

Required fields are shown with yellow backgrounds and asterisks.

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

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

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

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

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

A proposal to amend PHLX Rules 431, 432, and 825 to conform them to SEA Rule 15c6-1a

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 * Brett	Last Name * Kitt
Title * Senior Associate General Counsel	
E-mail * Brett.Kitt@nasdaq.com	
Telephone * (301) 978-8132	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 08/22/2017	Executive Vice President and General Counsel
By Edward S. Knight	
(Name *)	

edward.knight@nasdaq.com

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

SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

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

Form 19b-4 Information *

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

Exhibit 1 - Notice of Proposed Rule Change *

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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 being deemed not properly filed. See also Rule 0-3 under the Act (17 CFR 240.0-3)

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

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

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

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Exhibit Sent As Paper Document

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

Exhibit 3 - Form, Report, or Questionnaire

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Exhibit Sent As Paper Document

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

Exhibit 4 - Marked Copies

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

Exhibit 5 - Proposed Rule Text

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

Partial Amendment

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

1. Text of the Proposed Rule Change

(a) NASDAQ PHLX LLC (“Phlx” or “Exchange”), pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 (“Act” or “SEA”)¹ and Rule 19b-4 thereunder,² is filing with the Securities and Exchange Commission (“SEC” or “Commission”) a proposal to amend PHLX Rules 431, 432, and 825 to conform them to SEA Rule 15c6-1(a) to shorten the standard settlement cycle for most broker-dealer transactions from three business days after the trade date (“T+3”) to two business days after the trade date (“T+2”) and the industry-led initiative to shorten the settlement cycle from T+3 to T+2. The proposal also addresses the application of these Rules as they relate to establishing ex-dividend dates in connection with the implementation of the T+2 settlement cycle on September 5, 2017.

The Exchange requests that the Commission waive the five-day pre-filing requirement and the 30-day operative delay period contained in Exchange Act Rule 19b-4(f)(6)(iii).³ While these amendments are effective upon filing, the Exchange has designated the proposed amendments to be operative on September 5, 2017.

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

(b) Not applicable.

(c) Not applicable.

¹ 15 U.S.C. 78s(b)(1).

² 17 CFR 240.19b-4.

³ 17 CFR 240.19b-4(f)(6)(iii).

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 August 15, 2016. 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 proposal may be directed to:

Brett M. Kitt
Senior Associate General Counsel
Nasdaq, Inc.
(301) 978-8132

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

a. Purpose

Background

On March 22, 2017, the SEC adopted amendments to SEA Rule 15c6-1(a) to shorten the standard settlement cycle for U.S. secondary market transactions in equities, corporate and municipal bonds, unit investment trusts and financial instruments composed of these products, from T+3 to T+2.⁴ The industry-wide initiative is designed to reduce a number of risks, including credit risk, market risk, and liquidity risk and, as a

⁴ See Securities Exchange Act Release No. 80295 (March 22, 2017), 82 FR 15564 (March 29, 2017) (Securities Transaction Settlement Cycle) (File No. S7-22-16) (stating that, as amended, SEA Rule 15c6-1(a) will prohibit broker-dealers from effecting or entering into a contract for the purchase or sale of a security (other than an exempted security, government security, municipal security, commercial paper, bankers’ acceptances or commercial bills) that provides for payment of funds and delivery of securities later than the second business day after the date of the contract, unless otherwise expressly agreed to by the parties at the time of the transaction).

result, reduce systemic risk for U.S. market participants.⁵ The compliance date for the rule amendments is September 5, 2017.

The Exchange proposing changes to its Rules pertaining to securities settlement to conform them to SEA Rule 15c6-1(a), as amended, and to conform them to similar changes that other exchanges have made.⁶

Specifically, the Exchange proposes to amend Rule 431 (Ex-dividend, Ex-rights), which presently provides that transactions in stocks (except for those made for cash) shall be ex-dividend or ex-rights on the second business day preceding the record date fixed by the corporation or the date of the closing of transfer books thereof. It also provides that if the record date or closing of transfer books occurs on a day other than a business day, the transaction will be ex-dividend or ex-rights on the third preceding business day. The Exchange proposes to amend this Rule to provide that: (1) the transactions shall be ex-dividend or ex-rights on the first business day preceding the record date fixed by the corporation or the date of the closing of transfer books thereof; and (2) the transaction will be ex-dividend or ex-rights on the second preceding business day if the record date or closing of transfer books occurs on a day other than a business day.

Similarly, the Exchange proposes to amend Rule 432 (Ex-warrants), which presently provides that transactions in securities which have subscription warrants attached (except those made for cash) shall be ex-warrants on the second business day preceding the date of expiration of the warrants, except that when the date of expiration occurs on a day other than a business day, the transactions will be ex-warrants on the

⁵ See id.

⁶ See, e.g., Securities Exchange Act Release No. 34-80640 (May 16, 2017), 82 FR 22598 (May 10, 2017) (Order Approving File No. SR-NASDAQ-2017-13).

third business day preceding the date of expiration. The proposal will amend this Rule to provide that transactions in securities which have subscription warrants attached (except those made for cash) shall be ex-warrants on the first business day preceding the date of expiration of the warrants, except that when the date of expiration occurs on a day other than a business day, the transactions will be ex-warrants on the second business day preceding the date of expiration.

Third, the Exchange proposes to amend Rule 825 (Ex-dividend Procedure), which sets forth the ex-dividend rules for transactions in securities subject to unlisted trading privileges. The Rule presently provides that transactions in stocks (except those made for cash) are ex-dividend on the second business day preceding the record date and that, if the record date selected is not a business day, then the stock will be quoted ex-dividend on the third preceding business day. The proposal would amend this Rule by providing instead that that transactions in stocks (except those made for cash) are ex-dividend on the first business day preceding the record date and that, if the record date selected is not a business day, then the stock will be quoted ex-dividend on the second preceding business day.

Lastly, the Exchange proposes to implement the foregoing Rules in a manner that avoids confusion and accords with the proposals of other exchanges and self-regulatory organizations (“SROs”). Consistent with the compliance date of the amendments to SEA Rule 15c6-1(a), the industry adopted Tuesday, September 5, 2017 as the transition date to the T+2 settlement cycle.⁷ In the lead-up to this transition date, however, the industry and SROs, including The Depository Trust Company (“DTC”), have raised concern that

⁷ See Nasdaq Equity Trader Alert 2017-174 (July 28, 2017).

the September 5, 2017 industry-wide transition date from T+3 to T+2 will result in September 7, 2017 being a “double” settlement date for trades that occur on September 1, 2017 (under T+3 and reflecting the Labor Day holiday on September 4, 2017) and trades that occur on September 5, 2017 (under T+2), which generally will result in investors who trade on either date being deemed a record holder of September 7, 2017.⁸ In order to avoid this confusion about the proper settlement date, the Exchange proposes to interpret its Rules so that the first record date to which the new ex-dividend date determination will be applied will be Thursday, September 7, 2017. The ex-dividend dates for “regular” distributions during the transition to T+2 will be as follows:

Record Date	Ex-Date
Friday, September 1, 2017 ⁹	Wednesday, August 30, 2017
Tuesday, September 5, 2017 ¹⁰	Thursday, August 31, 2017 ¹¹
Wednesday, September 6, 2017	Friday, September 1, 2017 ¹²
Thursday, September 7, 2017 ¹³	Wednesday, September 6, 2017

⁸ See, e.g., Nasdaq Issuer Alert 2017-001, Changes to Ex-dividend Procedures Effective September 5, 2017 to Accommodate T+2 Settlement, <http://nasdaq.cchwallstreet.com/nasdaq/pdf/nasdaq-issalerts/2017/2017-001.pdf>; NYSE, NYSE MKT, NYSE ARCA: Changes Related to the Shortened Settlement Cycle (T+2) (July 11, 2017), <https://www.nyse.com/trader-update/history#110000069618>.

⁹ The last day of the T+3 settlement cycle.

¹⁰ The first day of the T+2 settlement cycle.

¹¹ Monday, September 4, 2017 is Labor Day, a Federal holiday.

¹² See *id.*

¹³ The date on which previous trades settling on a T+3 settlement cycle and current trades on the T+2 settlement cycle will be processed.

b. Statutory Basis

The Exchange believes that its proposal is consistent with Section 6(b) of the Act,¹⁴ in general, and furthers the objectives of Section 6(b)(5) of the Act,¹⁵ 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.

The Exchange believes that the proposed rule change supports the industry-led initiative to shorten the settlement cycle to two business days. Moreover, the proposed rule change is consistent with the SEC's amendment to SEA Rule 15c6-1(a) to require standard settlement no later than T+2. The Exchange believes that the proposed rule change will provide the regulatory certainty to facilitate the industry-led move to a T+2 settlement cycle.

Similarly, the Exchange believes that the proposal to address the application of Rules 341, 342, and 825 to exclude September 5, 2017 as an ex-dividend date for distributions supports the collective effort among the industry and SROs to mitigate the potential confusion concerning proper settlement during the transition from the T+3 settlement cycle to the T+2 settlement cycle.

3. 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

¹⁴ 15 U.S.C. 78f(b).

¹⁵ 15 U.S.C. 78f(b)(5).

Act. The proposed rule change makes changes to rules pertaining to securities settlement and is intended to facilitate the implementation of the industry-led transition to a T+2 settlement cycle. Moreover, the proposed rule changes are consistent with the SEC's amendment to SEA Rule 15c6-1(a) to require standard settlement no later than T+2.

Meanwhile, the proposal to interpret the Rules to exclude an ex-dividend date of September 5, 2017 will minimize potential confusion about proper settlement that may arise during the transition to the T+2 settlement cycle.¹⁶ The Exchange believes that the proposal would not impose any additional costs on the industry.

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)(iii)¹⁷ of the Act and Rule 19b-4(f)(6) thereunder¹⁸ 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

¹⁶ As a result of the September 5, 2017 transition date for regular-way settlement from T+3 to T+2, September 7, 2017 will be a "double" settlement date for trades that occur on September 1, 2017 (under T+3 and reflecting the Labor Day holiday on September 4, 2017) and trades that occur on September 5, 2017 (under T+2).

¹⁷ 15 U.S.C. 78s(b)(3)(A)(iii).

¹⁸ 17 CFR 240.19b-4(f)(6).

Commission may designate if consistent with the protection of investors and the public interest. Instead, the proposal is designed to protect investors by eliminating potential confusion that may result concerning proper settlement during the transition period to the new settlement cycle.

The Exchange requests that the Commission waive the five-day pre-filing requirement and the 30-day period for the proposed rule change to become operative, as set forth in Rule 19b-4(f)(6)(iii), so that the proposed rule change can become operative immediately. The Exchange is making this request to ensure that the proposed rule change and interpretation can become operative in time for the September 5, 2017 effective date of the T+2 settlement cycle.

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

A proposed rule change filed under Rule 19b-4(f)(6) normally does not become operative prior to 30 days after the date of filing. Rule 19b-4(f)(6)(iii), however, permits the Commission to designate a shorter time if such action is consistent with the protection of investors and the public interest. The Exchange requests that the Commission waive the 30-day operative delay contained in Rule 19b-4(f)(6)(iii) so that the Exchange may implement the proposed rule change in time to meet the industry-wide compliance date and, with respect to its interpretation of the amended Rules, for the interpretation to serve

its intended purpose.

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

The amendments to Rules 341, 342, and 825 are similar to amendments effected by other SROs, including Nasdaq (Rule 11140) and BX (Rule 11140). The proposal to interpret the Rules to exclude September 5, 2017 as an ex-dividend date is similar to proposals of other SROs, including SR-FINRA-2017-026 and SR-NASDAQ-2017-084.

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 Change 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-2017-71)

August __, 2017

Self-Regulatory Organizations; NASDAQ PHLX LLC; Notice of Filing and Immediate Effectiveness of Proposed Rule Change to Rules 431, 432, and 835 to Conform them to Securities Exchange Act Rule 15c6-1(a), which Shortens the Settlement Cycle to Two Dates after the Trade Date, and to Interpret the Amended Rules to Exclude September 5, 2017 as the First Ex-Dividend Date Thereunder.

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 August 22, 2017, 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 PHLX Rules 431, 432, and 825 to conform them to SEA Rule 15c6-1(a) to shorten the standard settlement cycle for most broker-dealer transactions from three business days after the trade date (“T+3”) to two business days after the trade date (“T+2”) and the industry-led initiative to shorten the settlement cycle from T+3 to T+2. The proposal also addresses the application of these Rules as they relate to establishing ex-dividend dates in connection with the implementation of the T+2 settlement cycle on September 5, 2017.

¹ 15 U.S.C. 78s(b)(1).

² 17 CFR 240.19b-4.

The Exchange requests that the Commission waive the five-day pre-filing requirement and the 30-day operative delay period contained in Exchange Act Rule 19b-4(f)(6)(iii).³ While these amendments are effective upon filing, the Exchange has designated the proposed amendments to be operative on September 5, 2017.

The text of the proposed rule change is available on the Exchange's Website at <http://nasdaqphlx.cchwallstreet.com/>, at the principal office of the Exchange, and at the Commission's Public Reference Room.

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

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

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

1. Purpose

Background

On March 22, 2017, the SEC adopted amendments to SEA Rule 15c6-1(a) to shorten the standard settlement cycle for U.S. secondary market transactions in equities, corporate and municipal bonds, unit investment trusts and financial instruments composed of these products, from T+3 to T+2.⁴ The industry-wide initiative is designed

³ 17 CFR 240.19b-4(f)(6)(iii).

⁴ See Securities Exchange Act Release No. 80295 (March 22, 2017), 82 FR 15564 (March 29, 2017) (Securities Transaction Settlement Cycle) (File No. S7-22-16) (stating that, as amended, SEA Rule 15c6-1(a) will prohibit broker-dealers from

to reduce a number of risks, including credit risk, market risk, and liquidity risk and, as a result, reduce systemic risk for U.S. market participants.⁵ The compliance date for the rule amendments is September 5, 2017.

The Exchange proposing changes to its Rules pertaining to securities settlement to conform them to SEA Rule 15c6-1(a), as amended, and to conform them to similar changes that other exchanges have made.⁶

Specifically, the Exchange proposes to amend Rule 431 (Ex-dividend, Ex-rights), which presently provides that transactions in stocks (except for those made for cash) shall be ex-dividend or ex-rights on the second business day preceding the record date fixed by the corporation or the date of the closing of transfer books thereof. It also provides that if the record date or closing of transfer books occurs on a day other than a business day, the transaction will be ex-dividend or ex-rights on the third preceding business day. The Exchange proposes to amend this Rule to provide that: (1) the transactions shall be ex-dividend or ex-rights on the first business day preceding the record date fixed by the corporation or the date of the closing of transfer books thereof; and (2) the transaction will be ex-dividend or ex-rights on the second preceding business day if the record date or closing of transfer books occurs on a day other than a business day.

effecting or entering into a contract for the purchase or sale of a security (other than an exempted security, government security, municipal security, commercial paper, bankers' acceptances or commercial bills) that provides for payment of funds and delivery of securities later than the second business day after the date of the contract, unless otherwise expressly agreed to by the parties at the time of the transaction).

⁵ See id.

⁶ See, e.g., Securities Exchange Act Release No. 34-80640 (May 16, 2017), 82 FR 22598 (May 10, 2017) (Order Approving File No. SR-NASDAQ-2017-13).

Similarly, the Exchange proposes to amend Rule 432 (Ex-warrants), which presently provides that transactions in securities which have subscription warrants attached (except those made for cash) shall be ex-warrants on the second business day preceding the date of expiration of the warrants, except that when the date of expiration occurs on a day other than a business day, the transactions will be ex-warrants on the third business day preceding the date of expiration. The proposal will amend this Rule to provide that transactions in securities which have subscription warrants attached (except those made for cash) shall be ex-warrants on the first business day preceding the date of expiration of the warrants, except that when the date of expiration occurs on a day other than a business day, the transactions will be ex-warrants on the second business day preceding the date of expiration.

Third, the Exchange proposes to amend Rule 825 (Ex-dividend Procedure), which sets forth the ex-dividend rules for transactions in securities subject to unlisted trading privileges. The Rule presently provides that transactions in stocks (except those made for cash) are ex-dividend on the second business day preceding the record date and that, if the record date selected is not a business day, then the stock will be quoted ex-dividend on the third preceding business day. The proposal would amend this Rule by providing instead that that transactions in stocks (except those made for cash) are ex-dividend on the first business day preceding the record date and that, if the record date selected is not a business day, then the stock will be quoted ex-dividend on the second preceding business day.

Lastly, the Exchange proposes to implement the foregoing Rules in a manner that avoids confusion and accords with the proposals of other exchanges and self-regulatory

organizations (“SROs”). Consistent with the compliance date of the amendments to SEA Rule 15c6-1(a), the industry adopted Tuesday, September 5, 2017 as the transition date to the T+2 settlement cycle.⁷ In the lead-up to this transition date, however, the industry and SROs, including The Depository Trust Company (“DTC”), have raised concern that the September 5, 2017 industry-wide transition date from T+3 to T+2 will result in September 7, 2017 being a “double” settlement date for trades that occur on September 1, 2017 (under T+3 and reflecting the Labor Day holiday on September 4, 2017) and trades that occur on September 5, 2017 (under T+2), which generally will result in investors who trade on either date being deemed a record holder of September 7, 2017.⁸ In order to avoid this confusion about the proper settlement date, the Exchange proposes to interpret its Rules so that the first record date to which the new ex-dividend date determination will be applied will be Thursday, September 7, 2017. The ex-dividend dates for “regular” distributions during the transition to T+2 will be as follows:

Record Date	Ex-Date
Friday, September 1, 2017 ⁹	Wednesday, August 30, 2017
Tuesday, September 5, 2017 ¹⁰	Thursday, August 31, 2017 ¹¹

⁷ See Nasdaq Equity Trader Alert 2017-174 (July 28, 2017).

⁸ See, e.g., Nasdaq Issuer Alert 2017-001, Changes to Ex-dividend Procedures Effective September 5, 2017 to Accommodate T+2 Settlement, <http://nasdaq.cchwallstreet.com/nasdaq/pdf/nasdaq-issalerts/2017/2017-001.pdf>; NYSE, NYSE MKT, NYSE ARCA: Changes Related to the Shortened Settlement Cycle (T+2) (July 11, 2017), <https://www.nyse.com/trader-update/history#110000069618>.

⁹ The last day of the T+3 settlement cycle.

¹⁰ The first day of the T+2 settlement cycle.

¹¹ Monday, September 4, 2017 is Labor Day, a Federal holiday.

Wednesday, September 6, 2017	Friday, September 1, 2017 ¹²
Thursday, September 7, 2017 ¹³	Wednesday, September 6, 2017

2. Statutory Basis

The Exchange believes that its proposal is consistent with Section 6(b) of the Act,¹⁴ in general, and furthers the objectives of Section 6(b)(5) of the Act,¹⁵ 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.

The Exchange believes that the proposed rule change supports the supports the industry-led initiative to shorten the settlement cycle to two business days. Moreover, the proposed rule change is consistent with the SEC's amendment to SEA Rule 15c6-1(a) to require standard settlement no later than T+2. The Exchange believes that the proposed rule change will provide the regulatory certainty to facilitate the industry-led move to a T+2 settlement cycle.

Similarly, the Exchange believes that the proposal to address the application of Rules 341, 342, and 825 to exclude September 5, 2017 as an ex-dividend date for distributions supports the collective effort among the industry and SROs to mitigate the

¹² See id.

¹³ The date on which previous trades settling on a T+3 settlement cycle and current trades on the T+2 settlement cycle will be processed.

¹⁴ 15 U.S.C. 78f(b).

¹⁵ 15 U.S.C. 78f(b)(5).

potential confusion concerning proper settlement during the transition from the T+3 settlement cycle to the T+2 settlement cycle.

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 proposed rule change makes changes to rules pertaining to securities settlement and is intended to facilitate the implementation of the industry-led transition to a T+2 settlement cycle. Moreover, the proposed rule changes are consistent with the SEC's amendment to SEA Rule 15c6-1(a) to require standard settlement no later than T+2.

Meanwhile, the proposal to interpret the Rules to exclude an ex-dividend date of September 5, 2017 will minimize potential confusion about proper settlement that may arise during the transition to the T+2 settlement cycle.¹⁶ The Exchange believes that the proposal would not impose any additional costs on the industry.

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

¹⁶ As a result of the September 5, 2017 transition date for regular-way settlement from T+3 to T+2, September 7, 2017 will be a "double" settlement date for trades that occur on September 1, 2017 (under T+3 and reflecting the Labor Day holiday on September 4, 2017) and trades that occur on September 5, 2017 (under T+2).

to Section 19(b)(3)(A)(iii) of the Act¹⁷ and subparagraph (f)(6) of Rule 19b-4 thereunder.¹⁸

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

IV. Solicitation of Comments

Interested persons are invited to submit written data, views, and arguments concerning the foregoing, including whether the proposed rule change is consistent with the Act. Comments may be submitted by any of the following methods:

Electronic comments:

- Use the Commission's Internet comment form (<http://www.sec.gov/rules/sro.shtml>); or
- Send an e-mail to rule-comments@sec.gov. Please include File Number SR-Phlx-2017-71 on the subject line.

¹⁷ 15 U.S.C. 78s(b)(3)(A)(iii).

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

Paper comments:

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

All submissions should refer to File Number SR-Phlx-2017-71. 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-2017-71 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.¹⁹

Eduardo A. Aleman
Assistant Secretary

¹⁹ 17 CFR 200.30-3(a)(12).

EXHIBIT 5

Deleted text is [bracketed]. New text is underlined.

NASDAQ PHLX Rules

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RULES OF THE EXCHANGE

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Dealings upon the Exchange (Rules 2—499)

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Rule 431. Ex-dividend, Ex-rights

Transactions in stocks (except those made for "cash") shall be ex-dividend or ex-rights as the case may be on the [second]first business day preceding the record date fixed by the corporation or the date of the closing of transfer books therefor. Should such record date or such closing of transfer books occur upon a day other than a business day, such transactions shall be ex-dividend or ex-rights on the [third]second preceding business day.

Transactions in stocks made for "cash" shall be ex-dividend or ex-rights on the business day following said record date or date of closing of transfer books.

The Exchange may, however, in any particular case, direct otherwise.

* * * * *

Rule 432. Ex-warrants

Transactions in securities which have subscription warrants attached (except those made for "cash") shall be ex-warrants on the [second]first business day preceding the date of expiration of the warrants, except that when the date of expiration occurs on a day other than a business day, said transactions shall be ex-warrants on the [third]second business day preceding said date of expiration.

Transactions in securities made for "cash" shall be ex-warrants on the business day following the date of expiration of the warrants.

The Exchange may, however, in any particular case, direct otherwise.

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Standards for Trading Securities Pursuant to Unlisted Trading Privileges (Rules 800—868)

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Rule 825. Ex-dividend Procedure

Transactions in stocks (except those made for "cash") are ex-dividend on the [second]first business day preceding the record date. If the record date selected is not a business day, the stock will be quoted ex-dividend on the [third]second preceding business day. "Cash" transactions are ex-dividend on the business day following the record date.

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