proposal impose a burden on competition among the options exchanges, because of the vigorous competition for order flow among the options exchanges. To the extent that market

⁶ 15 U.S.C. 78f(b)(5).

participants disagree with the particular approach taken by the Exchange herein, market participants can easily and readily direct order flow to competing venues.

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

No written comments were either solicited or received.

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

Because the foregoing proposed rule change does not: (i) significantly affect the protection of investors or the public interest; (ii) impose any significant burden on competition; and (iii) become operative for 30 days from the date on which it was filed, or such shorter time as the Commission may designate, it has become effective pursuant to Section 19(b)(3)(A)(iii) of the Act⁷ and subparagraph (f)(6) of Rule 19b-4 thereunder.⁸

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

⁷ 15 U.S.C. 78s(b)(3)(a)(iii).

⁸ 17 CFR 240.19b-4(f)(6). In addition, Rule 19b-4(f)(6) requires a self-regulatory organization to give the Commission written notice of its intent to file the proposed rule change at least five business days prior to the date of filing of the proposed rule change, or such shorter time as designated by the Commission. The Exchange has satisfied this requirement.

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-2015-51 on the subject line.

Paper comments:

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

All submissions should refer to File Number SR-Phlx-2015-51. 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-2015-51 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.⁹

Robert W. Errett
Deputy Secretary

⁹ 17 CFR 200.30-3(a)(12).