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

File No.* SR - 2015 - * 80
Amendment No. (req. for Amendments *)

Filing 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) * ☐

Pilot ☐

Extension of Time Period for Commission Action * ☐

Date Expires *

Rule

☐ 19b-4(f)(1) ☐ 19b-4(f)(4)
☐ 19b-4(f)(2) ☐ 19b-4(f)(5)
☐ 19b-4(f)(3) ☑ 19b-4(f)(6)

Notice of proposed change pursuant to the Payment, Clearing, and Settlement Act of 2010

Section 806(e)(1) * ☐ Section 806(e)(2) * ☐

Security-Based Swap Submission pursuant to the Securities Exchange Act of 1934

Section 3C(b)(2) * ☐

Exhibit 2 Sent As Paper Document ☐ Exhibit 3 Sent As Paper Document ☐

Description

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

A proposal to extend the implementation rollout of its enhanced Options Floor Broker Management System.

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 * Edith Last Name * Hallahan

Title * Principal Associate General Counsel

E-mail * edith.hallahan@nasdaq.com

Telephone * (215) 496-5179 Fax (215) 496-6729

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.

Date 10/07/2015

By Edward S. Knight

(Name *)

(Title *)

Executive Vice President and General Counsel

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.

Required fields are shown with yellow backgrounds and asterisks.

SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

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

Form 19b-4 Information * 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 * 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 * 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, 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 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) 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 ("SEC" or "Commission") a proposal to extend the implementation rollout of its enhanced Options Floor Broker Management System, described in more detail below.

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

(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 (the "Board") on July 1, 2015. 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 Edith Hallahan, Principal Associate General Counsel, Nasdaq Inc., at 215-496-5179.

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

a. Purpose

Currently and until November 3, 2015, the Exchange operates two Floor Broker Management Systems concurrently on the options trading floor: the original Floor Broker

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

2 17 CFR 240.19b-4.

Management System operating since 2005 ("FBMS 1"); and the enhanced Floor Broker Management System ("FBMS 2"). The purpose of the proposal is to continue the concurrent operation of FBMS 1 and FBMS 2 for a temporary period ending April 1, 2016 for the reasons stated below; otherwise the Exchange's concurrent operation of FBMS 1 and FBMS 2 would expire November 3, 2015.

FBMS 1 enables Floor Brokers and/or their employees to enter, route, and report transactions stemming from options orders received on the Exchange. FBMS 1 also establishes an electronic audit trail for options orders represented by Floor Brokers on the Exchange. Floor Brokers can also use FBMS 1 to submit orders to Phlx XL, rather than executing the orders in the trading crowd.

FBMS 2 was launched in March 2014. With FBMS 2, all options transactions on the Exchange involving at least one Floor Broker are required to be executed by FBMS 2. In connection with order execution, the Exchange allows FBMS 2 to execute two-sided orders entered by Floor Brokers, including multi-leg orders up to 15 legs, after the Floor Broker has represented the orders in the trading crowd. FBMS 2 also provides Floor Brokers with an enhanced functionality called the complex calculator that calculates and displays a suggested price of each individual component of a multi-leg order, up to 15 legs, submitted on a net debit or credit basis.

The Exchange received approval to implement FBMS 2 as of June 1, 2013,[3] and delayed its implementation until July 2013,[4] until September 2013,[5] until December

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[3] Securities Exchange Act Release No. 69471 (April 29, 2013), 78 FR 26096 (May 3, 2013) (SR-Phlx-2013-09).

[4] Securities Exchange Act Release No. 69811 (June 20, 2013), 78 FR 38422 (June 26, 2013) (SR-Phlx-2013-67).

2013,[6] and until March 2014.[7] Implementation began on March 7, 2014, with FBMS 2 operating concurrently with FBMS 1. The Exchange intended to retire FBMS 1 after a specified implementation period for FBMS 2. FBMS 2 has been fully rolled out to all Floor Brokers and in all options. Nevertheless, the Exchange delayed the retirement of FBMS 1 until September 1, 2014,[8] November 3, 2014.[9] and, most recently, until November 3, 2015,[10] for reasons relating to the performance of FBMS 2.[11]

The purpose of the delay was originally to repair FBMS 2, and then ultimately the Exchange determined to replace it with a new system. The Exchange contracted with a third-party entity to provide an alternative system ("FBMS 3") to ultimately replace both FBMS 1 and FBMS 2. The Exchange had intended to implement FBMS 3 by November 3, 2015, but, based on recent estimates from the third-party entity, it will not be ready until March 2016. There were inadvertent delays in the construction of the new system.

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5 Securities Exchange Act Release No. 70141 (August 8, 2013), 78 FR 49565 (August 14, 2013) (SR-Phlx-2013-83).

6 Securities Exchange Act Release No. 70629 (October 8, 2013), 78 FR 62852 (October 22, 2013) (SR-Phlx-2013-100).

7 Securities Exchange Act Release No. 71212 (December 31, 2013), 79 FR 888 (January 7, 2014) (SR-Phlx-2013-129).

8 Securities Exchange Act Release No. 72135 (May 9, 2014), 79 FR 27966 (May 15, 2014) (SR-Phlx-2014-33).

9 Securities Exchange Act Release No. 73246 (September 29, 2014), 79 FR 59874 (October 3, 2014) (SR-Phlx-2014-59).

10 Securities Exchange Act Release No. 73586 (November 13, 2014), 79 FR 68931 (November 19, 2014) (SR-Phlx-2014-71).

11 The Exchange previously described those performance issues. Id.

During this additional time period, the Exchange will continue to permit Floor Brokers to use both FBMS 1 and FBMS 2 based on their business needs and Floor Brokers can choose whether to use one or both. Both FBMS 1 and FBMS 2 will continue to be available in all options and to all Floor Brokers. For example, a Floor Broker will be able to use FBMS 1 for one order and FBMS 2 for the next order. Accordingly, the Exchange believes that the performance issues with FBMS 2 are less likely and should decrease because the Floor Broker also has the option to use FBMS 1.

b. Statutory Basis

The Exchange believes that its proposal is consistent with Section 6(b) of the Act[12] in general, and furthers the objectives of Section 6(b)(5) of the Act[13] in particular, in that it is designed to promote just and equitable principles of trade and protect investors and the public interest, by providing options Floor Brokers with two different FBMS offerings for order entry and processing. Despite its performance issues, FBMS 2 offers many beneficial features to the Floor Brokers that FBMS 1 does not, such as the complex calculator and increased automation described above, such that the Exchange has determined not to shut down FBMS 2. Having two options for order entry and processing should enable Floor Brokers to operate their businesses and comply with the relevant rules, which is consistent with the protection of investors and the public interest. Continuing to operate both FBMS 1 and FBMS 2 concurrently for a temporary period should also promote just and equitable principles of trade by providing Floor Brokers

[12] 15 U.S.C. 78f(b).

[13] 15 U.S.C. 78f(b)(5).

with the tools to enter and process their orders efficiently. The proposal is not unfairly discriminatory because all Floor Brokers will be able to use both FBMS 1 and FBMS 2.

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. The Exchange believes that permitting Floor Brokers to use both FBMS 1 and FBMS 2 for an additional period of time while the Exchange receives delivery of a new system should allow it to compete with other floor-based exchanges and help the Exchange's Floor Brokers compete with floor brokers on other options exchanges.

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

No comments were solicited. One comment letter was received by the Exchange when the Exchange communicated to the Floor Brokers that the old FBMS would be retired on September 1, 2014.[14] The Comment Letter requested the Commission and Phlx postpone the implementation rollout of the new FBMS from September 1, 2014 to a later date. The Comment Letter alleges that the Floor Brokers did not have proper notice of the end of the implementation period resulting in the termination of the old FBMS. This is not relevant to the proposal at hand. Also, the Comment Letter requests that the new FBMS be postponed to ensure the public outcry system is maintained. The Exchange notes that under FBMS 2, orders will continue to be represented in the trading crowd; order exposure has not been eliminated. The Exchange is merely modernizing

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[14] See letter from various Phlx Floor Brokers to Mary Jo White, Chairwoman of the Securities and Exchange Commission, dated August 28, 2014 ("Comment Letter").

how orders are executed and reported to support enhancements to the maintenance of an accurate audit trail.

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 foregoing rule change has become effective pursuant to Section 19(b)(3)(A)[15] of the Act and Rule 19b-4(f)(6) thereunder[16] 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.

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.

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.

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15 15 U.S.C. 78s(b)(3)(A).

16 17 CFR 240.19b-4(f)(6).

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 delay the retirement of FBMS 1 and FBMS 2 until the new FBMS 3 becomes available, functioning in a way that enables the Floor Brokers' business to be conducted efficiently. The Exchange believes that this is consistent with the protection of investors and the public interest, because the smooth functioning of Floor Brokers on the Exchange's options trading floor is important to the operation of its options market. The Exchange does not believe that terminating FBMS 1 is consistent with the protection of investors and the public interest because of the performance issues associated with FBMS 2. Thus, continuing to operate both concurrently for a temporary period is consistent with the protection of investors and the public interest.

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

Not applicable.

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.

2. Letter from various Phlx Floor Brokers to Mary Jo White, Chairwoman of the Securities and Exchange Commission, dated August 28, 2014.

EXHIBIT 1

SECURITIES AND EXCHANGE COMMISSION
(Release No. ; File No. SR-Phlx-2015-80)

October __, 2015

Self-Regulatory Organizations; NASDAQ OMX PHLX LLC; Notice of Filing and Immediate Effectiveness of Proposed Rule Change Relating to the Options Floor Broker Management System

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 October 7, 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 extend the implementation rollout of its enhanced Options Floor Broker Management System, described in more detail below.

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.

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

2 17 CFR 240.19b-4.

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

1. Purpose

Currently and until November 3, 2015, the Exchange operates two Floor Broker Management Systems concurrently on the options trading floor: the original Floor Broker Management System operating since 2005 (“FBMS 1”); and the enhanced Floor Broker Management System (“FBMS 2”). The purpose of the proposal is to continue the concurrent operation of FBMS 1 and FBMS 2 for a temporary period ending April 1, 2016 for the reasons stated below; otherwise the Exchange’s concurrent operation of FBMS 1 and FBMS 2 would expire November 3, 2015.

FBMS 1 enables Floor Brokers and/or their employees to enter, route, and report transactions stemming from options orders received on the Exchange. FBMS 1 also establishes an electronic audit trail for options orders represented by Floor Brokers on the Exchange. Floor Brokers can also use FBMS 1 to submit orders to Phlx XL, rather than executing the orders in the trading crowd.

FBMS 2 was launched in March 2014. With FBMS 2, all options transactions on the Exchange involving at least one Floor Broker are required to be executed by FBMS 2. In connection with order execution, the Exchange allows FBMS 2 to execute two-sided orders entered by Floor Brokers, including multi-leg orders up to 15 legs, after the Floor Broker has represented the orders in the trading crowd. FBMS 2 also provides Floor Brokers with an enhanced functionality called the complex calculator that calculates and displays a suggested price of each individual component of a multi-leg order, up to 15 legs, submitted on a net debit or credit basis.

The Exchange received approval to implement FBMS 2 as of June 1, 2013,[3] and delayed its implementation until July 2013,[4] until September 2013,[5] until December 2013,[6] and until March 2014.[7] Implementation began on March 7, 2014, with FBMS 2 operating concurrently with FBMS 1. The Exchange intended to retire FBMS 1 after a specified implementation period for FBMS 2. FBMS 2 has been fully rolled out to all Floor Brokers and in all options. Nevertheless, the Exchange delayed the retirement of FBMS 1 until September 1, 2014,[8] November 3, 2014.[9] and, most recently, until November 3, 2015,[10] for reasons relating to the performance of FBMS 2.[11]

The purpose of the delay was originally to repair FBMS 2, and then ultimately the Exchange determined to replace it with a new system. The Exchange contracted with a third-party entity to provide an alternative system ("FBMS 3") to ultimately replace both

3 Securities Exchange Act Release No. 69471 (April 29, 2013), 78 FR 26096 (May 3, 2013) (SR-Phlx-2013-09).

4 Securities Exchange Act Release No. 69811 (June 20, 2013), 78 FR 38422 (June 26, 2013) (SR-Phlx-2013-67).

5 Securities Exchange Act Release No. 70141 (August 8, 2013), 78 FR 49565 (August 14, 2013) (SR-Phlx-2013-83).

6 Securities Exchange Act Release No. 70629 (October 8, 2013), 78 FR 62852 (October 22, 2013) (SR-Phlx-2013-100).

7 Securities Exchange Act Release No. 71212 (December 31, 2013), 79 FR 888 (January 7, 2014) (SR-Phlx-2013-129).

8 Securities Exchange Act Release No. 72135 (May 9, 2014), 79 FR 27966 (May 15, 2014) (SR-Phlx-2014-33).

9 Securities Exchange Act Release No. 73246 (September 29, 2014), 79 FR 59874 (October 3, 2014) (SR-Phlx-2014-59).

10 Securities Exchange Act Release No. 73586 (November 13, 2014), 79 FR 68931 (November 19, 2014) (SR-Phlx-2014-71).

11 The Exchange previously described those performance issues. Id.

FBMS 1 and FBMS 2. The Exchange had intended to implement FBMS 3 by November 3, 2015, but, based on recent estimates from the third-party entity, it will not be ready until March 2016. There were inadvertent delays in the construction of the new system.

During this additional time period, the Exchange will continue to permit Floor Brokers to use both FBMS 1 and FBMS 2 based on their business needs and Floor Brokers can choose whether to use one or both. Both FBMS 1 and FBMS 2 will continue to be available in all options and to all Floor Brokers. For example, a Floor Broker will be able to use FBMS 1 for one order and FBMS 2 for the next order. Accordingly, the Exchange believes that the performance issues with FBMS 2 are less likely and should decrease because the Floor Broker also has the option to use FBMS 1.

2. Statutory Basis

The Exchange believes that its proposal is consistent with Section 6(b) of the Act[12] in general, and furthers the objectives of Section 6(b)(5) of the Act[13] in particular, in that it is designed to promote just and equitable principles of trade and protect investors and the public interest, by providing options Floor Brokers with two different FBMS offerings for order entry and processing. Despite its performance issues, FBMS 2 offers many beneficial features to the Floor Brokers that FBMS 1 does not, such as the complex calculator and increased automation described above, such that the Exchange has determined not to shut down FBMS 2. Having two options for order entry and processing should enable Floor Brokers to operate their businesses and comply with the relevant rules, which is consistent with the protection of investors and the public interest.

12 15 U.S.C. 78f(b).

13 15 U.S.C. 78f(b)(5).

Continuing to operate both FBMS 1 and FBMS 2 concurrently for a temporary period should also promote just and equitable principles of trade by providing Floor Brokers with the tools to enter and process their orders efficiently. The proposal is not unfairly discriminatory because all Floor Brokers will be able to use both FBMS 1 and FBMS 2.

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. The Exchange believes that permitting Floor Brokers to use both FBMS 1 and FBMS 2 for an additional period of time while the Exchange receives delivery of a new system should allow it to compete with other floor-based exchanges and help the Exchange’s Floor Brokers compete with floor brokers on other options exchanges.

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

No comments were solicited. One comment letter was received by the Exchange when the Exchange communicated to the Floor Brokers that the old FBMS would be retired on September 1, 2014.[14] The Comment Letter requested the Commission and Phlx postpone the implementation rollout of the new FBMS from September 1, 2014 to a later date. The Comment Letter alleges that the Floor Brokers did not have proper notice of the end of the implementation period resulting in the termination of the old FBMS. This is not relevant to the proposal at hand. Also, the Comment Letter requests that the new FBMS be postponed to ensure the public outcry system is maintained. The Exchange notes that under FBMS 2, orders will continue to be represented in the trading

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14 See letter from various Phlx Floor Brokers to Mary Jo White, Chairwoman of the Securities and Exchange Commission, dated August 28, 2014 (“Comment Letter”).

crowd; order exposure has not been eliminated. The Exchange is merely modernizing how orders are executed and reported to support enhancements to the maintenance of an accurate audit trail.

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[15] and subparagraph (f)(6) of Rule 19b-4 thereunder.[16]

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.

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15 15 U.S.C. 78s(b)(3)(a)(iii).

16 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-2015-80 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-2015-80. 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-2015-80 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.[17]

Robert W. Errett
Deputy Secretary

[17] 17 CFR 200.30-3(a)(12).

Nicholas D. DiCicco
President
D&D Securities, Inc.
1900 Market Street
Philadelphia, PA 19103

James A. Kelly
President
J.A.K. Securities, Inc.
20 Windward Court
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Suite 401
Philadelphia, PA 19103

August 28, 2014

via email
Mary Jo White
Chairwoman
U.S. Securities and Exchange Commission
100 F Street, NE
Washington, DC 20549

RE: Securities and Exchange Commission, Release No. 34-72135, File No. SR-Phlx-2014-33 (May 9, 2014)

Dear Chairwoman White:

We write this letter to the Securities Exchange Commission ("SEC") on behalf of D&D Securities, Inc., PTR, Inc., and J.A.K. Securities, Inc. (collectively, the "Floor Brokers") with the purpose of urging both the SEC and the PHLX to postpone the implementation rollout of the new options floor broker management system ("FBMS") from September 1, 2014 to a later date. The NASDAQ OMX PHLX ("PHLX") notified the Floor Brokers informally in a verbal discussion just this week that the old FMBS would no longer be available as of September 1, 2014, and they would need to use the new FMBS only. The rollout of the new system cannot proceed because, due in large part to technological shortcomings of the new FBMS, it will be unfair to the Floor Brokers as PHLX members and will also lead to adverse consequences for investors.

I. Factual Background

The implementation rollout of the new options FBMS has a tortured history. PHLX received approval to implement the new FBMS, which involved technological enhancements to assist in executing orders, as early as June 1, 2013. It delayed implementing the system, however, five times – first until July 2013, then until September 2013, then until December 2013, then until March 2014, and finally, until September 1, 2014. (See Securities and Exchange Commission Release No. 34-72135 (May 9, 2014; File No. SR-Phlx-2014-33, at p. 2-3.) It is clear that there were significant technological difficulties with implementing the new FBMS, which resulted in these delays.

as they have not had the proper notice that the new FBMS, which has significant, unaddressed flaws, will be the only choice to execute trades in a few days.

2. Elimination of Open Outcry

The new FBMS has effectively eliminated the public outcry system permitted under PHLX Rule 1000(g) because the trades cannot be verbally executed using the new FBMS. Rule 1000(g) provides:

> Manner of Bidding and Offering. Bids and offers to be effective must either be entered electronically in a form and manner prescribed by the Exchange (as quotes or orders) or made by public outcry in the trading crowd (to which Rule 110 applies). All bids and offers shall be general ones and shall not be specified for acceptance by particular members.
>
> Public Outcry - Pursuant to Rule 110, bids and offers must be made in an audible tone of voice. A member shall be considered "in" on a bid or offer, while he remains at the post, unless he shall distinctly and audibly say "out." A member bidding and offering in immediate and rapid succession shall be deemed "in" until he shall say "out" on either bid or offer. Once the trading crowd has provided a quote, it will remain in effect until: (A) a reasonable amount of time has passed, or (B) there is a significant change in the price of the underlying security, or (C) the market given in response to the request has been improved. In the case of a dispute, the term "significant change" will be interpreted on a case-by-case basis by an Options Exchange Official based upon the extent of the recent trading in the option and, in the case of equity and index options, in the underlying security, and any other relevant factors.
>
> With respect to orders involving a Floor Broker using the Options Floor Broker Management System to execute an order pursuant to Rule 1000(f), a member must audibly say "out" before the Floor Broker submits the order into the FBMS for execution and, if the order is not executed, the member must audibly say "out" before each time the Floor Broker resubmits the order for execution.

While the public outcry system has been a long-standing tradition of the PHLX, ironically, Rule 1000(g) was first promulgated last year in connection with the PHLX's requests to enhance the functionality of the FBMS. (<u>See</u> SEC Release No. 34-69471, File No. SR-Phlx-2013-09 (Apr. 29, 2013).)

The new FBMS, however, has de facto eliminated the public outcry system. Under the old FBMS, an outcry trade was executed at the time that it was made (a "verbal execution"), and the Floor Broker had 90 seconds to enter the trade into the FBMS at the price at the time of the verbal execution. In contrast, a trade under the new FBMS is not executed until the time the trade is cleared in the new FBMS. There is considerable lag time involved due to the time it takes the Floor Broker to enter the information into the new FBMS, as well as a 7- to 24-second delay in the system's processing of the trade. As a result, the new FBMS is indirectly eliminating the public outcry system as no one – Floor Brokers or investors – will want to use it as the price at the time of the outcry may no longer be the price at the time of the trade. Public outcry is a long-stranding tradition of the PHLX, it is permitted under the PHLX Rules, and it is also a preferred way in which the Floor Brokers conduct their business.

Any efforts the PHLX made to preserve the outcry system with Rule 1000(g) last year are being defeated by the new FBMS, and thus, the implementation of the new FBMS should be postponed to ensure that the public outcry system is maintained.

B. <u>Adverse Consequences to Investors</u>

1. The Outcry System under the New FBMS Will Harm Investors

As described above, the new FBMS will de facto eliminate the public outcry system. To the extent a Floor Broker and an investor choose to continue to use the public outcry system, it could have disastrous consequences for an investor because the market may have moved from the time of the outcry until the time that the trade is entered into the new FBMS. As a result, Floor Brokers and investors alike can no longer use the outcry system.

2. Reduced Speed of the New FBMS

The new FBMS system is web based and very slow. Any delays in the former system were remedied by the fact that a floor official clocked the trade at the time of verbal execution. If a system issue caused the delay of entry and the market moved during that period, the trade was still a recognized trade as of the time designated by the floor official at verbal execution. Under the new system, there is no floor official clocking a trade at and the trades are no longer good on verbal execution. Instead, they are an actual "trade" once they are entered and cleared on the new FBMS system. This has already created problems during the pilot program. Because of the slow speed of the web based program, the market has moved before the trade has cleared the new FBMS thereby harming all participants in the trade, including the investors. An investor could execute a trade with a market maker that is within the then prevailing market but be deprived of that trade if the market moves before the new FBMS can accept the trade.

Mary Jo White, Chair of the SEC
August 28, 2014
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3. Increased Complexity for Multiple Leg Trades

The purported reason for implementing a new system was to assist in executing orders. The system as currently designed actually impedes the process of order execution. For example, a trade involving multiple legs and different volumes or a ratio spread, will entail up to three different operations on the new FBMS before it can be "executed." Once again, and as the Floor Brokers have already experienced, once the market moves during that period, all trade participants are damaged. This damage has been ameliorated during the pilot period since the PHLX has recognized the trades executed by open outcry. Once that is effectively eliminated by mandating use of the new but flawed FBMS system, there will be no easy remedy for an investor harmed by the limitations of this system.

These are just a few examples of the issues created by the new FBMS system. The system is otherwise incompatible with PHLX Rules and Procedures in ways that have been brought to the attention of PHLX officials but remain unaddressed.

Based on the foregoing, it is imperative that the SEC and the PHLX postpone the implementation rollout of the new FMBS until the PHLX cures its procedural deficiency by issuing an Options Trader Alert, ensures that the public outcry system can be maintained, and resolves the technological shortcomings in order to avoid being unfair to the Floor Brokers and creating adverse consequences for investors.

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