Required fields are shown with yellow backgrounds and asterisks.

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

File No.* SR - 2016 - * 58

Amendment No. (req. for Amendments *)

Filing by   NASDAQ PHLX LLC

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

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

Rule

Pilot ☐	Extension of Time Period for Commission Action * ☐	Date Expires *	19b-4(f)(1) ▣ 19b-4(f)(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	Security-Based Swap Submission pursuant to the Securities Exchange Act of 1934
Section 806(e)(1) * ☐ Section 806(e)(2) * ☐	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 *).

Adopt a Limit Order Protection

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 * Angela   Last Name * Dunn

Title * angela.dunn@nasdaq.com

E-mail * angela.dunn@nasdaq.com

Telephone * (215) 496-5692   Fax

Signature

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

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

(Title *)

Date 06/24/2016

By Edward S. Knight   Executive Vice President and General Counsel

(Name *)

edward.knight@nasdaq.com

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

SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

For complete Form 19b-4 instructions please refer to the 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 PHLX LLC ("Exchange" or "Phlx"), pursuant to Section

19(b)(1) of the Securities Exchange Act of 1934 ("Act")[1] and Rule 19b-4 thereunder,[2] is

filing with the Securities and Exchange Commission ("Commission") a proposal to

amend NASDAQ PSX Rule 3307, entitled "Processing of Orders" to adopt a Limit Order

Protection or "LOP" for members accessing PSX.

        A notice of the proposed rule change for publication in the Federal Register is at

Exhibit 1 and the text of the amended Exchange Rule is at Exhibit 5.

        (b)   Not applicable.

        (c)   Not applicable.

2.   Procedures of the Self-Regulatory Organization

        The proposed rule change was approved by the Board of Directors of the

Exchange on February 26, 2016. No other action is necessary for the filing of the rule

change. Questions and comments on the proposed rule change may be directed to:

<div align="center">
Angela Saccomandi Dunn
Associate General Counsel
Nasdaq, Inc.
215-496-5692.
</div>

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

        a.   Purpose

        The Exchange proposes to adopt a new mechanism to protect against erroneous

Limit Orders which are entered into PSX. Specifically, this new feature addresses risks

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

[2]   17 CFR 240.19b-4.

to market participants of human error in entering Limit Orders at unintended prices. LOP would prevent certain Limit Orders from executing or being placed on the Order Book at prices outside pre-set standard limits. The System would reject those Limit Orders, rather than executing them automatically.

The Exchange proposes to adopt a new feature, LOP for Limit Orders, which would reject Limit Orders back to the member when the order exceeds certain defined logic. The Exchange intends to apply LOP system wide. The Exchange reserves the ability to temporarily disable LOP for certain securities in the event of extraordinary market conditions in a certain symbol.[3] Specifically, the LOP feature would prevent certain Limit Orders at prices outside of pre-set standard limits ("LOP Limit") from being accepted by the System. LOP shall apply to all Quotes and Orders, including any modified Orders.[4] LOP would not apply to Market Orders, Market Maker Peg Orders[5] or

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[3]   For example, LOP may cause a greater number of orders to be rejected in a very volatile market. In the event that the Exchange were to disable LOP in a particular symbol temporarily, the Exchange would immediately notify market participants by sending an alert via an Equities Trader Alert. The Exchange would enable LOP in that symbol as soon as is reasonably practicable and send an updated alert notifying participants that LOP was enabled.

[4]   If an Order is modified, LOP will review the order anew and, if LOP is triggered, such modification will not take effect and the original order will be rejected

[5]   A "Market Maker Peg Order" is an Order Type designed to allow a Market Maker to maintain a continuous two-sided quotation at a displayed price that is compliant with the quotation requirements for Market Makers set forth in Rule 3213 (a)(2). The displayed price of the Market Maker Peg Order is set with reference to a "Reference Price" in order to keep the displayed price of the Market Maker Peg Order within a bounded price range. A Market Maker Peg Order may be entered through RASH or FIX. A Market Maker Peg Order must be entered with a limit price beyond which the Order may not be priced. The Reference Price for a Market Maker Peg Order to buy (sell) is the then-current National Best Bid (National Best Offer) or if no such National Best Bid or National Best Offer, the most recent reported last-sale eligible trade from the responsible single plan processor for that day, or if none, the previous closing price of the security as

Intermarket Sweep Orders (ISO).[6] A Market Maker Peg Order is a passive order type which will not otherwise remove liquidity from the Order Book. This order type was designed to assist Market Makers with meeting their quoting obligations. Market Makers have a diverse business model as compared with other market participants. Excluding the Market Maker Peg Order from the LOP will assist Market Makers in meeting their quoting obligations. The Exchange believes that because Market Makers have other risk protections in place to prevent them from quoting outside of their financial means, the risk level for erroneous trades is not the same as with other market participants. Market Makers have more sophisticated infrastructures than other market participants and are able to manage their risk, particularly with quoting, utilizing other tools which may not be available to other market participants. An ISO is immediately executable within PSX against orders against which they are marketable. The ISO designation on an order presumes that the market participant has satisfied their obligation to all protected quotes up to the limit of the ISO.

LOP would be operational each trading day. LOP would not be operational during trading halts and pauses. Also, LOP would not apply in the event that there is no established LOP Reference Price.[7] The LOP Reference Price shall be the current

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adjusted to reflect any corporate actions (e.g., dividends or stock splits) in the security. See PSX Rule 3301A.

[6]   An Intermarket Sweep or ISO Order, which is an Order that is immediately executable within PSX against Orders against which they are marketable, is not subject to LOP. See PSX Rule 3401(g).

[7]   For example, if there is a one-sided quote or if the LOP Reference Price is less than the greater of 10% or $0.50.

National Best Bid or Best Offer (NBBO), the bid for sell orders and the offer for buy orders.

The Exchange proposes to not accept incoming Limit Orders that exceed the LOP Reference Threshold. Limit Orders will not be accepted if the price of the Limit Order is greater than the LOP Reference Threshold for a buy Limit Order. Limit Orders will not be accepted if the price of the Limit Order is less than the LOP Reference Threshold for a sell Limit Order. The LOP Reference Threshold for buy orders will be the LOP Reference Price (offer) plus the applicable percentage specified in the LOP Limit. The LOP Reference Threshold for sell orders will be the LOP Reference Price (bid) minus the applicable percentage specified in the LOP Limit. The LOP Limit shall be the greater of 10% of the LOP Reference Price or $0.50 for all securities across all trading sessions. The LOP Reference Price shall be the current National Best Bid or Best Offer (NBBO), the bid for sell orders and the offer for buy orders.

The Exchange also notes that LOP will be applicable on all protocols.[8] The LOP feature will be mandatory for all PSX members. The Exchange proposes to implement this rule within ninety (90) days of the approval of this proposed rule change. The Exchange will issue an Equities Trader Alert in advance to inform market participants of such implementation date.

b.   Statutory Basis

The Exchange believes that its proposal is consistent with Section 6(b) of the Act[9]

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[8]   PSX maintains several communications protocols for members to use in entering Orders and sending other messages to PSX, such as: OUCH, RASH, FLITE and FIX.

[9]   15 U.S.C. 78f(b).

in general, and furthers the objectives of Section 6(b)(5) of the Act[10] 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 mitigating risks to market participants of human error in entering Limit Orders at clearly unintended prices. The proposals are appropriate and reasonable, because they offer protections for Limit Orders which should encourage price continuity and, in turn, protect investors and the public interest by reducing executions occurring at dislocated prices.

The proposed LOP feature would assist with the maintenance of fair and orderly markets by mitigating the risks associated with errors resulting in executions at prices that are away from the Best Bid or Offer and potentially erroneous. Further the proposal protects investors from potentially receiving executions away from the prevailing prices at any given time. The Exchange proposes LOP to avoid a series of improperly priced aggressive orders transacting in the Order Book. The LOP Limit is appropriate because it seeks to capture improperly priced Limit Orders and reject them to reduce the risk of, and to potentially prevent, the automatic execution of Orders at prices that may be considered clearly erroneous. The System will only execute Limit Orders priced within the LOP Limit. The proposed limit of greater than 10% or $0.50 is a reasonable measure to ensure prices remain within the reasonable limits. This protection will bolster the normal resilience and market behavior that persistently produces robust reference prices. This feature should create a level of protection that prevents the Limit Orders from entering the Order Book outside of an acceptable range for the Limit Order to execute.

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[10]   15 U.S.C. 78f(b)(5).

The LOP will reduce the negative impacts of sudden, unanticipated volatility, and serve to preserve an orderly market in a transparent and uniform manner, increase overall market confidence, and promote fair and orderly markets and the protection of investors. This feature is not optional and is applicable to all members submitting Limit Orders.

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 LOP feature will provide market participants with additional price protection from anomalous executions. This feature is not optional and is applicable to all members submitting Limit Orders. Thus, the Exchange does not believe the proposal creates any significant impact on competition. Offering this protection to the PSX will not impose any undue burden on intra-market competition, rather, it would permit equities and options members to be protected in a similar manner from erroneous executions.

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)

Not applicable.

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

The proposed rule change is not based on the rules of another self-regulatory

organization or of the Commission.

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-2016-58)

June __, 2016

Self-Regulatory Organizations; NASDAQ PHLX LLC; Notice of Filing of Proposed
Rule Change to Adopt Limit Order Protection

Pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 ("Act")[1], and

Rule 19b-4 thereunder,[2] notice is hereby given that on June 24, 2016, NASDAQ 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 NASDAQ PSX Rule 3307, entitled "Processing

of Orders" to adopt a Limit Order Protection or "LOP" for members accessing PSX.

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

[2]   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 adopt a new mechanism to protect against erroneous Limit Orders which are entered into PSX. Specifically, this new feature addresses risks to market participants of human error in entering Limit Orders at unintended prices. LOP would prevent certain Limit Orders from executing or being placed on the Order Book at prices outside pre-set standard limits. The System would reject those Limit Orders, rather than executing them automatically.

The Exchange proposes to adopt a new feature, LOP for Limit Orders, which would reject Limit Orders back to the member when the order exceeds certain defined logic. The Exchange intends to apply LOP system wide. The Exchange reserves the ability to temporarily disable LOP for certain securities in the event of extraordinary market conditions in a certain symbol.[3] Specifically, the LOP feature would prevent certain Limit Orders at prices outside of pre-set standard limits ("LOP Limit") from being accepted by the System. LOP shall apply to all Quotes and Orders, including any

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[3]   For example, LOP may cause a greater number of orders to be rejected in a very volatile market. In the event that the Exchange were to disable LOP in a particular symbol temporarily, the Exchange would immediately notify market participants by sending an alert via an Equities Trader Alert. The Exchange would enable LOP in that symbol as soon as is reasonably practicable and send an updated alert notifying participants that LOP was enabled.

modified Orders.[4] LOP would not apply to Market Orders, Market Maker Peg Orders[5] or

Intermarket Sweep Orders (ISO).[6] A Market Maker Peg Order is a passive order type

which will not otherwise remove liquidity from the Order Book. This order type was

designed to assist Market Makers with meeting their quoting obligations. Market Makers

have a diverse business model as compared with other market participants. Excluding the

Market Maker Peg Order from the LOP will assist Market Makers in meeting their

quoting obligations. The Exchange believes that because Market Makers have other risk

protections in place to prevent them from quoting outside of their financial means, the

risk level for erroneous trades is not the same as with other market participants. Market

Makers have more sophisticated infrastructures than other market participants and are

able to manage their risk, particularly with quoting, utilizing other tools which may not

be available to other market participants. An ISO is immediately executable within PSX

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[4]   If an Order is modified, LOP will review the order anew and, if LOP is triggered,
        such modification will not take effect and the original order will be rejected

[5]   A "Market Maker Peg Order" is an Order Type designed to allow a Market Maker
        to maintain a continuous two-sided quotation at a displayed price that is compliant
        with the quotation requirements for Market Makers set forth in Rule 3213 (a)(2).
        The displayed price of the Market Maker Peg Order is set with reference to a
        "Reference Price" in order to keep the displayed price of the Market Maker Peg
        Order within a bounded price range. A Market Maker Peg Order may be entered
        through RASH or FIX. A Market Maker Peg Order must be entered with a limit
        price beyond which the Order may not be priced. The Reference Price for a
        Market Maker Peg Order to buy (sell) is the then-current National Best Bid
        (National Best Offer) or if no such National Best Bid or National Best Offer, the
        most recent reported last-sale eligible trade from the responsible single plan
        processor for that day, or if none, the previous closing price of the security as
        adjusted to reflect any corporate actions (e.g., dividends or stock splits) in the
        security. See PSX Rule 3301A.

[6]   An Intermarket Sweep or ISO Order, which is an Order that is immediately
        executable within PSX against Orders against which they are marketable, is not
        subject to LOP. See PSX Rule 3401(g).

against orders against which they are marketable. The ISO designation on an order presumes that the market participant has satisfied their obligation to all protected quotes up to the limit of the ISO.

LOP would be operational each trading day. LOP would not be operational during trading halts and pauses. Also, LOP would not apply in the event that there is no established LOP Reference Price.[7] The LOP Reference Price shall be the current National Best Bid or Best Offer (NBBO), the bid for sell orders and the offer for buy orders.

The Exchange proposes to not accept incoming Limit Orders that exceed the LOP Reference Threshold. Limit Orders will not be accepted if the price of the Limit Order is greater than the LOP Reference Threshold for a buy Limit Order. Limit Orders will not be accepted if the price of the Limit Order is less than the LOP Reference Threshold for a sell Limit Order. The LOP Reference Threshold for buy orders will be the LOP Reference Price (offer) plus the applicable percentage specified in the LOP Limit. The LOP Reference Threshold for sell orders will be the LOP Reference Price (bid) minus the applicable percentage specified in the LOP Limit. The LOP Limit shall be the greater of 10% of the LOP Reference Price or $0.50 for all securities across all trading sessions. The LOP Reference Price shall be the current National Best Bid or Best Offer (NBBO), the bid for sell orders and the offer for buy orders.

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[7]   For example, if there is a one-sided quote or if the LOP Reference Price is less than the greater of 10% or $0.50.

The Exchange also notes that LOP will be applicable on all protocols.[8] The LOP

feature will be mandatory for all PSX members. The Exchange proposes to implement

this rule within ninety (90) days of the approval of this proposed rule change.   The

Exchange will issue an Equities Trader Alert in advance to inform market participants of

such implementation date.

       2.   Statutory Basis

       The Exchange believes that its proposal is consistent with Section 6(b) of the Act[9]

in general, and furthers the objectives of Section 6(b)(5) of the Act[10] 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 mitigating risks to market

participants of human error in entering Limit Orders at clearly unintended prices. The

proposals are appropriate and reasonable, because they offer protections for Limit Orders

which should encourage price continuity and, in turn, protect investors and the public

interest by reducing executions occurring at dislocated prices.

       The proposed LOP feature would assist with the maintenance of fair and orderly

markets by mitigating the risks associated with errors resulting in executions at prices

that are away from the Best Bid or Offer and potentially erroneous. Further the proposal

protects investors from potentially receiving executions away from the prevailing prices

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[8]   PSX maintains several communications protocols for members to use in entering
          Orders and sending other messages to PSX, such as: OUCH, RASH, FLITE and
          FIX.

[9]   15 U.S.C. 78f(b).

[10]   15 U.S.C. 78f(b)(5).

at any given time. The Exchange proposes LOP to avoid a series of improperly priced aggressive orders transacting in the Order Book. The LOP Limit is appropriate because it seeks to capture improperly priced Limit Orders and reject them to reduce the risk of, and to potentially prevent, the automatic execution of Orders at prices that may be considered clearly erroneous. The System will only execute Limit Orders priced within the LOP Limit. The proposed limit of greater than 10% or $0.50 is a reasonable measure to ensure prices remain within the reasonable limits. This protection will bolster the normal resilience and market behavior that persistently produces robust reference prices. This feature should create a level of protection that prevents the Limit Orders from entering the Order Book outside of an acceptable range for the Limit Order to execute.

The LOP will reduce the negative impacts of sudden, unanticipated volatility, and serve to preserve an orderly market in a transparent and uniform manner, increase overall market confidence, and promote fair and orderly markets and the protection of investors. This feature is not optional and is applicable to all members submitting Limit Orders.

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 LOP feature will provide market participants with additional price protection from anomalous executions. This feature is not optional and is applicable to all members submitting Limit Orders. Thus, the Exchange does not believe the proposal creates any significant impact on competition. Offering this protection to the PSX will not impose any undue burden on intra-market competition, rather, it would permit equities and options members to be protected in a similar manner from erroneous executions.

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

No written comments were either solicited or received.

III.   <u>Date of Effectiveness of the Proposed Rule Change and Timing for Commission Action</u>

Within 45 days of the date of publication of this notice in the Federal Register or within such longer period (i) as the Commission may designate up to 90 days of such date if it finds such longer period to be appropriate and publishes its reasons for so finding or (ii) as to which the Exchange consents, the Commission shall: (a) by order approve or disapprove such proposed rule change, or (b) institute proceedings to determine whether the proposed rule change should be disapproved.

IV.   <u>Solicitation of Comments</u>

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:

    <u>Electronic comments</u>:

- 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-2016-58 on the subject line.

    <u>Paper comments</u>:

- 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-2016-58. 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-2016-58 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.[11]

> Robert W. Errett
> Deputy Secretary

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[11]   17 CFR 200.30-3(a)(12).

EXHIBIT 5

New text is underlined.

NASDAQ OMX PHLX Rules

* * * * *

NASDAQ OMX PSX Rules

* * * * *

Rule 3307. Processing of Orders

System orders shall be executed in accordance with one of two execution algorithms: Price/Time or Pro Rata. Securities that are subject to the Pro Rata algorithm may also be subject to the variation for Price-Setting Orders described in Rule 3307(b)(2)(B). The algorithm applicable to a particular security (including the applicability of the variation for Price-Setting Orders) will be selected by the President of the Exchange or another officer of the Exchange designated by the President for this purpose, and will be listed on a publicly available website. The Exchange will notify member organizations of changes in the algorithm applicable to a particular security (including the applicability of the variation for Price-Setting Orders) through a notice that is widely disseminated at least one month in advance of the change. In selecting the applicable algorithm (including the applicability of the variation for Price-Setting Orders), the Exchange will conduct ongoing assessments of the depth of liquidity made available by member organizations in particular stocks, with the goal of maximizing the displayed size, minimizing the quoted spread, and increasing the extent of PSX's time at the national best bid and best offer. Factors to be considered for each security would include the size of member organizations' quotes, the amount of time that PSX is at the national best bid and best offer, PSX's market share, and observed changes in volume, average execution size, and average order size.

(a) - (e) No change.

(f) **Limit Order Protection ("LOP").** LOP is a feature of PSX that prevents certain Limit Orders at prices outside of pre-set standard limits ("LOP Limit") from being accepted by the System.

> (i) **Applicability**. LOP applies to all Quotes and Orders, including any modified Orders. LOP does not apply to Market Orders, Market Maker Peg Orders or Intermarket Sweep Orders. LOP is operational each trading day. LOP is not operational during trading halts and pauses. LOP would not apply in the event there is no established LOP Reference Price.

> (ii) **LOP Limit**. The LOP Limit shall be the greater of 10% of the LOP Reference Price or $0.50 for all securities across all trading sessions.

(iii) **LOP Reference Price**. The LOP Reference Price shall be the current National Best Bid or Best Offer, the bid for sell orders and the offer for buy orders.

(iv) **LOP Reference Threshold**. The LOP Reference Threshold for buy orders will be the LOP Reference Price (offer) plus the applicable LOP Limit. The LOP Reference Threshold for sell orders will be the LOP Reference Price (bid) minus the applicable LOP Limit.

(v) **Acceptance of Orders**. LOP will reject incoming Limit Orders that exceed the LOP Reference Threshold. Limit Orders will be rejected if the price of the Limit Order is greater than the LOP Reference Threshold for a buy Limit Order. Limit Orders will be rejected if the price of the Limit Order is less than the LOP Reference Threshold for a sell Limit Order.

* * * * *