

Required fields are shown with yellow backgrounds and asterisks.

Page 1 of * 17	SECURITIES AND EXCHANGE COMMISSION WASHINGTON, D.C. 20549 Form 19b-4		File No.* SR - 2018 - * 07	Amendment No. (req. for Amendments *)
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 checked="" type="checkbox"/>	Section 19(b)(3)(A) * <input type="checkbox"/>
			Section 19(b)(3)(B) * <input type="checkbox"/>	
Pilot <input type="checkbox"/>	Extension of Time Period for Commission Action * <input type="checkbox"/>	Date Expires * <input type="text"/>	Rule <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 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"/>			
Description				
Provide a brief description of the action (limit 250 characters, required when Initial is checked *).				
<input type="text" value="A proposal to amend Rule 1079, FLEX Index, Equity and Currency Options and Rule 1059, Accommodation 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 *	<input type="text" value="Carla"/>	Last Name *	<input type="text" value="Behnfeldt"/>	
Title *	<input type="text" value="Associate General Counsel"/>			
E-mail *	<input type="text" value="carla.behnfeldt@nasdaq.com"/>			
Telephone *	<input type="text" value="(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	<input type="text" value="01/26/2018"/>	<input type="text" value="Executive Vice President and General Counsel"/>		
By	<input type="text" value="Edward S. Knight"/>	<input type="text"/>		
(Name *)		<input type="text" value="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 *

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 (“Phlx” or “Exchange”), pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 (“Act”)¹ and Rule 19b-4 thereunder,² is filing with the Securities and Exchange Commission (“SEC” or “Commission”) a proposal to amend Rule 1079, FLEX Index, Equity and Currency Options and Rule 1059, Accommodation Transactions.

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.

2. Procedures of the Self-Regulatory Organization

The proposed rule change was approved by the Board of Directors of the Exchange on August 1, 2017. 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.
(215) 496-5208

¹ 15 U.S.C. 78s(b)(1).

² 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 amend Rule 1079 governing FLEX option transactions in order to permit open FLEX option positions to be closed pursuant to Rule 1059, Accommodation Transactions, which provides for cabinet trading³ and which is sometimes referred to as the “cabinet rule”. Conforming changes are proposed to be made to Rule 1059 itself.

FLEX options are currently traded on the Exchange pursuant to the procedures set forth in Rule 1079 which permit market participants to customize equity options to fit specific investment strategies and goals. Rule 1079 allows investors to specify characteristics such as the expiration date, strike price, and exercise-style of FLEX option contracts. Rule 1079(a)(4) governs the quote format of FLEX trades, requiring bids and offers to be made pursuant to Rule 1034 which specifies minimum increments.⁴

³ Currently cabinet or accommodation trading of option contracts is intended to accommodate persons wishing to effect closing transactions in those series of options dealt in on the Exchange for which there is no auction market. An accommodation or cabinet trade refers to trades in listed options on the Exchange that are worthless or not actively traded, often times conducted to establish tax losses. A cabinet trade is a transaction in which the per-contract value of the cabinet trade is less than the per-contract value of a trade at the specified minimum increment for the option contract. The current proposal would extend the availability of cabinet trading to FLEX options in certain circumstances.

⁴ Rule 1034(a) provides for quote formats “(A) in the case of FLEX index options and equity options, a bid and/or offer in the form of a decimal price (e.g. .10 or .25), pursuant to Rule 1034, a specific dollar amount, or a percentage of the underlying equivalent value, in the case of FLEX index options, or security, in the case of FLEX equity options, rounded to the nearest minimum increment; or (B) in the case of FLEX currency options, in the form of dollars per unit of underlying foreign currency in the minimum increments set forth for U.S. dollar settled foreign currency options in Rule 1034(a).”

An “accommodation” or “cabinet” trade refers to trades in listed options on the Exchange that are of minimal value or are not actively traded. Cabinet trading is generally conducted in accordance with Exchange Rules except as provided in Rule 1059 which sets forth specific procedures for cabinet trades. Rule 1059(a) provides that a cabinet order is a closing limit order at a price of \$1 per option contract for the account of a customer, firm, specialist or ROT.⁵ The rule provides that an opening order is not a cabinet order, but may in certain cases be matched with a cabinet order.

Phlx now proposes new Rule 1079(g), which would provide that open FLEX option positions are eligible to be closed in cabinet trades under Rule 1059. The proposed new rule would specify that the FLEX option cabinet order may be executed against contraside interest to close a FLEX option position or, to the extent permitted under Rules 1059(a)(iii), against contraside interest which opens a FLEX option position. The remaining provisions of Rule 1079 would not apply to FLEX option transactions executed pursuant to Rule 1079(g) and Rule 1059. New Commentary language would also be added to Rule 1059. Proposed new Rule 1059 Commentary .03 would specify that, pursuant to Rule 1079(g), open FLEX option positions are eligible to be closed in accordance with Rule 1059 at the minimum increments specified therein. The Commentary would state that a FLEX option cabinet order could be executed against contraside interest which itself closes a FLEX option position or, to the extent permitted under Rule 1059(a)(iii), against contraside interest which opens a FLEX option position.

⁵ Commentary .02 to Rule 1059 provides that limit orders with a price of at least \$0 but less than \$1 per option contract may also trade under the terms and conditions in Rule 1059, subject to certain limitations.

Thus, as proposed, the new language would require the initiating side of each FLEX cabinet trade to be a closing transaction, and would permit cabinet trading which opens FLEX positions to occur only as and when already permitted under Rule 1059's existing priority rules for non-FLEX cabinet trades. The remaining provisions of Rule 1079 would not apply to FLEX option transactions executed pursuant to Rule 1079(g) and Rule 1059 Commentary .03.

Proposed new Rule 1079(g) would permit an open FLEX option position to be closed through the use of a cabinet order, which would be represented by a floor broker on the floor as specified in Rule 1059(a).⁶ In the past, the Exchange did not provide for the closing of FLEX trades under the cabinet rule due to lack of interest. More recently, market participants have expressed a desire to close FLEX option positions under the cabinet rule and this proposed rule change will permit them to do so. The rule would provide that notwithstanding Rule 1079(a)(4) regarding FLEX Index, Equity and Currency Options minimum increments, open FLEX option positions are eligible to be closed in accordance with Rule 1059, Accommodation Transactions, at the minimum increments specified therein. The Exchange believes that permitting FLEX option positions to be closed pursuant to the cabinet rule will provide FLEX option investors additional flexibility in the maintenance or closing out of their FLEX option positions.

⁶ Rule 1059(a)(iii) sets forth the manner in which a cabinet order may be either crossed or matched in three different scenarios: first, when the floor broker holds the cabinet order only, second, when the floor broker holds the cabinet order and also a contra-side cabinet order, and third, when the floor broker holds a cabinet order and also a contra-side opening order. Once the cabinet order has been either crossed or matched, the floor broker is required by Rule 1059(a)(iv) to submit the designated cabinet form to the Nasdaq Market Operations staff for clearance and reporting at the close of the business day.

b. Statutory Basis

The Exchange believes that its proposal is consistent with Section 6(b) of the Act,⁷ in general, and furthers the objectives of Section 6(b)(5) of the Act,⁸ 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 permitting investors who desire to close FLEX options positions the flexibility to do so in a cabinet transaction. The Exchange believes that cabinet trades promote competition and afford market participants greater opportunities to close out their options positions. By providing FLEX options holders the additional flexibility of proposed Rule 1079(g) and Rule 1059 Commentary .03, the Exchange should be able to attract additional FLEX option transactions to the Exchange. The proposed amendments should perfect the mechanism of a free and open market and improve market quality by permitting holders of FLEX positions to trade out of those positions more easily and efficiently.

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 proposed rule change would allow all market participants holding FLEX option positions the flexibility to close them using the same procedures currently set forth in the cabinet rule for non-FLEX option positions. Permitting FLEX option positions to be

⁷ 15 U.S.C. 78f(b).

⁸ 15 U.S.C. 78f(b)(5).

closed pursuant to the cabinet rule will provide FLEX option investors additional opportunities to close out their FLEX option positions.

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

Not applicable.

9. Security-Based Swap Submissions Filed Pursuant to Section 3C of the Act

Not applicable.

10. Advance Notices Filed Pursuant to Section 806(e) of the Payment, Clearing and Settlement Supervision Act

Not applicable.

11. Exhibits

1. Notice of Proposed Rule 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-2018-07)

January __, 2018

Self-Regulatory Organizations; Nasdaq PHLX LLC; Notice of Filing of Proposed Rule Change to Amend Rule 1079, FLEX Index, Equity and Currency Options and Rule 1059, Accommodation Transactions

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 January 26, 2018, 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 Rule 1079, FLEX Index, Equity and Currency Options and Rule 1059, Accommodation Transactions

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

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 amend Rule 1079 governing FLEX option transactions in order to permit open FLEX option positions to be closed pursuant to Rule 1059, Accommodation Transactions, which provides for cabinet trading³ and which is sometimes referred to as the “cabinet rule”. Conforming changes are proposed to be made to Rule 1059 itself.

FLEX options are currently traded on the Exchange pursuant to the procedures set forth in Rule 1079 which permit market participants to customize equity options to fit specific investment strategies and goals. Rule 1079 allows investors to specify characteristics such as the expiration date, strike price, and exercise-style of FLEX option contracts. Rule 1079(a)(4) governs the quote format of FLEX trades, requiring bids and offers to be made pursuant to Rule 1034 which specifies minimum increments.⁴

³ Currently cabinet or accommodation trading of option contracts is intended to accommodate persons wishing to effect closing transactions in those series of options dealt in on the Exchange for which there is no auction market. An accommodation or cabinet trade refers to trades in listed options on the Exchange that are worthless or not actively traded, often times conducted to establish tax losses. A cabinet trade is a transaction in which the per-contract value of the cabinet trade is less than the per-contract value of a trade at the specified minimum increment for the option contract. The current proposal would extend the availability of cabinet trading to FLEX options in certain circumstances.

⁴ Rule 1034(a) provides for quote formats “(A) in the case of FLEX index options and equity options, a bid and/or offer in the form of a decimal price (e.g. .10 or .25), pursuant to Rule 1034, a specific dollar amount, or a percentage of the

An “accommodation” or “cabinet” trade refers to trades in listed options on the Exchange that are of minimal value or are not actively traded. Cabinet trading is generally conducted in accordance with Exchange Rules except as provided in Rule 1059 which sets forth specific procedures for cabinet trades. Rule 1059(a) provides that a cabinet order is a closing limit order at a price of \$1 per option contract for the account of a customer, firm, specialist or ROT.⁵ The rule provides that an opening order is not a cabinet order, but may in certain cases be matched with a cabinet order.

Phlx now proposes new Rule 1079(g), which would provide that open FLEX option positions are eligible to be closed in cabinet trades under Rule 1059. The proposed new rule would specify that the FLEX option cabinet order may be executed against contraside interest to close a FLEX option position or, to the extent permitted under Rules 1059(a)(iii), against contraside interest which opens a FLEX option position. The remaining provisions of Rule 1079 would not apply to FLEX option transactions executed pursuant to Rule 1079(g) and Rule 1059. New Commentary language would also be added to Rule 1059. Proposed new Rule 1059 Commentary .03 would specify that, pursuant to Rule 1079(g), open FLEX option positions are eligible to be closed in accordance with Rule 1059 at the minimum increments specified therein. The Commentary would state that a FLEX option cabinet order could be executed against

underlying equivalent value, in the case of FLEX index options, or security, in the case of FLEX equity options, rounded to the nearest minimum increment; or (B) in the case of FLEX currency options, in the form of dollars per unit of underlying foreign currency in the minimum increments set forth for U.S. dollar settled foreign currency options in Rule 1034(a).”

⁵ Commentary .02 to Rule 1059 provides that limit orders with a price of at least \$0 but less than \$1 per option contract may also trade under the terms and conditions in Rule 1059, subject to certain limitations.

contraside interest which itself closes a FLEX option position or, to the extent permitted under Rule 1059(a)(iii), against contraside interest which opens a FLEX option position. Thus, as proposed, the new language would require the initiating side of each FLEX cabinet trade to be a closing transaction, and would permit cabinet trading which opens FLEX positions to occur only as and when already permitted under Rule 1059's existing priority rules for non-FLEX cabinet trades. The remaining provisions of Rule 1079 would not apply to FLEX option transactions executed pursuant to Rule 1079(g) and Rule 1059 Commentary .03.

Proposed new Rule 1079(g) would permit an open FLEX option position to be closed through the use of a cabinet order, which would be represented by a floor broker on the floor as specified in Rule 1059(a).⁶ In the past, the Exchange did not provide for the closing of FLEX trades under the cabinet rule due to lack of interest. More recently, market participants have expressed a desire to close FLEX option positions under the cabinet rule and this proposed rule change will permit them to do so. The rule would provide that notwithstanding Rule 1079(a)(4) regarding FLEX Index, Equity and Currency Options minimum increments, open FLEX option positions are eligible to be closed in accordance with Rule 1059, Accommodation Transactions, at the minimum increments specified therein. The Exchange believes that permitting FLEX option

⁶ Rule 1059(a)(iii) sets forth the manner in which a cabinet order may be either crossed or matched in three different scenarios: first, when the floor broker holds the cabinet order only, second, when the floor broker holds the cabinet order and also a contra-side cabinet order, and third, when the floor broker holds a cabinet order and also a contra-side opening order. Once the cabinet order has been either crossed or matched, the floor broker is required by Rule 1059(a)(iv) to submit the designated cabinet form to the Nasdaq Market Operations staff for clearance and reporting at the close of the business day.

positions to be closed pursuant to the cabinet rule will provide FLEX option investors additional flexibility in the maintenance or closing out of their FLEX option positions.

2. Statutory Basis

The Exchange believes that its proposal is consistent with Section 6(b) of the Act,⁷ in general, and furthers the objectives of Section 6(b)(5) of the Act,⁸ 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 permitting investors who desire to close FLEX options positions the flexibility to do so in a cabinet transaction. The Exchange believes that cabinet trades promote competition and afford market participants greater opportunities to close out their options positions. By providing FLEX options holders the additional flexibility of proposed Rule 1079(g) and Rule 1059 Commentary .03, the Exchange should be able to attract additional FLEX option transactions to the Exchange. The proposed amendments should perfect the mechanism of a free and open market and improve market quality by permitting holders of FLEX positions to trade out of those positions more easily and efficiently.

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 would allow all market participants holding FLEX option positions the flexibility to close them using the same procedures currently set forth in the

⁷ 15 U.S.C. 78f(b).

⁸ 15 U.S.C. 78f(b)(5).

cabinet rule for non-FLEX option positions. Permitting FLEX option positions to be closed pursuant to the cabinet rule will provide FLEX option investors additional opportunities to close out their FLEX option positions.

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

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. 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-2018-07 on the subject line.

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-2018-07. 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-2018-07 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.⁹

Eduardo A. Aleman
Assistant Secretary

⁹ 17 CFR 200.30-3(a)(12).

EXHIBIT 5

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

Nasdaq PHLX Rules

* * * * *

Rule 1059. Accommodation Transactions

(a) – (b) No change.

••• *Commentary:* -----

.01 - .02 No change.

.03 Pursuant to Rule 1079(g), open FLEX option positions are eligible to be closed in accordance with this Rule 1059 at the minimum increments specified herein. The FLEX option cabinet order may be executed against contraside interest which closes a FLEX option position or, to the extent permitted under Rule 1059(a)(iii), against contraside interest which opens a FLEX option position. The remaining provisions of Rule 1079 shall not apply to FLEX option transactions executed pursuant to Rule 1079(g) and Rule 1059.

* * * * *

Rule 1079. FLEX Index, Equity and Currency Options

A Requesting Member shall obtain quotes and execute trades in certain non-listed FLEX options at the post of the non-FLEX option on the Exchange. The term "FLEX option" means a FLEX option contract that is traded subject to this Rule. Although FLEX options are generally subject to the Rules in this section, to the extent that the provisions of this Rule are inconsistent with other applicable Exchange Rules, this Rule takes precedence with respect to FLEX options.

* * * * *

(g) Notwithstanding Rule 1079(a)(4) regarding FLEX Index, Equity and Currency Options minimum increments, open FLEX option positions are eligible to be closed in accordance with Rule 1059, Accommodation Transactions, at the minimum increments specified therein. The FLEX option cabinet order may be executed against contraside interest to close a FLEX option position or, to the extent permitted under Rule 1059(a)(iii), against contraside interest which opens a FLEX option position. The remaining provisions of Rule 1079 shall not apply to FLEX option transactions executed pursuant to Rule 1079(g) and Rule 1059.

* * * * *