

Required fields are shown with yellow backgrounds and asterisks.

Page 1 of * 20	SECURITIES AND EXCHANGE COMMISSION WASHINGTON, D.C. 20549 Form 19b-4	File No.* SR - 2016 - * 03	Amendment No. (req. for Amendments *)
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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"/>
Pilot <input type="checkbox"/>			Rule		
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 make non-substantive, clarifying amendments to several rules relating to clearing of Exchange options transactions.

**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 <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 01/05/2016	Executive Vice President and General Counsel
By Edward S. Knight	<div style="border: 1px solid black; width: 100%; height: 20px;"></div>
(Name *)	<div style="border: 1px solid black; width: 100%; height: 20px; background-color: #ccc;"></div>

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

edward.knight@nasdaq.com

SECURITIES AND EXCHANGE COMMISSION  
WASHINGTON, D.C. 20549

For complete Form 19b-4 instructions please refer to the EFFF 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 \***

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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**

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”)<sup>1</sup> and Rule 19b-4 thereunder,<sup>2</sup> is filing with the Securities and Exchange Commission (“Commission”) a proposal to make nonsubstantive, clarifying amendments to several rules relating to clearing of Exchange options transactions.

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 attached 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 (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 Carla Behnfeldt, Associate General Counsel, Nasdaq, Inc., at (215) 496-5208.

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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 Exchange proposes to make minor nonsubstantive amendments to four rules relating to options clearing responsibilities of members. The changes are intended to correct minor drafting errors, and to update and improve readability of the rules. The Exchange is also proposing to extend applicability of a rule concerning violations of The Options Clearing Corporation (“OCC”) rules to off-floor transactions as well as to on-floor transactions.

Phlx Rule 1046, Clearing Arrangements, currently provides that a member or member organization conducting an options business must either be: (i) a clearing member of OCC; or (ii) have a clearing arrangement with an Exchange member organization that is a clearing member of OCC. The Exchange is revising the rule to simply state that a member or member organization conducting an options business must be a Clearing Member or have a clearing arrangement with a Clearing Member. The revision simply makes use of the existing defined term “Clearing Member”<sup>3</sup> to improve readability. No change in meaning is intended.

Phlx Rule 1050, Violation Of By-Laws And Rules Of Options Clearing Corporation, currently provides for Exchange penalties in the event a member, member organization or director of a member organization that is a corporation “shall be adjudged guilty in a proceeding under Article XVIII of the by-laws of a violation of any provision

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<sup>3</sup> Exchange Rule 1000(b)(3) defines “Clearing Member” as “a member organization which has been admitted to membership in the Options Clearing Corporation pursuant to the provisions of the rules of the Options Clearing Corporation.”

of the rules of the Options Clearing Corporation with respect to the reporting, clearance or settlement of any transaction on the options trading floor of this Corporation. . . .”

The Exchange is deleting the reference to a proceeding under Article XVIII of the by-laws, which the Exchange deleted in 2011<sup>4</sup>, and is replacing it with a more general and accurate reference to “an Exchange disciplinary proceeding.” The Exchange is also replacing the reference to “any transaction on the options trading floor of this Corporation” with a reference to “any Exchange options transaction” in view of today’s electronic options trading which is not limited to the trading floor and the fact that the Exchange is not otherwise referred to in the rulebook as “this Corporation.” The Exchange did not amend Rule 1050 when it introduced off-floor trading, but is doing so now because whether a transaction takes place on-floor or off-floor has no bearing on the significance of any violation of the OCC rules. The Exchange has determined that there is no reason for off-floor transactions to be excluded from a requirement that transactions must be conducted in accordance with OCC rules. The new rule should ensure that off-floor transactions as well as on-floor transactions are conducted in a manner consistent with OCC rules.

Phlx Rule 1052, Responsibility Of Clearing Options Members For Exchange Options Transactions, currently provides for the clearing of transactions of non-Clearing Members by a “member organization which is a clearing member of the Options Clearing Corporation. . . .” The Exchange again is replacing this quoted language with the more

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<sup>4</sup> See Securities Exchange Act Release No. 63981 (February 25, 2011), 76 FR 12180 (March 4, 2011) (SR-Phlx-2011-13) (a rule proposal to, among other things, amend the Limited Liability Company Agreement and By-Laws to substantially conform to The NASDAQ Stock Market's Second Amended Limited Liability Company Agreement and By-Laws).

succinct defined term “Clearing Member.”<sup>5</sup> The word “Options” is deleted from the rule’s title as superfluous.

Finally, Rule 1054, Verification Of Trades And Reconciliation Of Uncompared Trades, imposes certain trade verification and reconciliation obligations on any “member organization which is a clearing member of the Options Clearing Corporation.” Once again the Exchange is replacing the cumbersome language in quotation marks with the succinct, defined term “Clearing Member.” The change is made simply to improve readability.

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 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 improving the accuracy and readability of the amended rules.

With respect to Rules 1046, 1052 and 1054, employing the defined term “Clearing Member” rather than “a clearing member of the Options Clearing Corporation”

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<sup>5</sup> Rule 1052 currently provides that every member organization which is a clearing member of the Options Clearing Corporation shall be responsible for the clearance of the Exchange options transactions of such member organization and of each member or member organization who gives up the name of such clearing member in an Exchange options transaction, provided the clearing member has authorized such member or member organization to give up its name with respect to Exchange options transactions.

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

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

shortens the rule and makes it more readable. With respect to Rule 1050, deletion of a reference to a nonexistent provision of the Exchange's bylaws and replacing it with a general reference to the Exchange's disciplinary proceedings should make the rule more understandable. Additionally with respect to Rule 1050, extending the applicability of the rule to off-floor transactions as well as to on-floor transactions should incentivize those who engage in off-floor transactions to comply with OCC rules, which is in the public interest.

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

The Exchange does not believe that the clarifying amendments proposed herein will impose any burden on competition not necessary or appropriate in furtherance of the purposes of the Act inasmuch as they simply improve the accuracy and readability of the rules. Additionally, Rule 1050, as amended, will apply to members transacting off the trading floor as well as those transacting on the trading floor, which should reduce a burden on competition on members who transact primarily on the trading floor and also on members of other markets whose rules require compliance with OCC rules in connection with transactions not occurring on a trading floor.

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

No written comments were either solicited or received.

6. Extension of Time Period for Commission Action

Not applicable.

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

The foregoing rule change has become effective pursuant to Section 19(b)(3)(A)<sup>8</sup> of the Act and Rule 19b-4(f)(6) thereunder<sup>9</sup> 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 amendments improve the accuracy, clarity and readability of the rules which is in the public interest. The Exchange believes that the proposed clarifying amendments which make use of the defined term “Clearing Member” in Rules 1046, 1052 and 1054 are in the public interest because they shorten those rules and improve their readability, thereby facilitating understanding of them which should enhance compliance with them. The amendments to Rule 1050 which eliminate a reference to a nonexistent Exchange By-law and which extend a rule providing for Exchange discipline in the event of a violation of OCC rules to off-floor transactions are also in the public interest because together they should improve a market participant’s understanding of the rule and incentivize compliance with OCC’s rules by those executing off-floor transactions. The Exchange notes that other exchanges have rules which provide for exchange discipline of their

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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).

participants in the event of the failure of those engaging on off-floor transactions to comply with OCC rules.<sup>10</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.

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.

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

Not applicable. However, as discussed above with respect to the proposed amendments extending Rule 1050 to off-floor transactions as well as to on-floor transactions, NOM Chapter XI, Doing Business with the Public, Section 5, Discipline, Suspension, Expulsion of Registered Persons, provides that “[t]he Exchange or Nasdaq Regulation may discipline, suspend or terminate the registration of any registered person for violation of the Rules of the Exchange or the Rules of the Clearing Corporation.”

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<sup>10</sup> See, e.g., NASDAQ Options Market (NOM) Chapter XI, Doing Business with the Public, Section 5, Discipline, Suspension, Expulsion of Registered Persons, which provides that “[t]he Exchange or Nasdaq Regulation may discipline, suspend or terminate the registration of any registered person for violation of the Rules of the Exchange or the Rules of the Clearing Corporation.” NOM does not operate a trading floor.

NOM does not operate a trading floor; therefore, its rule applies to off-floor transactions.

Phlx likewise seeks to extend Rule 1050 to off-floor transactions.

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. Text of the proposed rule change.

**EXHIBIT 1**

SECURITIES AND EXCHANGE COMMISSION  
(Release No. \_\_\_\_\_ ; File No. SR-Phlx-2016-03)

January \_\_, 2016

Self-Regulatory Organizations; NASDAQ OMX PHLX LLC; Notice of Filing and Immediate Effectiveness of Proposed Rule Change to Make Nonsubstantive, Clarifying Amendments to Several Rules Relating to Clearing of Exchange Options Transactions

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 January 5, 2016, 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 make nonsubstantive, clarifying amendments to several rules relating to clearing of Exchange options transactions.

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

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

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

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 Exchange proposes to make minor nonsubstantive amendments to four rules relating to options clearing responsibilities of members. The changes are intended to correct minor drafting errors, and to update and improve readability of the rules. The Exchange is also proposing to extend applicability of a rule concerning violations of The Options Clearing Corporation (“OCC”) rules to off-floor transactions as well as to on-floor transactions.

Phlx Rule 1046, Clearing Arrangements, currently provides that a member or member organization conducting an options business must either be: (i) a clearing member of OCC; or (ii) have a clearing arrangement with an Exchange member organization that is a clearing member of OCC. The Exchange is revising the rule to simply state that a member or member organization conducting an options business must be a Clearing Member or have a clearing arrangement with a Clearing Member. The revision simply makes use of the existing defined term “Clearing Member”<sup>3</sup> to improve readability. No change in meaning is intended.

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<sup>3</sup> Exchange Rule 1000(b)(3) defines “Clearing Member” as “a member organization which has been admitted to membership in the Options Clearing Corporation pursuant to the provisions of the rules of the Options Clearing Corporation.”

Phlx Rule 1050, Violation Of By-Laws And Rules Of Options Clearing Corporation, currently provides for Exchange penalties in the event a member, member organization or director of a member organization that is a corporation “shall be adjudged guilty in a proceeding under Article XVIII of the by-laws of a violation of any provision of the rules of the Options Clearing Corporation with respect to the reporting, clearance or settlement of any transaction on the options trading floor of this Corporation. . . .” The Exchange is deleting the reference to a proceeding under Article XVIII of the by-laws, which the Exchange deleted in 2011<sup>4</sup>, and is replacing it with a more general and accurate reference to “an Exchange disciplinary proceeding.” The Exchange is also replacing the reference to “any transaction on the options trading floor of this Corporation” with a reference to “any Exchange options transaction” in view of today’s electronic options trading which is not limited to the trading floor and the fact that the Exchange is not otherwise referred to in the rulebook as “this Corporation.” The Exchange did not amend Rule 1050 when it introduced off-floor trading, but is doing so now because whether a transaction takes place on-floor or off-floor has no bearing on the significance of any violation of the OCC rules. The Exchange has determined that there is no reason for off-floor transactions to be excluded from a requirement that transactions must be conducted in accordance with OCC rules. The new rule should ensure that off-floor transactions as well as on-floor transactions are conducted in a manner consistent with OCC rules.

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<sup>4</sup> See Securities Exchange Act Release No. 63981 (February 25, 2011), 76 FR 12180 (March 4, 2011) (SR-Phlx-2011-13) (a rule proposal to, among other things, amend the Limited Liability Company Agreement and By-Laws to substantially conform to The NASDAQ Stock Market's Second Amended Limited Liability Company Agreement and By-Laws).

Phlx Rule 1052, Responsibility Of Clearing Options Members For Exchange Options Transactions, currently provides for the clearing of transactions of non-Clearing Members by a “member organization which is a clearing member of the Options Clearing Corporation. . . .” The Exchange again is replacing this quoted language with the more succinct defined term “Clearing Member.”<sup>5</sup> The word “Options” is deleted from the rule’s title as superfluous.

Finally, Rule 1054, Verification Of Trades And Reconciliation Of Uncompared Trades, imposes certain trade verification and reconciliation obligations on any “member organization which is a clearing member of the Options Clearing Corporation.” Once again the Exchange is replacing the cumbersome language in quotation marks with the succinct, defined term “Clearing Member.” The change is made simply to improve readability.

## 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 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,

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<sup>5</sup> Rule 1052 currently provides that every member organization which is a clearing member of the Options Clearing Corporation shall be responsible for the clearance of the Exchange options transactions of such member organization and of each member or member organization who gives up the name of such clearing member in an Exchange options transaction, provided the clearing member has authorized such member or member organization to give up its name with respect to Exchange options transactions.

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

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

in general to protect investors and the public interest, by improving the accuracy and readability of the amended rules.

With respect to Rules 1046, 1052 and 1054, employing the defined term “Clearing Member” rather than “a clearing member of the Options Clearing Corporation” shortens the rule and makes it more readable. With respect to Rule 1050, deletion of a reference to a nonexistent provision of the Exchange’s bylaws and replacing it with a general reference to the Exchange’s disciplinary proceedings should make the rule more understandable. Additionally with respect to Rule 1050, extending the applicability of the rule to off-floor transactions as well as to on-floor transactions should incentivize those who engage in off-floor transactions to comply with OCC rules, which is in the public interest.

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

The Exchange does not believe that the clarifying amendments proposed herein will impose any burden on competition not necessary or appropriate in furtherance of the purposes of the Act inasmuch as they simply improve the accuracy and readability of the rules. Additionally, Rule 1050, as amended, will apply to members transacting off the trading floor as well as those transacting on the trading floor, which should reduce a burden on competition on members who transact primarily on the trading floor and also on members of other markets whose rules require compliance with OCC rules in connection with transactions not occurring on a trading floor.

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

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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.

- Send an e-mail to [rule-comments@sec.gov](mailto:rule-comments@sec.gov). Please include File Number SR-Phlx-2016-03 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-2016-03. 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-2016-03 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

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

**Rules of the Exchange**

\* \* \* \* \*

**Options Rules**

\* \* \* \* \*

**Rule 1046. Clearing Arrangements**

A member or member organization conducting an options business must [either be: (i) a clearing member of The Options Clearing Corporation; or (ii) have a clearing arrangement with an Exchange member organization that is a clearing member of The Options Clearing Corporation] be a Clearing Member or have a clearing arrangement with a Clearing Member.

\* \* \* \* \*

**Rule 1050. Violation Of By-Laws And Rules Of Options Clearing Corporation**

A member, member organization or director of a member organization that is a corporation who or which has been determined in an Exchange disciplinary proceeding to have violated [shall be adjudged guilty in a proceeding under Article XVIII of the by-laws of a violation of] any provision of the rules of the Options Clearing Corporation with respect to the reporting, clearance or settlement of [any transaction on the options trading floor of this Corporation]any Exchange options transaction, shall be subject to the same penalty or penalties as may be imposed for violation of an Exchange Rule.

\* \* \* \* \*

**Rule 1052. Responsibility Of Clearing [Options] Members For Exchange Options Transactions**

Every [member organization which is a clearing member of the Options Clearing Corporation]Clearing Member shall be responsible for the clearance of the Exchange options transactions of such [member organization]Clearing Member and of each member or member organization who gives up the name of such [c]Clearing [m]Member in an Exchange options transaction, provided the [c]Clearing [m]Member has authorized such member or member organization to give up its name with respect to Exchange options transactions.

\* \* \* \* \*

**Rule 1054. Verification Of Trades And Reconciliation Of Uncompared Trades**

A Clearing Member [member organization which is a clearing member of the Options Clearing Corporation] shall be obligated to compare all trades made through or on behalf of such member as soon as possible after such trades are made or after receiving notification thereof, reconcile all uncompared trades and advisory trades, and report all reconciliations, corrections and adjustments to the Exchange in accordance with such procedures as may be established by the Exchange from time to time. Such reconciliation report shall be filed with the Exchange prior to such cut-off hour as the Exchange may prescribe and shall be binding on the [c]Clearing [m]Member on whose behalf it is filed. The Exchange will consider all trades as executed and compared as of such cut-off hour.

\* \* \* \* \*