Required fields are shown with yellow backgrounds and asterisks.

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

File No.* SR - 2018 - * 54

Amendment No. (req. for Amendments *)

Filing by   Nasdaq PHLX LLC

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

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

Rule

Pilot ☐	Extension of Time Period for Commission Action * ☐	Date Expires *	19b-4(f)(1) ☐	19b-4(f)(4) ☐
			19b-4(f)(2) ☐	19b-4(f)(5) ☐
			19b-4(f)(3) ☐	19b-4(f)(6) ☑

Notice of proposed change pursuant to the Payment, Clearing, and Settlement Act of 2010

Section 806(e)(1) * ☐	Section 806(e)(2) * ☐

Security-Based Swap Submission pursuant to the Securities Exchange Act of 1934

Section 3C(b)(2) * ☐

Exhibit 2 Sent As Paper Document ▣

Exhibit 3 Sent As Paper Document ▣

Description

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

A proposal to remove text currently contained in Rule 1080(a) and relocate and add text into that section (a) to codify the definitions of the protocols that members can use to enter quotes and orders on the Exchange

Contact Information

Provide the name, telephone number, and e-mail address of the person on the staff of the self-regulatory organization prepared to respond to questions and comments on the action.

First Name *	Angela	Last Name *	Dunn

Title *	Pincipal Associate General Counsel

E-mail *	angela.dunn@nasdaq.com

Telephone *	(215) 496-5692	Fax	

Signature

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

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

(Title *)

Date	08/14/2018	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 EFFS website.

Form 19b-4 Information *

Add   Remove   View

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

Exhibit 1 - Notice of Proposed Rule Change *

Add   Remove   View

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

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

Add   Remove   View

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

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

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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

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

remove text currently contained in Rule 1080(a) and relocate and add text into that

section (a) to codify the definitions of the protocols that members can use to enter quotes

and orders on the Exchange.

        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 senior management of the Exchange

pursuant to authority delegated by the Board of Directors (the "Board") on September 19,

2017. 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:

                        Angela Saccomandi Dunn
                        Principal Associate General Counsel
                        Nasdaq, Inc.
                        215-496-5692

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[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: (i) retitle Rule 1080; (ii) remove the current rule text

located at Phlx Rule 1080(a); and (iii) relocate the definition of the Specialized Quote

Feed ("SQF") from Commentary .01(a) of Rule 1080 to proposed 1080(a)(i)(b) and

relocate the definition of the Options Floor Based Management System ("FBMS") from

Commentary .06 of Rule 1080 to proposed 1080(a)(i)(c) and codify the Financial

Information eXchange ("FIX") within Rule 1080(a)(i)(a).

Rule 1080 title

Rule 1080 is currently titled "Phlx." The Exchange proposes to retitle Rule 1080

as "Electronic Acceptance of Quotes and Orders."

Rule 1080(a) "General"

The Exchange proposes to delete paragraph (a), "General," which defines the

Exchange's System using a prior system's names AUTOM and AUTO-X, which terms

are obsolete, as are references to and the functions of each.[3] Rule 1080(a) also refers to a

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[3]   Manual execution by a specialist could occur in AUTOM. This first paragraph
        also refers to AUTOM routing orders to the specialist unit, and this rule governing
        order messages, all of which is obsolete. AUTOM and AUTO-X were replaced
        by Phlx XL. See Securities Exchange Act Release No. 50100 (July 27, 2004), 69
        FR 46612 (August 3, 2004) (SR-Phlx-2003-59).

successor system, Phlx XL, which is also obsolete.[4] The Exchange recently added a

definition to its Rules at 1000(b)(45) which describes the Exchange's System.[5]

The Exchange also proposes to delete cross-references to Rules 1014(b) and 1017,

which are unnecessary. Rule 1014, entitled, "Obligations and Restrictions Applicable to

Specialists and Registered Options Traders," contains various definitions, including a

Registered Options Trader at Rule 1014(b). The Exchange believes it is unnecessary to

cite the specific rule. Further, Rule 1017 entitled "Openings in Options" does not require

a specific citation.

New Rule 1080(a)

The Exchange believes that codifying definitions of these protocols in its rules

will increase transparency around its operations.[6] The protocols used by members to

submit quotes and orders play an important role in the operation of the System. The

Exchange therefore believes that codifying definitions of these protocols in its rules will

increase transparency around its operations.

The Exchange proposes to add a new section (a) entitled "Entry and Display of

Orders and Quotes." The Exchange proposes to state in proposed Rule 1080(a)

---

[4]   Phlx XL was replaced by Phlx XL II, which was phased in over a period of time.
        See Securities Exchange Act Release No. 59995 (May 28, 2009), 74 FR 26750
        (June 3, 2009) (SR-Phlx-2009-32).

[5]   See Securities Exchange Act Release No. 82577 (January 24, 2018), 83 FR 4354
        (January 30, 2018) (SR-Phlx-2018-09).

[6]   See Securities Exchange Act Release Nos. 83729 (July 27, 2018) 83 FR 37870
        (August 2, 2018) (SR-ISE-2018-65); 83731 (July 27, 2018), 83 FR 37867 (August
        2, 2018) (SR-GEMX-2018-26); and 83730 (July 27, 2018), 83 FR 37873 (August
        2, 2018) (SR-MRX-2018-25). Nasdaq BX, Inc. was filed as SR-BX-2018-038.
        The Nasdaq Stock Market LLC will submit a similar filing to amend The Nasdaq
        Options Market LLC ports.

"Members may enter orders and quotes into the System as specified below." The

Exchange proposes to add a section 1080(a)(i) which provides, "The Exchange offers

members the following protocols for entering orders and quotes respectively."

Although the Exchange is changing how it categorizes various features included

on FIX and SQF as part of its harmonization effort, the list of features included in the

proposed definitions are intended to be exhaustive with respect to the buckets of

information provided on each protocol. Overall, the Exchange believes that the proposed

changes will allow members to more easily understand what information is available on

which protocol.

A. Financial Information eXchange Ports

This protocol is not memorialized within the Exchange's Rulebook, however rule

changes describing FIX have been filed.[7] The Exchange proposes to now codify a

description of FIX in its rulebook to add even greater specificity within proposed Rule

1080(a)(i)(A). The Exchange proposes to state that FIX is an interface that allows

members and their Sponsored Customers to connect, send and receive messages related

to orders and auction orders and responses to and from the Exchange. Features include

the following: (1) execution messages; (2) order messages; and (3) risk protection

triggers and cancel notifications.

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[7]   See Securities Exchange Act Release No. 61665 (March 5, 2010), 75 FR 11967
        (March 12, 2010) (SR-Phlx-2010-25). The FIX port was previously referred to as
        the "Order Entry Port" and described as a connection to routing orders to the
        Exchange via an external order entry port. Members access the Exchange's
        network through order entry ports. A member organization may have more than
        one order entry port. The Exchange recently renamed the "Order Entry Port" as
        the "FIX Port" in the Exchange's Pricing Schedule. See Securities Exchange Act
        Release No. 83194 (May 9, 2018), 83 FR 22555 (May 15, 2018) (SR-Phlx-2018-
        34).

B. Specialized Quote Feed Ports

SQF is currently defined at Commentary .01(a) to Rule 1080 as "A specialist,

RSQT or SQT may establish an option pricing model via a specialized connection, which

is known as a specialized quote feed ("SQF")." The Exchange proposes to remove this

description from Commentary .01(a) to Rule 1080 and relocate the definition to proposed

Rule 1080(a)(i)(B) and instead a more descriptive definition of this protocol. The

Exchange proposes the following:

> SQF is an interface that allows Specialists, Streaming Quote Traders
> ("SQTs") and Remote Streaming Quote Traders ("RSQTs") to connect,
> send, and receive messages related to quotes, Immediate-or-Cancel
> Orders, and auction responses into and from the Exchange. Features
> include the following: (1) options symbol directory messages (e.g.
> underlying and complex instruments); (2) system event messages (e.g.,
> start of trading hours messages and start of opening); (3) trading action
> messages (e.g., halts and resumes); (4) execution messages; (5) quote
> messages; (6) Immediate-or-Cancel Order messages; (7) risk protection
> triggers and purge notifications; (8) opening imbalance messages; (9)
> auction notifications; and (10) auction responses. The SQF Purge
> Interface only receives and notifies of purge request from the Specialist,
> SQT or RSQT.[8]

The Exchange believes that this information provides a more thorough description

of the SQF protocol.

The Exchange also proposes to remove the remainder of Commentary

.01(a) to Rule 1080, which provides, "Specialists, SQTs and RSQTs individually

determine which model to select per option and may change models during the

trading day. Each pricing model requires the specialist, SQTs and RSQTs to

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[8]   All of the notification messages available on SQF ports as described above (i.e.,
        options symbol directory messages, system event messages, trading action
        messages, etc.) are configurable in that Specialists, SQTs or RSQTs can select the
        specific types of notifications they wish to receive on their SQF ports. As such,
        SQF Purge Interface ports are a subpart of SQF ports that have been configured to
        only receive and notify of purge requests.

input various parameters, such as interest rates, volatilities (delta, vega, theta, gamma, etc.) and dividends." The Exchange is no longer involved in the pricing models that its users choose. This rule text is obsolete. Specialists, SQTs, and RSQTs provide their quotations to the Exchange using their own proprietary models; the Exchange does not offer any pricing models to its members. The Exchange proposes to reserve this section.

     C. Options Floor Based Management System ("FBMS")

The Exchange proposes to relocate the Options Floor Based Management System currently defined in Commentary .06 of Rule 1080 to proposed Rule 1080(a)(i)(C). No substantive changes are being made to the description. The Exchange proposes to delete .06 and also to delete .07 and .08 of the Commentary, which are currently reserved.

     b. Statutory Basis

The Exchange believes that its proposal is consistent with Section 6(b) of the Act,[9] in general, and furthers the objectives of Section 6(b)(5) of the Act,[10] in particular, in that it is designed to promote just and equitable principles of trade and to protect investors and the public interest by removing obsolete text from its rules and adding greater transparency to the order and quote protocols available on Phlx.

The Exchange believes that renaming Phlx Rule 1080 will better describe the information contained in the rule. Also, removing obsolete rule text from Phlx Rule 1080(a) and Commentary .01(a) to Rule 1080 will remove confusion as to the System and its offerings. The rule text being removed is obsolete.

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

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

The Exchange believes that the proposed rule change is consistent with the protection of investors and the public interest as it codifies the protocols used to connect to the Exchange's System. While no functional changes to the protocols are proposed in this filing, the Exchange believes that including a description of the protocols in its rulebook will benefit members by increasing transparency around the operation of the Exchange. Furthermore, the proposed definitions being included in the rulebook will more clearly and accurately reflect the information included on the protocols, and will be harmonized with language to be included in the rules of its affiliated exchanges to the extent that the protocols operate in the same manner. The protocols described in this filing provide a range of important features to members, including the ability to submit quotes and orders, and perform other functions necessary to manage trading on the Exchange. The Exchange believes codifying the quote and order entry protocols will increase transparency to the members that use these protocols to connect to the Exchange.

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. As explained above, the Exchange is codifying the quote and order entry protocols that members use to connect to the Exchange's System. The obsolete rule text does not currently apply to any member on Phlx and therefore removing the inapplicable language will not impact any member on Phlx.

The Exchange does not believe that codifying the order entry protocols in the rulebook will have any competitive impact. Locating all the descriptions within a single rule and adding context around each order entry protocol will increase transparency around the operation of the Exchange without having any impact on inter-market or intra-

market competition. All market participants have the ability to subscribe to the protocols

for order entry. The quoting protocols are limited to the market participants who are

permitted by rule to quote on Phlx, but the function is uniformly available to these

eligible participants.

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)[11] of the Act and Rule 19b-4(f)(6) thereunder[12] in that it effects a change

that: (i) does not significantly affect the protection of investors or the public interest; (ii)

does not impose any significant burden on competition; and (iii) by its terms, does not

become operative for 30 days after the date of the filing, or such shorter time as the

Commission may designate if consistent with the protection of investors and the public

interest.

        The Exchange believes that this proposal does not significantly affect the

protection of investors or the public interest because it is in the interest of market

participants to have obsolete rule text removed from the Rulebook to avoid confusion.

Codifying the order entry protocols in the Exchange's Rulebook will add transparency as

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[11]   15 U.S.C. 78s(b)(3)(A)(iii).

[12]   17 CFR 240.19b-4(f)(6).

to the available protocols for the benefit of members. The proposed rule change does not impose any significant burden on competition because the removal of obsolete rule text will not impact any member. Also, all market participants have the ability to subscribe to the protocols for order entry. The quoting protocols are limited to the market participants who are permitted by rule to quote on Phlx, but the function is uniformly available to these eligible participants.

Furthermore, Rule 19b-4(f)(6)(iii) requires a self-regulatory organization to give the Commission written notice of its intent to file a proposed rule change under that subsection at least five business days prior to the date of filing, or such shorter time as designated by the Commission. The Exchange has provided such notice.

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

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 operative delay to permit the Exchange to immediately remove the obsolete rule text from its rules and add transparency as to the type of order entry protocols available on Phlx. Codifying Phlx's order entry protocols into the Exchange's Rulebook is consistent

with the Act because it will bring transparency to the rules by listing all available

protocols and describing each of them and will serve to protect investors and the public

interest.

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-2018-54)

August __, 2018

Self-Regulatory Organizations; Nasdaq PHLX LLC; Notice of Filing and Immediate
Effectiveness of Proposed Rule Change to Remove Text Currently Contained in Rule
1080(a) and Relocate and Add Text into that Section (a) to Codify the Definitions of the
Protocols that Members Can Use to Enter Quotes and Orders on the Exchange

　　　　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 14, 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 remove text currently contained in Rule 1080(a) and

relocate and add text into that section (a) to codify the definitions of the protocols that

members can use to enter quotes and orders on the Exchange.

　　　　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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[1]　　　15 U.S.C. 78s(b)(1).

[2]　　　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 Exchange proposes to: (i) retitle Rule 1080; (ii) remove the current rule text

located at Phlx Rule 1080(a); and (iii) relocate the definition of the Specialized Quote

Feed ("SQF") from Commentary .01(a) of Rule 1080 to proposed 1080(a)(i)(b) and

relocate the definition of the Options Floor Based Management System ("FBMS") from

Commentary .06 of Rule 1080 to proposed 1080(a)(i)(c) and codify the Financial

Information eXchange ("FIX") within Rule 1080(a)(i)(a).

Rule 1080 title

        Rule 1080 is currently titled "Phlx." The Exchange proposes to retitle Rule 1080

as "Electronic Acceptance of Quotes and Orders."

Rule 1080(a) "General"

        The Exchange proposes to delete paragraph (a), "General," which defines the

Exchange's System using a prior system's names AUTOM and AUTO-X, which terms

are obsolete, as are references to and the functions of each.[3] Rule 1080(a) also refers to a

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[3]   Manual execution by a specialist could occur in AUTOM. This first paragraph
        also refers to AUTOM routing orders to the specialist unit, and this rule governing

successor system, Phlx XL, which is also obsolete.[4] The Exchange recently added a

definition to its Rules at 1000(b)(45) which describes the Exchange's System.[5]

The Exchange also proposes to delete cross-references to Rules 1014(b) and 1017,

which are unnecessary. Rule 1014, entitled, "Obligations and Restrictions Applicable to

Specialists and Registered Options Traders," contains various definitions, including a

Registered Options Trader at Rule 1014(b). The Exchange believes it is unnecessary to

cite the specific rule. Further, Rule 1017 entitled "Openings in Options" does not require

a specific citation.

New Rule 1080(a)

The Exchange believes that codifying definitions of these protocols in its rules

will increase transparency around its operations.[6] The protocols used by members to

submit quotes and orders play an important role in the operation of the System. The

Exchange therefore believes that codifying definitions of these protocols in its rules will

increase transparency around its operations.

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order messages, all of which is obsolete. AUTOM and AUTO-X were replaced by Phlx XL. See Securities Exchange Act Release No. 50100 (July 27, 2004), 69 FR 46612 (August 3, 2004) (SR-Phlx-2003-59).

[4]   Phlx XL was replaced by Phlx XL II, which was phased in over a period of time. See Securities Exchange Act Release No. 59995 (May 28, 2009), 74 FR 26750 (June 3, 2009) (SR-Phlx-2009-32).

[5]   See Securities Exchange Act Release No. 82577 (January 24, 2018), 83 FR 4354 (January 30, 2018) (SR-Phlx-2018-09).

[6]   See Securities Exchange Act Release Nos. 83729 (July 27, 2018) 83 FR 37870 (August 2, 2018) (SR-ISE-2018-65); 83731 (July 27, 2018), 83 FR 37867 (August 2, 2018) (SR-GEMX-2018-26); and 83730 (July 27, 2018), 83 FR 37873 (August 2, 2018) (SR-MRX-2018-25). Nasdaq BX, Inc. was filed as SR-BX-2018-038. The Nasdaq Stock Market LLC will submit a similar filing to amend The Nasdaq Options Market LLC ports.

The Exchange proposes to add a new section (a) entitled "Entry and Display of Orders and Quotes." The Exchange proposes to state in proposed Rule 1080(a) "Members may enter orders and quotes into the System as specified below." The Exchange proposes to add a section 1080(a)(i) which provides, "The Exchange offers members the following protocols for entering orders and quotes respectively."

Although the Exchange is changing how it categorizes various features included on FIX and SQF as part of its harmonization effort, the list of features included in the proposed definitions are intended to be exhaustive with respect to the buckets of information provided on each protocol. Overall, the Exchange believes that the proposed changes will allow members to more easily understand what information is available on which protocol.

A.   Financial Information eXchange Ports

This protocol is not memorialized within the Exchange's Rulebook, however rule changes describing FIX have been filed.[7] The Exchange proposes to now codify a description of FIX in its rulebook to add even greater specificity within proposed Rule 1080(a)(i)(A). The Exchange proposes to state that FIX is an interface that allows members and their Sponsored Customers to connect, send and receive messages related to orders and auction orders and responses to and from the Exchange. Features include

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[7]   See Securities Exchange Act Release No. 61665 (March 5, 2010), 75 FR 11967 (March 12, 2010) (SR-Phlx-2010-25). The FIX port was previously referred to as the "Order Entry Port" and described as a connection to routing orders to the Exchange via an external order entry port. Members access the Exchange's network through order entry ports. A member organization may have more than one order entry port. The Exchange recently renamed the "Order Entry Port" as the "FIX Port" in the Exchange's Pricing Schedule. See Securities Exchange Act Release No. 83194 (May 9, 2018), 83 FR 22555 (May 15, 2018) (SR-Phlx-2018-34).

the following: (1) execution messages; (2) order messages; and (3) risk protection

triggers and cancel notifications.

       B. Specialized Quote Feed Ports

       SQF is currently defined at Commentary .01(a) to Rule 1080 as "A specialist,

RSQT or SQT may establish an option pricing model via a specialized connection, which

is known as a specialized quote feed ("SQF")." The Exchange proposes to remove this

description from Commentary .01(a) to Rule 1080 and relocate the definition to proposed

Rule 1080(a)(i)(B) and instead a more descriptive definition of this protocol. The

Exchange proposes the following:

> SQF is an interface that allows Specialists, Streaming Quote Traders
> ("SQTs") and Remote Streaming Quote Traders ("RSQTs") to connect,
> send, and receive messages related to quotes, Immediate-or-Cancel
> Orders, and auction responses into and from the Exchange. Features
> include the following: (1) options symbol directory messages (e.g.
> underlying and complex instruments); (2) system event messages (e.g.,
> start of trading hours messages and start of opening); (3) trading action
> messages (e.g., halts and resumes); (4) execution messages; (5) quote
> messages; (6) Immediate-or-Cancel Order messages; (7) risk protection
> triggers and purge notifications; (8) opening imbalance messages; (9)
> auction notifications; and (10) auction responses. The SQF Purge
> Interface only receives and notifies of purge request from the Specialist,
> SQT or RSQT.[8]

The Exchange believes that this information provides a more thorough description

of the SQF protocol.

       The Exchange also proposes to remove the remainder of Commentary

.01(a) to Rule 1080, which provides, "Specialists, SQTs and RSQTs individually

---

[8]   All of the notification messages available on SQF ports as described above (i.e.,
options symbol directory messages, system event messages, trading action
messages, etc.) are configurable in that Specialists, SQTs or RSQTs can select the
specific types of notifications they wish to receive on their SQF ports. As such,
SQF Purge Interface ports are a subpart of SQF ports that have been configured to
only receive and notify of purge requests.

determine which model to select per option and may change models during the

trading day. Each pricing model requires the specialist, SQTs and RSQTs to

input various parameters, such as interest rates, volatilities (delta, vega, theta,

gamma, etc.) and dividends." The Exchange is no longer involved in the pricing

models that its users choose. This rule text is obsolete. Specialists, SQTs, and

RSQTs provide their quotations to the Exchange using their own proprietary

models; the Exchange does not offer any pricing models to its members. The

Exchange proposes to reserve this section.

     C. Options Floor Based Management System ("FBMS")

The Exchange proposes to relocate the Options Floor Based Management System

currently defined in Commentary .06 of Rule 1080 to proposed Rule 1080(a)(i)(C). No

substantive changes are being made to the description. The Exchange proposes to delete

.06 and also to delete .07 and .08 of the Commentary, which are currently reserved.

     2.   Statutory Basis

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

Act,[9] in general, and furthers the objectives of Section 6(b)(5) of the Act,[10] in particular,

in that it is designed to promote just and equitable principles of trade and to protect

investors and the public interest by removing obsolete text from its rules and adding

greater transparency to the order and quote protocols available on Phlx.

The Exchange believes that renaming Phlx Rule 1080 will better describe the

information contained in the rule. Also, removing obsolete rule text from Phlx Rule

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

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

1080(a) and Commentary .01(a) to Rule 1080 will remove confusion as to the System and its offerings. The rule text being removed is obsolete.

The Exchange believes that the proposed rule change is consistent with the protection of investors and the public interest as it codifies the protocols used to connect to the Exchange's System. While no functional changes to the protocols are proposed in this filing, the Exchange believes that including a description of the protocols in its rulebook will benefit members by increasing transparency around the operation of the Exchange. Furthermore, the proposed definitions being included in the rulebook will more clearly and accurately reflect the information included on the protocols, and will be harmonized with language to be included in the rules of its affiliated exchanges to the extent that the protocols operate in the same manner. The protocols described in this filing provide a range of important features to members, including the ability to submit quotes and orders, and perform other functions necessary to manage trading on the Exchange. The Exchange believes codifying the quote and order entry protocols will increase transparency to the members that use these protocols to connect to the Exchange.

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. As explained above, the Exchange is codifying the quote and order entry protocols that members use to connect to the Exchange's System. The obsolete rule text does not currently apply to any member on Phlx and therefore removing the inapplicable language will not impact any member on Phlx.

The Exchange does not believe that codifying the order entry protocols in the rulebook will have any competitive impact. Locating all the descriptions within a single

rule and adding context around each order entry protocol will increase transparency

around the operation of the Exchange without having any impact on inter-market or intra-

market competition. All market participants have the ability to subscribe to the protocols

for order entry. The quoting protocols are limited to the market participants who are

permitted by rule to quote on Phlx, but the function is uniformly available to these

eligible participants.

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

No written comments were either solicited or received.

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

Because the foregoing proposed rule change does not: (i) significantly affect the

protection of investors or the public interest; (ii) impose any significant burden on

competition; and (iii) become operative for 30 days from the date on which it was filed,

or such shorter time as the Commission may designate, it has become effective pursuant

to Section 19(b)(3)(A)(iii) of the Act[11] and subparagraph (f)(6) of Rule 19b-4

thereunder.[12]

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

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[11]   15 U.S.C. 78s(b)(3)(A)(iii).

[12]   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.

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-2018-54 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-2018-54. 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-2018-54 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.[13]

> Eduardo A. Aleman
> Assistant Secretary

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[13]   17 CFR 200.30-3(a)(12).

EXHIBIT 5

New text is underlined and deleted text is in brackets.

NASDAQ PHLX Rules

Rule 1080. [Phlx] <u>Electronic Acceptance of Quotes and Orders</u>

<u>(a) **Entry and Display of Orders and Quotes**. Members may enter orders and quotes into the System as specified below.</u>

<u>(i) The Exchange offers members the following protocols for entering orders and quotes respectively:</u>

<u>(A) "**Financial Information eXchange**" or "**FIX**" is an interface that allows members and their Sponsored Customers to connect, send, and receive messages related to orders and auction orders and responses to and from the Exchange. Features include the following: (1) execution messages; (2) order messages; and (3) risk protection triggers and cancel notifications.</u>

<u>(B) "**Specialized Quote Feed" or "SQF"** is an interface that allows Specialists, Streaming Quote Traders ("SQTs") and Remote Streaming Quote Traders ("RSQTs") to connect, send, and receive messages related to quotes, Immediate-or-Cancel Orders, and auction responses into and from the Exchange. Features include the following: (1) options symbol directory messages (e.g underlying and complex instruments); (2) system event messages (e.g., start of trading hours messages and start of opening); (3) trading action messages (e.g., halts and resumes); (4) execution messages; (5) quote messages; (6) Immediate-or-Cancel Order messages; (7) risk protection triggers and purge notifications; (8) opening imbalance messages; (9) auction notifications; and (10) auction responses. The SQF Purge Interface only receives and notifies of purge request from the Specialist, SQT or RSQT.</u>

<u>(C) **Options Floor Based Management System or ("FBMS")** is a component of the System designed to enable members and/or their employees to enter, route and report transactions stemming from options orders received on the Exchange. The FBMS also is designed to establish an electronic audit trail for options orders negotiated, represented and executed by members on the Exchange, to the extent permissible under Rule 1000(f), such that the audit trail provides an accurate, time-sequenced record of electronic and other orders, quotations and transactions on the Exchange, beginning with the receipt of an order by the Exchange, and further documenting the life of the order through the process of execution, partial execution, or cancellation of that order. The features of FBMS are described in Rules 1063(e) and 1085.</u>

[(a) **General**—AUTOM is the Exchange's electronic order delivery and reporting system, which provides for the automatic entry and routing of Exchange-listed equity options, index options and U.S. dollar-settled foreign currency options orders to the Exchange trading floor. Orders delivered through AUTOM may be executed manually, or certain orders are eligible for AUTOM's automatic execution feature, AUTO-X, in accordance with the provisions of this Rule. Equity option, index option and U.S. dollar-settled foreign currency option specialists are required by the Exchange to participate in AUTOM and its features and enhancements. Option orders entered by Exchange member organizations into AUTOM are routed to the appropriate specialist unit on the Exchange trading floor. AUTOM and AUTO-X were replaced by the Phlx XL System, such that references to both terms refer to Phlx XL

Phlx XL II is the Exchange's new, enhanced options trading system.

This Rule shall govern the orders, execution reports and administrative messages ("order messages") transmitted between the offices of member organizations and the trading floors of the Exchange through AUTOM.

All references to "ROTs" in this Rule 1080 are the Phlx Registered Options Traders as defined in Exchange Rule 1014(b).

The opening of trading is governed by Rule 1017.]

(b) no change.

(c) – (p) No change.

••• *Commentary:* ------------------

> **.01** (a) <u>Reserved.</u> [Specialized Quote Feed. A specialist, RSQT or SQT may establish an option pricing model via a specialized connection, which is known as a specialized quote feed ("SQF").
>
> Specialists, SQTs and RSQTs individually determine which model to select per option and may change models during the trading day. Each pricing model requires the specialist, SQTs and RSQTs to input various parameters, such as interest rates, volatilities (delta, vega, theta, gamma, etc.) and dividends.]
>
> (b) No change.
>
> **.02** - **.05** No change.

[**.06** *Options Floor Based Management System.* (a) The Options Floor Based Management System ("FBMS") is a component of PHLX XL designed to enable members and/or their employees to enter, route and report transactions stemming from options orders received on the Exchange. The FBMS also is designed to establish an electronic audit trail for options orders negotiated, represented

and executed by members on the Exchange, to the extent permissible
under Rule 1000(f), such that the audit trail provides an accurate, time-sequenced
record of electronic and other orders, quotations and transactions on the Exchange,
beginning with the receipt of an order by the Exchange, and further documenting the life
of the order through the process of execution, partial execution, or cancellation of that
order. The features of FBMS are described in Rules 1063(e) and 1081.

     .07 Reserved.

     .08 Reserved.]

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