

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 checked="" 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"/>
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**Description**

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

A proposal to revise the Exchange floor qualification examination.

**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 * Erik	Last Name * Wittman
Title * Senior Associate General Counsel	
E-mail * erik.wittman@nasdaq.com	
Telephone * (202) 912-3070	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 11/19/2018	Global Chief Legal & Policy Officer
By Edward S. Knight	
(Name *)	



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”)<sup>1</sup> and Rule 19b-4 thereunder,<sup>2</sup> is filing with the Securities and Exchange Commission (“SEC” or “Commission”) a proposal to revise its floor qualification examination. Specifically, the Exchange proposes to delete obsolete questions, change the format of certain questions from “true/false” to multiple choice, add several new questions, as described further below. The questions also reflect feedback received by SEC Staff.

A notice of the proposed rule change for publication in the Federal Register is attached as Exhibit 1. The floor qualification examination questions are being submitted separately with a request for confidential treatment pursuant to Rule 24b-2 under the Act.<sup>3</sup>

(b) Not applicable.

(c) Not applicable.

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

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

<sup>3</sup> 17 CFR 240.24b-2. The Exchange understands that other self-regulatory organizations (“SROs”) file as a proposed rule change the content outline associated with a qualification examination rather than the actual examination questions. See e.g. Securities Exchange Act Release No. 60424 (August 4, 2009), 74 FR 39984 (August 10, 2009) (SR-FINRA-2009-049). The Exchange does not have a “content outline” for its floor qualification examination; instead, individuals are directed to the options rules generally, which are available on the Exchange’s website. Accordingly, the Exchange is filing the actual examination questions at this time.

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 September 26, 2018. Exchange staff will advise the Board of any action taken pursuant to delegated authority. No other action is necessary for the filing of the rule change.

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

Erik Wittman  
Senior Associate General Counsel  
Nasdaq, Inc.  
(202) 912-3070

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

a. Purpose

The purpose of the proposed rule change is to improve the Exchange’s program for qualification of members by updating its floor qualification examination. The Exchange has employed a written floor qualification examination, which is required for persons seeking to act as members on the trading floor, for many years.<sup>4</sup> The examination was last amended in 2012.<sup>5</sup>

At this time, the Exchange proposes to update the examination in a variety of ways. The examination would continue to be comprised of 100 questions. Those

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<sup>4</sup> See Rules 620(a) and 901(c). See also Rule 1061 applicable to Floor Brokers.

<sup>5</sup> Securities Exchange Act Release No. 67508 (July 26, 2012), 77 FR 46141 (July 27, 2012) (SR-Phlx-2012-96). See also Securities Exchange Act Release No. 63603 (December 22, 2010), 75 FR 82419 (December 30, 2010) (SR-Phlx-2010-180); Securities Exchange Act Release No. 33304 (December 9, 1993), 58 FR 65613 (December 15, 1993) (SR-Phlx-92-34).

questions would be randomly and electronically selected from a question bank of 188 questions, an increase of 16 questions from the existing question bank. The floor qualification examination would continue to be administered by the Exchange's membership department, and continue to require a passing score of 70 during a 75 minute testing period.

The Exchange proposes to delete 11 obsolete questions. Nine of the questions deleted test knowledge that is no longer applicable because of revisions to the PHLX rules. The other two questions deleted test knowledge no longer needed to trade on the Phlx floor. The Exchange also proposes to modify 55 questions by changing the format of those questions from "true/false" to multiple choice. The subject matter covered by each of those questions will not change. The Exchange further proposes to add 27 new questions. Twenty of the new questions generally test knowledge of the new Floor Broker Management System ("FBMS"). The remaining seven questions were added to expand the bank from which questions are selected. Finally, the Exchange notes that certain questions reflect feedback received by SEC Staff, such as correcting grammatical errors, standardizing the answer format, and increasing the difficulty of certain questions. With these changes, the total number of questions available for random and electronic selection will increase from 172 to 188.

b. Statutory Basis

The Exchange believes that its proposal is consistent with Section 6(b) of the Act<sup>6</sup> in general, and furthers the objectives of Section 6(b)(5) of the Act<sup>7</sup> in particular, in that

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

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

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. In addition, the Exchange believes that the proposed rule change is consistent with Section 6(c)(3)(B) of the Act,<sup>8</sup> which authorizes exchanges to prescribe standards of training, experience and competence for persons associated with exchange members, and gives exchanges the authority to bar a natural person from becoming a member or a person associated with a member, if the person does not meet the standards of training, experience and competence prescribed in the rules of the exchange. The Exchange believes that revising its floor member qualification examination as proposed in this filing, including by deleting obsolete questions, changing the format of 55 questions from “true/false” to multiple choice, adding questions, including those that relate to the new FMBS, will better test the knowledge of prospective floor members, and thereby enhance the Exchange’s standards for training, experience and competence. In addition, the exchange is modifying the format of its “true/false” questions to multiple choice and making certain other changes to questions in response to feedback previously received from SEC Staff, such as correcting grammatical errors, standardizing the answer format, and increasing the difficulty of certain questions.

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.

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<sup>8</sup> 15 U.S.C. 78f(c)(3)(B).

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 proposed rule change is effective upon filing pursuant to Section 19(b)(3)(A) of the Act<sup>9</sup> and paragraph (f)(1) of Rule 19b-4 thereunder,<sup>10</sup> in that the proposed rule is a stated policy, practice, or interpretation with respect to the meaning, administration, or enforcement of an existing rule.

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

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

The proposed rule change is similar to the filings of other exchanges.<sup>11</sup>

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<sup>9</sup> 15 U.S.C. 78s(b)(3)(A).

<sup>10</sup> 17 CFR 240.19b-4(f)(1).

<sup>11</sup> For example, FINRA administers many different types of qualification examinations, as well as revisions thereto. See e.g. Securities Exchange Act Release No. 80371 (April 4, 2017), 82 FR 17336 (April 4, 2017)(SR-FINRA-2017-007); and Securities Exchange Act Release No. 57076 (December 31, 2007), 73 FR 1384 (January 8, 2008)(SR-FINRA-2007-029). In addition, CBOE

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.
  3. Phlx has requested confidential treatment for Exhibit 3, which contains the examination questions and answers; thus, these have been omitted from this filing and they have been filed separately with the Commission pursuant to Rule 24b-2 under the Act.<sup>12</sup>

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administers a floor member qualification examination. Securities Exchange Act Release No. 32943 (September 22, 1993), 58 FR 50984 (September 29, 1993)(SR-CBOE-91-38).

<sup>12</sup> 17 CFR 240.24b-2.



**EXHIBIT 1**

SECURITIES AND EXCHANGE COMMISSION  
(Release No. \_\_\_\_\_ ; File No. SR-Phlx-2018-38)

November \_\_, 2018

Self-Regulatory Organizations; Nasdaq PHLX LLC; Notice of Filing and Immediate Effectiveness of Proposed Rule Change to Update the Trading Floor Qualification Examination

Pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 (“Act”)<sup>1</sup>, and Rule 19b-4 thereunder,<sup>2</sup> notice is hereby given that on November 19, 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 revise its floor qualification examination. Specifically, the Exchange proposes to delete obsolete questions, change the format of certain questions from “true/false” to multiple choice, add several new questions, as described further below. The questions also reflect feedback received by SEC Staff.

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.

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

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

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

The purpose of the proposed rule change is to improve the Exchange's program for qualification of members by updating its floor qualification examination. The Exchange has employed a written floor qualification examination, which is required for persons seeking to act as members on the trading floor, for many years.<sup>3</sup> The examination was last amended in 2012.<sup>4</sup>

At this time, the Exchange proposes to update the examination in a variety of ways. The examination would continue to be comprised of 100 questions. Those questions would be randomly and electronically selected from a question bank of 188 questions, an increase of 16 questions from the existing question bank. The floor qualification examination would continue to be administered by the Exchange's

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<sup>3</sup> See Rules 620(a) and 901(c). See also Rule 1061 applicable to Floor Brokers.

<sup>4</sup> Securities Exchange Act Release No. 67508 (July 26, 2012), 77 FR 46141 (July 27, 2012) (SR-Phlx-2012-96). See also Securities Exchange Act Release No. 63603 (December 22, 2010), 75 FR 82419 (December 30, 2010) (SR-Phlx-2010-180); Securities Exchange Act Release No. 33304 (December 9, 1993), 58 FR 65613 (December 15, 1993) (SR-Phlx-92-34).

membership department, and continue to require a passing score of 70 during a 75 minute testing period.

The Exchange proposes to delete 11 obsolete questions. Nine of the questions deleted test knowledge that is no longer applicable because of revisions to the PHLX rules. The other two questions deleted test knowledge no longer needed to trade on the Phlx floor. The Exchange also proposes to modify 55 questions by changing the format of those questions from “true/false” to multiple choice. The subject matter covered by each of those questions will not change. The Exchange further proposes to add 27 new questions. Twenty of the new questions generally test knowledge of the new Floor Broker Management System (“FBMS”). The remaining seven questions were added to expand the bank from which questions are selected. Finally, the Exchange notes that certain questions reflect feedback received by SEC Staff, such as correcting grammatical errors, standardizing the answer format, and increasing the difficulty of certain questions. With these changes, the total number of questions available for random and electronic selection will increase from 172 to 188.

## 2. Statutory Basis

The Exchange believes that its proposal is consistent with Section 6(b) of the Act<sup>5</sup> in general, and furthers the objectives of Section 6(b)(5) of the Act<sup>6</sup> in particular, in that it is designed to promote just and equitable principles of trade, to remove impediments to and perfect the mechanism of a free and open market and a national market system, and, in general to protect investors and the public interest. In addition, the Exchange believes

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

<sup>6</sup> 15 U.S.C. 78f(b)(5).

that the proposed rule change is consistent with Section 6(c)(3)(B) of the Act,<sup>7</sup> which authorizes exchanges to prescribe standards of training, experience and competence for persons associated with exchange members, and gives exchanges the authority to bar a natural person from becoming a member or a person associated with a member, if the person does not meet the standards of training, experience and competence prescribed in the rules of the exchange. The Exchange believes that revising its floor member qualification examination as proposed in this filing, including by deleting obsolete questions, changing the format of 55 questions from “true/false” to multiple choice, adding questions, including those that relate to the new FMBS, will better test the knowledge of prospective floor members, and thereby enhance the Exchange’s standards for training, experience and competence. In addition, the exchange is modifying the format of its “true/false” questions to multiple choice and making certain other changes to questions in response to feedback previously received from SEC Staff, such as correcting grammatical errors, standardizing the answer format, and increasing the difficulty of certain questions.

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.

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.

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<sup>7</sup> 15 U.S.C. 78f(c)(3)(B).

III. Date of Effectiveness of the Proposed Rule Change and Timing for Commission Action

Pursuant to Section 19(b)(3)(A) of the Act<sup>8</sup> and Rule 19b-4(f)(1)<sup>9</sup> thereunder, the Exchange has designated this proposal as one that constitutes a stated policy, practice or interpretation with respect to the meaning, administration, or enforcement of an existing rule of the SRO, and therefore has become effective.

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 necessary or appropriate in the public interest, for the protection of investors, or 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](mailto:rule-comments@sec.gov). Please include File Number SR-Phlx-2018-38 on the subject line.

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<sup>8</sup> 15 U.S.C. 78s(b)(3)(A).

<sup>9</sup> 17 CFR 240.19b-4(f)(1).

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-2018-38. 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-2018-38 and should be submitted on or before [insert date 21 days from publication in the Federal Register].

For the Commission, by the Division of Trading and Markets, pursuant to delegated authority.<sup>10</sup>

Eduardo A. Aleman  
Assistant Secretary

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<sup>10</sup> 17 CFR 200.30-3(a)(12).

**Confidential Exhibit 3 to SR-Phlx-2018-38**  
**Submitted Separately to the Secretary of the**  
**Commission Pursuant to 17 CFR 240.24b-2 of**  
**the 1934 Exchange Act**