

Required fields are shown with yellow backgrounds and asterisks.

Page 1 of * <input type="text" value="25"/>	SECURITIES AND EXCHANGE COMMISSION WASHINGTON, D.C. 20549 Form 19b-4	File No.* SR - <input type="text" value="2015"/> - * <input type="text" value="73"/>	Amendment No. (req. for Amendments *) <input type="text"/>
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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 \*).

Relating to Manipulative Operations

**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 * <input type="text" value="Angela"/>	Last Name * <input type="text" value="Dunn"/>
Title * <input type="text" value="Associate General Counsel"/>	
E-mail * <input type="text" value="angela.dunn@nasdaq.com"/>	
Telephone * <input type="text" value="(215) 496-5692"/>	Fax <input type="text"/>

**Signature**

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

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

(Title \*)

Date <input type="text" value="08/18/2015"/>	<input type="text" value="Executive Vice President and General Counsel"/>
By <input type="text" value="Edward S. Knight"/>	<input type="text" value="edward.knight@nasdaq.com"/>

(Name \*)

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**

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Exhibit Sent As Paper Document

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

**Exhibit 3 - Form, Report, or Questionnaire**

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Exhibit Sent As Paper Document

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

**Exhibit 4 - Marked Copies**

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

**Exhibit 5 - Proposed Rule Text**

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The self-regulatory organization may choose to attach as Exhibit 5 proposed changes to rule text in place of providing it in Item I and which may otherwise be more easily readable if provided separately from Form 19b-4. Exhibit 5 shall be considered part of the proposed rule change.

**Partial Amendment**

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If the self-regulatory organization is amending only part of the text of a lengthy proposed rule change, it may, with the Commission's permission, file only those portions of the text of the proposed rule change in which changes are being made if the filing (i.e. partial amendment) is clearly understandable on its face. Such partial amendment shall be clearly identified and marked to show deletions and additions.

1. Text of the Proposed Rule Change

(a) NASDAQ OMX PHLX LLC (“Phlx” or “Exchange”), pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 (“Act”)<sup>1</sup> and Rule 19b-4 thereunder,<sup>2</sup> proposes to amend Rules 782, entitled “Manipulative Operations” to enumerate manipulative trading practices which are already prohibited, but not specified.

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

(b) Not applicable.

(c) Not applicable.

2. Procedures of the Self-Regulatory Organization

The proposed rule change was approved by senior management of the Exchange pursuant to authority delegated by the Board of Directors of the Exchange on July 1, 2015. Exchange staff will advise the Board of Directors 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 Angela Saccomandi Dunn, Associate General Counsel, The NASDAQ OMX Group at (215) 496-5692.

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

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

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

a. Purpose

The purpose of this proposed rule change is to amend Rule 782, entitled “Manipulative Operations” to specify other manipulative trading practices which are currently prohibited. Today the manipulative trade practices specified in the amended rule text are prohibited from being transacted on the Exchange pursuant to both federal laws<sup>3</sup> and Exchange Rules.<sup>4</sup> The enumerated manipulative practices in Rule 782, including the amended rule text, is not an exhaustive list, rather, these activities serve as guidance to certain trading practices that are prohibited on Phlx.

The Exchange proposes to adopt the rule text currently in The NASDAQ Stock Market LLC (“Nasdaq”) Rule 3351, entitled “Trading Practices” to provide market participants with additional guidance related to prohibited trading practices.<sup>5</sup> The proposed rule text would enumerate certain manipulative trading practices, which are currently prohibited. Phlx Rule 782 applies to both equities and options transactions.

The new rule text would enumerate prohibitions such that no member or member organization shall be permitted to execute or cause to be executed or participate in an account for which there are executed purchases of any listed security, at successively higher prices, or sales of any such security at successively lower prices, for the purpose

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<sup>3</sup> See 17 CFR 10b-5.

<sup>4</sup> Phlx Rule 782 currently states, “[n]o member, member organization, partner or stockholder therein shall directly or indirectly participate in or have any interest in the profits of a manipulative operation or knowingly manage or finance a manipulative operation.” Also, Phlx Rule 707 prohibits conduct inconsistent with just and equitable principles of trade and Rule 708 prohibits acts detrimental to the welfare of the Exchange.

<sup>5</sup> Nasdaq Rule 3351 is an equities rule.

of creating or inducing a false, misleading or artificial appearance of activity in such security or for the purpose of unduly or improperly influencing the market price for such security or for the purpose of establishing a price which does not reflect the true state of the market in such security.

No member or member organization would be permitted to create or induce a false or misleading appearance of activity in a listed security or create or induce a false or misleading appearance with respect to the market in such security for these types of activities in the amended rule text: (1) execute any transaction in such security which involves no change in the beneficial ownership thereof; or (2) enter any order or orders for the purchase of such security with the knowledge that an order or orders of substantially the same size, and at substantially the same price, for the sale of any such security, has been or will be entered by or for the same or different parties; or (3) enter any order or orders for the sale of any such security with the knowledge that an order or orders of substantially the same size, and at substantially the same price, for the purchase of such security, has been or will be entered by or for the same or different parties.

The new rule text would specify that no member or member organization would be permitted to execute purchases or sales of a listed security for any account in which such member or member organization is directly or indirectly interested, which purchases or sales are excessive in view of the member's or member organization's financial resources or in view of the market for such security.

The rule text enumerates a prohibition for members and member organizations from participating directly or indirectly, in the profits of a manipulative operation or knowingly managing or financing a manipulative operation. This would include: (1) any

pool, syndicate or joint account organized or used intentionally for the purpose of unfairly influencing the market price of a listed security; (2) the solicitation of subscriptions to or the acceptance of discretionary orders from any such pool, syndicate or joint account; or (3) the carrying on margin of a position in such securities or the advancing of credit through loans to any such pool, syndicate or joint account.

The rule text specifies that no member or member organization shall make any statement or circulate and disseminate any information concerning a listed security which such member knows or has reasonable grounds for believing is false or misleading or would improperly influence the market price of such security.

No member, member organization or person associated with a member or member organization shall, directly or indirectly, hold any interest or participation in any joint account for buying or selling a listed security, unless such joint account is promptly reported to Phlx. The report should contain the following information for each account: (1) name of the account, with names of all participants and their respective interests in profits and losses; (2) a statement regarding the purpose of the account; (3) name of the member carrying and clearing the account; and (4) a copy of any written agreement or instrument relating to the account.

The rule text states that no member or member organization shall offer that a transaction or transactions to buy or sell a listed security will influence the closing transaction on the Consolidated Tape or The Options Price Reporting Authority (“OPRA”). A member or member organization may, but is not obligated to, accept a stop order in a listed security. A buy stop order is an order to buy which becomes a market order when a transaction takes place at or above the stop price. A sell stop order is an

order to sell which becomes a market order when a transaction takes place at or below the stop price. A member or member organization may, but is not obligated to, accept stop limit orders in listed securities. When a transaction occurs at the stop price, the stop limit order to buy or sell becomes a limit order at the limit price.

No member, member organization or person associated with a member or member organization shall execute or cause to be executed, directly or indirectly, on a Phlx transaction in a security subject to an initial public offering until such security has first opened for trading on the national securities exchange listing the security, as indicated by the dissemination of an opening transaction in the security by the listing exchange via the Consolidated Tape or OPRA.

The Exchange believes that the addition of this rule text will bolster the current rule and provide members and member organizations with guidance on the type of manipulative practices that are specifically prohibited on Phlx. Also, the Exchange believes that the addition of the rule text will serve to also conform the Exchange's rule to that of Nasdaq.

b. Statutory Basis

The Exchange believes that its proposal is consistent with Section 6(b) of the Act<sup>6</sup> in general, and furthers the objectives of Section 6(b)(5) of the Act<sup>7</sup> in particular, in that it is designed to prevent fraudulent and manipulative acts and practices, to promote just and equitable principles of trade, to foster cooperation and coordination with persons engaged in facilitating transactions in securities, to remove impediments to and perfect the

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

<sup>7</sup> 15 U.S.C. 78f(b)(5).

mechanism of a free and open market and a national market system and, in general, to protect investors and the public interest. The Exchange believes that the proposed rule text will prevent fraudulent and manipulative acts and practices, promote just and equitable principles of trade, and better protect investors and the public interest.

The Exchange believes the proposed rule change is consistent with principles of just and equitable principles of trade while also ensuring that members and member organizations may continue to engage in transactions that do not present the risk of abusive trading practices that the rule is intended to prevent. The Exchange believes that proposed rule text would enhance the protection of orders of market participants by specifically addressing various types of currently prohibited abusive trading that may be intended to take advantage of such orders. Specifically, the proposed rule change seeks to provide greater guidance by enumerating certain manipulative trading practices that are currently prohibited.

As previously noted, the proposed rule text is similar to Nasdaq Rule 3351. While Nasdaq Rule 3351 applies to equity transactions, Phlx proposes to apply the amended rule text to both equity and options transactions, as is the case today with Rule 782 today. The Exchange believes that specifying the type of manipulative conduct that is already prohibited and described in Rule 782, including the amended rule text, on both the equities and options market will prevent fraudulent and manipulative acts and practices, promote just and equitable principles of trade and better protect investors and the public interest. The Exchange proposes to prohibit this type of behavior on the Exchange as a whole. The Exchange believes specifying the practices that are currently



prohibited on both the equities and options markets promotes just and equitable principles of trade.

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

The proposed rule change does not impose any burden on competition that is not necessary or appropriate in furtherance of the purposes of the Act. The proposed rule change is not designed to address any competitive issues, rather it is designed to enable the Exchange to protect orders of market participants from abusive and manipulative conduct on both the equities and options markets, by offering additional guidance, while also harmonizing the rule to that of Nasdaq. The Exchange's proposed amendments seek to harmonize the Rulebook with that of Nasdaq.

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)

Pursuant to Section 19(b)(3)(A) of the Act<sup>8</sup> and Rule 19b-4(f)(6)<sup>9</sup> thereunder, the Exchange has designated this proposal as one that 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

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

<sup>9</sup> 17 CFR 240.19b-4(f)(6).

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 proposed rule change is similar to a Nasdaq Rule.<sup>10</sup> The proposed rule changes do not significantly affect the protection of investors and the public interest, rather these proposed rule changes seek to amend current Phlx Rule 782 to enhance the protection of orders of market participants by addressing various types of abusive trading that may be intended to take advantage of such orders. Applying the amended rule text to both the equities and options markets does not significantly affect the protection of investors and the public interest because the trading conduct is already prohibited and the proposed amendment serves to enumerate such prohibited conduct. Phlx Rule 782 is currently applicable to equities and options transactions; as is the case today. The proposed rule change does not impose any significant burden on competition, rather it is designed to enable the Exchange to protect orders of market participants from abusive and manipulative conduct. Further, applying the amended rule text to both the equities and options markets does not impose any significant burden on competition because these types of activities are prohibited today on both markets. Phlx Rule 782 applies to both the equities and options markets and prohibits this type of activity as do other federal law and Exchange Rules.<sup>11</sup>

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

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<sup>10</sup> See Nasdaq Rule 3351, which applies to equity transactions.

<sup>11</sup> See notes 3 and 4.

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

A proposed rule change filed under Rule 19b-4(f)(6) normally does not become operative prior to 30 days after the date of filing. Rule 19b-4(f)(6)(iii), however, permits the Commission to designate a shorter time if such action is consistent with the protection of investors and the public interest. The Exchange requests that the Commission waive the 30-day pre-operative waiting period contained in Rule 19b-4(f)(6)(iii) so that the Exchange can implement this rule which benefits investors and market participants by specifically enumerating certain abusive and manipulative trade practices, which are currently prohibited. The Exchange believes that amending this rule to provide market participants with additional guidance will benefit the protection of investors and the public interest.

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

The proposed rule change is based on Nasdaq Rule 3351.

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.
5. Proposed Rule Text.

**EXHIBIT 1**

SECURITIES AND EXCHANGE COMMISSION  
(Release No. \_\_\_\_\_ ; File No. SR-Phlx-2015-73)

August \_\_\_\_, 2015

Self-Regulatory Organizations; NASDAQ OMX PHLX LLC; Notice of Filing and Immediate Effectiveness of Proposed Rule Change to Manipulative Operations

Pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 (“Act”)<sup>1</sup>, and Rule 19b-4 thereunder,<sup>2</sup> notice is hereby given that on August 19, 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 Rules 782, entitled “Manipulative Operations” to enumerate manipulative trading practices which are already prohibited, but not specified.

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.]

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

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

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

In its filing with the Commission, the Exchange included statements concerning the purpose of and basis for the proposed rule change and discussed any comments it received on the proposed rule change. The text of these statements may be examined at the places specified in Item IV below. The Exchange has prepared summaries, set forth in sections A, B, and C below, of the most significant aspects of such statements.

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

1. Purpose

The purpose of this proposed rule change is to amend Rule 782, entitled “Manipulative Operations” to specify other manipulative trading practices which are currently prohibited. Today the manipulative trade practices specified in the amended rule text are prohibited from being transacted on the Exchange pursuant to both federal laws<sup>3</sup> and Exchange Rules.<sup>4</sup> The enumerated manipulative practices in Rule 782, including the amended rule text, is not an exhaustive list, rather, these activities serve as guidance to certain trading practices that are prohibited on Phlx.

The Exchange proposes to adopt the rule text currently in The NASDAQ Stock Market LLC (“Nasdaq”) Rule 3351, entitled “Trading Practices” to provide market

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<sup>3</sup> See 17 CFR 10b-5.

<sup>4</sup> Phlx Rule 782 currently states, “[n]o member, member organization, partner or stockholder therein shall directly or indirectly participate in or have any interest in the profits of a manipulative operation or knowingly manage or finance a manipulative operation.” Also, Phlx Rule 707 prohibits conduct inconsistent with just and equitable principles of trade and Rule 708 prohibits acts detrimental to the welfare of the Exchange.

participants with additional guidance related to prohibited trading practices.<sup>5</sup> The proposed rule text would enumerate certain manipulative trading practices, which are currently prohibited. Phlx Rule 782 applies to both equities and options transactions.

The new rule text would enumerate prohibitions such that no member or member organization shall be permitted to execute or cause to be executed or participate in an account for which there are executed purchases of any listed security, at successively higher prices, or sales of any such security at successively lower prices, for the purpose of creating or inducing a false, misleading or artificial appearance of activity in such security or for the purpose of unduly or improperly influencing the market price for such security or for the purpose of establishing a price which does not reflect the true state of the market in such security.

No member or member organization would be permitted to create or induce a false or misleading appearance of activity in a listed security or create or induce a false or misleading appearance with respect to the market in such security for these types of activities in the amended rule text: (1) execute any transaction in such security which involves no change in the beneficial ownership thereof; or (2) enter any order or orders for the purchase of such security with the knowledge that an order or orders of substantially the same size, and at substantially the same price, for the sale of any such security, has been or will be entered by or for the same or different parties; or (3) enter any order or orders for the sale of any such security with the knowledge that an order or orders of substantially the same size, and at substantially the same price, for the purchase of such security, has been or will be entered by or for the same or different parties.

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<sup>5</sup> Nasdaq Rule 3351 is an equities rule.

The new rule text would specify that no member or member organization would be permitted to execute purchases or sales of a listed security for any account in which such member or member organization is directly or indirectly interested, which purchases or sales are excessive in view of the member's or member organization's financial resources or in view of the market for such security.

The rule text enumerates a prohibition for members and member organizations from participating directly or indirectly, in the profits of a manipulative operation or knowingly managing or financing a manipulative operation. This would include: (1) any pool, syndicate or joint account organized or used intentionally for the purpose of unfairly influencing the market price of a listed security; (2) the solicitation of subscriptions to or the acceptance of discretionary orders from any such pool, syndicate or joint account; or (3) the carrying on margin of a position in such securities or the advancing of credit through loans to any such pool, syndicate or joint account.

The rule text specifies that no member or member organization shall make any statement or circulate and disseminate any information concerning a listed security which such member knows or has reasonable grounds for believing is false or misleading or would improperly influence the market price of such security.

No member, member organization or person associated with a member or member organization shall, directly or indirectly, hold any interest or participation in any joint account for buying or selling a listed security, unless such joint account is promptly reported to Phlx. The report should contain the following information for each account: (1) name of the account, with names of all participants and their respective interests in profits and losses; (2) a statement regarding the purpose of the account; (3) name of the



member carrying and clearing the account; and (4) a copy of any written agreement or instrument relating to the account.

The rule text states that no member or member organization shall offer that a transaction or transactions to buy or sell a listed security will influence the closing transaction on the Consolidated Tape or The Options Price Reporting Authority (“OPRA”). A member or member organization may, but is not obligated to, accept a stop order in a listed security. A buy stop order is an order to buy which becomes a market order when a transaction takes place at or above the stop price. A sell stop order is an order to sell which becomes a market order when a transaction takes place at or below the stop price. A member or member organization may, but is not obligated to, accept stop limit orders in listed securities. When a transaction occurs at the stop price, the stop limit order to buy or sell becomes a limit order at the limit price.

No member, member organization or person associated with a member or member organization shall execute or cause to be executed, directly or indirectly, on a Phlx transaction in a security subject to an initial public offering until such security has first opened for trading on the national securities exchange listing the security, as indicated by the dissemination of an opening transaction in the security by the listing exchange via the Consolidated Tape or OPRA.

The Exchange believes that the addition of this rule text will bolster the current rule and provide members and member organizations with guidance on the type of manipulative practices that are specifically prohibited on Phlx. Also, the Exchange believes that the addition of the rule text will serve to also conform the Exchange’s rule to that of Nasdaq.

## 2. Statutory Basis

The Exchange believes that its proposal is consistent with Section 6(b) of the Act<sup>6</sup> in general, and furthers the objectives of Section 6(b)(5) of the Act<sup>7</sup> in particular, in that it is designed to prevent fraudulent and manipulative acts and practices, to promote just and equitable principles of trade, to foster cooperation and coordination with persons engaged in facilitating transactions in securities, to remove impediments to and perfect the mechanism of a free and open market and a national market system and, in general, to protect investors and the public interest. The Exchange believes that the proposed rule text will prevent fraudulent and manipulative acts and practices, promote just and equitable principles of trade, and better protect investors and the public interest.

The Exchange believes the proposed rule change is consistent with principles of just and equitable principles of trade while also ensuring that members and member organizations may continue to engage in transactions that do not present the risk of abusive trading practices that the rule is intended to prevent. The Exchange believes that proposed rule text would enhance the protection of orders of market participants by specifically addressing various types of currently prohibited abusive trading that may be intended to take advantage of such orders. Specifically, the proposed rule change seeks to provide greater guidance by enumerating certain manipulative trading practices that are currently prohibited.

As previously noted, the proposed rule text is similar to Nasdaq Rule 3351. While Nasdaq Rule 3351 applies to equity transactions, Phlx proposes to apply the

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

<sup>7</sup> 15 U.S.C. 78f(b)(5).

amended rule text to both equity and options transactions, as is the case today with Rule 782 today. The Exchange believes that specifying the type of manipulative conduct that is already prohibited and described in Rule 782, including the amended rule text, on both the equities and options market will prevent fraudulent and manipulative acts and practices, promote just and equitable principles of trade and better protect investors and the public interest. The Exchange proposes to prohibit this type of behavior on the Exchange as a whole. The Exchange believes specifying the practices that are currently prohibited on both the equities and options markets promotes just and equitable principles of trade.

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

The proposed rule change does not impose any burden on competition that is not necessary or appropriate in furtherance of the purposes of the Act. The proposed rule change is not designed to address any competitive issues, rather it is designed to enable the Exchange to protect orders of market participants from abusive and manipulative conduct on both the equities and options markets, by offering additional guidance, while also harmonizing the rule to that of Nasdaq. The Exchange's proposed amendments seek to harmonize the Rulebook with that of Nasdaq.

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 Act<sup>8</sup> and subparagraph (f)(6) of Rule 19b-4 thereunder.<sup>9</sup>

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.

#### 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](mailto:rule-comments@sec.gov). Please include File Number SR-Phlx-2015-73 on the subject line.

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

<sup>9</sup> 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.

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-2015-73. 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-2015-73 and should be submitted on or before [insert date 21 days from publication in the Federal Register].

For the Commission, by the Division of Trading and Markets, pursuant to delegated authority.<sup>10</sup>

Robert W. Errett  
Deputy Secretary

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<sup>10</sup> 17 CFR 200.30-3(a)(12).

**EXHIBIT 5**

*New text is underlined.*

**NASDAQ OMX PHLX Rules**

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**Rule 782. Manipulative Operations**

(a) No member, member organization, partner or stockholder therein shall directly or indirectly participate in or have any interest in the profits of a manipulative operation or knowingly manage or finance a manipulative operation.

For the purpose of this Rule

(1) any pool, syndicate or joint account, whether in corporate form or otherwise, organized or used intentionally for the purpose of unfairly influencing the market price of any security by means of options or otherwise and for the purpose of making a profit thereby shall be deemed to be a manipulative operation;

(2) the soliciting of subscriptions to any such pool, syndicate or joint account or the accepting of discretionary orders from any such pool, syndicate or joint account shall be deemed to be managing a manipulative operation; and

(3) the carrying on margin of either a long or a short position in securities for, or the advancing of credit through loans of money or of securities to, any such pool, syndicate or joint account shall be deemed to be financing a manipulative operation.

(b) No member or member organization shall execute or cause to be executed or participate in an account for which there are executed purchases of any listed security at successively higher prices, or sales of any such security at successively lower prices, for the purpose of creating or inducing a false, misleading or artificial appearance of activity in such security or for the purpose of unduly or improperly influencing the market price for such security or for the purpose of establishing a price which does not reflect the true state of the market in such security.

(c) No member or member organization shall, for the purpose of creating or inducing a false or misleading appearance of activity in a listed security or creating or inducing a false or misleading appearance with respect to the market in such security:

(1) execute any transaction in such security which involves no change in the beneficial ownership thereof; or

(2) enter any order or orders for the purchase of such security with the knowledge that an order or orders of substantially the same size, and at substantially the same price, for the sale of any such security, has been or will be entered by or for the same or different parties;  
or

(3) enter any order or orders for the sale of any such security with the knowledge that an order or orders of substantially the same size, and at substantially the same price, for the purchase of such security, has been or will be entered by or for the same or different parties.

(d) No member or member organization shall execute purchases or sales of listed securities for any account in which such member or member organization is directly or indirectly interested, which purchases or sales are excessive in view of the member's or member organization's financial resources or in view of the market for such security.

(e) No member or member organization shall participate or have any interest, directly or indirectly, in the profits of a manipulative operation or knowingly manage or finance a manipulative operation.

(1) Any pool, syndicate or joint account organized or used intentionally for the purpose of unfairly influencing the market price of a listed security shall be deemed to be a manipulative operation.

(2) The solicitation of subscriptions to or the acceptance of discretionary orders from any such pool, syndicate or joint account shall be deemed to be managing a manipulative operation.

(3) The carrying on margin of a position in such securities or the advancing of credit through loans to any such pool, syndicate or joint account shall be deemed to be financing a manipulative operation.

(f) No member or member organization shall make any statement or circulate and disseminate any information concerning a listed security which such member knows or has reasonable grounds for believing is false or misleading or would improperly influence the market price of such security.

(g) No member, member organization or person associated with a member or member organization shall, directly or indirectly, hold any interest or participation in any joint account for buying or selling a listed security, unless such joint account is promptly reported to Phlx. The report should contain the following information for each account:

(1) Name of the account, with names of all participants and their respective interests in profits and losses;

(2) a statement regarding the purpose of the account;

(3) name of the member carrying and clearing the account; and

(4) a copy of any written agreement or instrument relating to the account.

(h) No member or member organization shall offer that a transaction or transactions to buy or sell a listed security will influence the closing transaction on the Consolidated Tape or The Options Price Reporting Authority ("OPRA").



(i) (1) A member or member organization may, but is not obligated to, accept a stop order in a listed security.

(A) A buy stop order is an order to buy which becomes a market order when a transaction takes place at or above the stop price.

(B) A sell stop order is an order to sell which becomes a market order when a transaction takes place at or below the stop price.

(2) A member or member organization may, but is not obligated to, accept stop limit orders in listed securities. When a transaction occurs at the stop price, the stop limit order to buy or sell becomes a limit order at the limit price.

(j) No member, member organization or person associated with a member or member organization shall execute or cause to be executed, directly or indirectly, on a Phlx transaction in a security subject to an initial public offering until such security has first opened for trading on the national securities exchange listing the security, as indicated by the dissemination of an opening transaction in the security by the listing exchange via the Consolidated Tape or OPRA.

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