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Page 1 of * 28

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

File No.* SR - 2019 - * 02
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) * ☐

Pilot ☐

Extension of Time Period for Commission Action * ☐

Date Expires *

Rule

☐ 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 amend Phlx Rule 1101A, Terms of Index Option Contracts

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 * Principal 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.

Date 02/20/2019
By Edward S. Knight
(Name *)

(Title *)
Global Chief & Legal Policy Officer

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.

Required fields are shown with yellow backgrounds and asterisks.

SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

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

Form 19b-4 Information * Add Remove View	The self-regulatory organization must provide all required information, presented in a clear and comprehensible manner, to enable the public to provide meaningful comment on the proposal and for the Commission to determine whether the proposal is consistent with the Act and applicable rules and regulations under the Act.
Exhibit 1 - Notice of Proposed Rule Change * Add Remove View	The Notice section of this Form 19b-4 must comply with the guidelines for publication in the Federal Register as well as any requirements for electronic filing as published by the Commission (if applicable). The Office of the Federal Register (OFR) offers guidance on Federal Register publication requirements in the Federal Register Document Drafting Handbook, October 1998 Revision. For example, all references to the federal securities laws must include the corresponding cite to the United States Code in a footnote. All references to SEC rules must include the corresponding cite to the Code of Federal Regulations in a footnote. All references to Securities Exchange Act Releases must include the release number, release date, Federal Register cite, Federal Register date, and corresponding file number (e.g., SR-[SRO] -xx-xx). A material failure to comply with these guidelines will result in the proposed rule change being deemed not properly filed. See also Rule 0-3 under the Act (17 CFR 240.0-3)
Exhibit 1A- Notice of Proposed Rule Change, Security-Based Swap Submission, or Advance Notice by Clearing Agencies * Add Remove View	The Notice section of this Form 19b-4 must comply with the guidelines for publication in the Federal Register as well as any requirements for electronic filing as published by the Commission (if applicable). The Office of the Federal Register (OFR) offers guidance on Federal Register publication requirements in the Federal Register Document Drafting Handbook, October 1998 Revision. For example, all references to the federal securities laws must include the corresponding cite to the United States Code in a footnote. All references to SEC rules must include the corresponding cite to the Code of Federal Regulations in a footnote. All references to Securities Exchange Act Releases must include the release number, release date, Federal Register cite, Federal Register date, and corresponding file number (e.g., SR-[SRO] -xx-xx). A material failure to comply with these guidelines will result in the proposed rule change, security-based swap submission, or advance notice being deemed not properly filed. See also Rule 0-3 under the Act (17 CFR 240.0-3)
Exhibit 2 - Notices, Written Comments, Transcripts, Other Communications Add Remove View Exhibit Sent As Paper Document ☐	Copies of notices, written comments, transcripts, other communications. If such documents cannot be filed electronically in accordance with Instruction F, they shall be filed in accordance with Instruction G.
Exhibit 3 - Form, Report, or Questionnaire Add Remove View Exhibit Sent As Paper Document ☐	Copies of any form, report, or questionnaire that the self-regulatory organization proposes to use to help implement or operate the proposed rule change, or that is referred to by the proposed rule change.
Exhibit 4 - Marked Copies Add Remove View	The full text shall be marked, in any convenient manner, to indicate additions to and deletions from the immediately preceding filing. The purpose of Exhibit 4 is to permit the staff to identify immediately the changes made from the text of the rule with which it has been working.
Exhibit 5 - Proposed Rule Text Add Remove View	The self-regulatory organization may choose to attach as Exhibit 5 proposed changes to rule text in place of providing it in Item I and which may otherwise be more easily readable if provided separately from Form 19b-4. Exhibit 5 shall be considered part of the proposed rule change.
Partial Amendment Add Remove View	If the self-regulatory organization is amending only part of the text of a lengthy proposed rule change, it may, with the Commission's permission, file only those portions of the text of the proposed rule change in which changes are being made if the filing (i.e. partial amendment) is clearly understandable on its face. Such partial amendment shall be clearly identified and marked to show deletions and additions.

1. Text of the Proposed Rule Change

(a) Nasdaq Phlx LLC ("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 Phlx Rule 1101A, "Terms of Index Option Contracts," to amend certain expiration timeframes and make technical corrections to this rule.

The Exchange requests that the Commission waive the 30-day operative delay period contained in Exchange Act Rule 19b-4(f)(6)(iii).[3]

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 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:

Angela Saccomandi Dunn
Principal Associate General Counsel

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

2 17 CFR 240.19b-4.

3 17 CFR 240.19b-4(f)(6)(iii).

Nasdaq, Inc.
(215) 496-5692

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 1101A, "Terms of Index Options Contracts," to amend expirations for Phlx index options. The Exchange also proposes to amend expirations related to the listing and trading, on a pilot basis, of p.m.-settled options on broad-based indexes with nonstandard expiration dates ("Nonstandard Program"). Finally, the Exchange proposes technical amendments within Phlx Rule 1101A. Each rule change will be discussed below.

Expirations of Index Options and Technical Amendments

The Exchange proposes to add titles and re-number/re-letter Rule 1101A. The Exchange proposes to add the title "General" to the beginning of the rule. The Exchange proposes to add the title "Exercise Prices" in front of current Rule 1101A and the title "Strike Prices" before the paragraph after the list of sector indexes. The Exchange proposes to add these titles and re-number/re-letter this rule to make the rule more clear and add the various sections to provide ease of reference as to the content of the rule. The Exchange proposes to relocate current Rule 1033A to new section Rule 1101A(a)(1).

The Exchange proposes a new section Rule 1101A(a)(4) with a title "Expiration Months and Weeks." The Exchange proposes to amend Rule 1101A to add specific expiration months and weeks to Rule 1101A similar to expiration months and weeks at Cboe Exchange, Inc. ("Cboe"). Cboe Rule 24.9(a)(2) provides for expiration months and weeks for its index products.[4] Today, Phlx Rule 1101A contains no expiration language. The proposed rule text provides that index options contracts may expire at three (3)-month intervals or in consecutive weeks or months. Further, the Exchange may list: (i) up to six (6) standard monthly expirations at any one time in a class, but will not list index options that expire more than twelve (12) months out; (ii) up to 12 standard monthly expirations at any one time for any class that the Exchange (as the Reporting Authority) uses to calculate a volatility index; and (iii) up to 12 standard (monthly) expirations in NDX options.[5] The Exchange is proposing similar expiration language on Nasdaq ISE, LLC in a separate rule change. The Exchange notes that the proposed new rule text would govern the listing of all index options and the new proposed text regarding 12 standard (monthly) expirations will govern the listing of NDX options.

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4 Cboe Rule 24.9(a)(2) provides, "Expiration Months and Weeks. Index option contracts may expire at three-month intervals, in consecutive months or in consecutive weeks (as specified by class below). The Exchange may:

• list up to six standard monthly expirations at any one time in a class, but will not list index options that expire more than 12 months out;

• list up to 12 standard monthly expirations at any one time for any class that the Exchange (as the Reporting Authority) uses to calculate a volatility index and for CBOE S&P 500 AM/PM Basis, EAFE, EM, FTSE Emerging, FTSE Developed, FTSE 100, China 50, and S&P Select Sector Index (SIXM, SIXE, SIXT, SIXV, SIXU, SIXR, SIXI, SIXY, SIXB, and SIXRE, and SIXC) options;

• list up to 12 consecutive weekly expirations in VXST options; and,

• list up to six weekly expirations and up to 12 standard (monthly) expirations in VIX options. The six weekly expirations shall be for the nearest weekly expirations from the actual listing date and weekly expirations may not expire in the same week in which standard (monthly) VIX options expire. Standard (monthly) expirations in VIX options are not counted as part of the maximum six weekly expirations permitted for VIX options."

5 This provision is similar to a provision that Cboe notes for its VIX options at Rule 24.9(a)(2).

Nonstandard Expirations Pilot Program

The Exchange proposes to amend current Rule 1101A(b)(vii)(1) which is proposed to be re-numbered Rule 1101A(b)(5)(A) to modify the maximum number of expirations that may be listed for each Weekly expiration in the Nonstandard Program. Today, current Rule 1101A(b)(vii)(1) provides, "The maximum number of expirations that may be listed for each Weekly Expiration (i.e., a Monday expiration, Wednesday expiration, or Friday expiration, as applicable) in a given class is the same as the maximum number of expirations permitted for standard options on the same broad-based index." The Exchange proposes to instead provide, "The maximum number of expirations that may be listed for each Weekly Expiration (i.e., a Monday expiration, Wednesday expiration, or Friday expiration, as applicable) in a given class is the maximum number of expirations permitted for standard index options in Rule 1101A(a)(4)." This provision would be modified to reference the new rule text proposed within Rule 1101A(a)(4).

The Exchange notes that Cboe Rule 24.9(e)(1) references Cboe Rule 24.9(a)(2) for the maximum number of expirations for weekly expirations in the nonstandard expirations pilot program. This proposed amendment to Phlx's Nonstandard Program would amend the maximum expirations so they would be similar to expirations on Cboe.

Technical Amendment

The Exchange proposes to amend a sentence current Rule 1101A(b)(vii)(1) which is proposed to be re-numbered Rule 1101A(b)(5)(A) which currently provides, "Weekly Expirations that are first listed in a given class may expire up to four weeks from the actual listing date." The Exchange proposes to amend this sentence to replace the word "first" with "initially." The Exchange is not proposing to amend the meaning of this sentence, rather the Exchange proposes to make clear that the word "initially" applies to the four week expiration period for listing initial weeklies in the Nonstandard Program.

Finally, the Exchange proposes to renumber parts of Rule 1101A to conform the lettering/numbering to the proposed new rule text and remove a hyphen between Market and Maker within current Rule 1101A(b)(vi)(D).

b. Statutory Basis

The Exchange believes that its proposal is consistent with Section 6(b) of the Act,[6] in general, and furthers the objectives of Section 6(b)(5) of the Act,[7] 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 clearly indicating the permissible expirations periods for index options and the Nonstandard Program to permit the listing of additional expirations. This proposal will conform Phlx's ability to list index options expirations similar to Cboe.

Expirations of Index Options

Today, Rule 1101A does not provide specific expirations for broad-based indexes. With this proposal the Exchange would be permitted to list index options contracts that expire at three (3)-month intervals or in consecutive weeks or months. Further, the Exchange may list: (i) up to six (6) standard monthly expirations at any one time in a class, but will not list index options that expire more than twelve (12) months out; (ii) up

[6] 15 U.S.C. 78f(b).

[7] 15 U.S.C. 78f(b)(5).

to 12 standard monthly expirations at any one time for any class that the Exchange (as the Reporting Authority) uses to calculate a volatility index; and (iii) up to 12 standard (monthly) expirations in NDX options. The Exchange believes that this rule text is consistent with the Act because it brings clarity to the manner in which Phlx may list expirations on index options. Further, this proposal will permit the Exchange to list similar index options as are listed by Cboe today, including in the Nonstandard Program.

Nonstandard Expirations Pilot Program

The Exchange's proposal to amend current Rule 1101A(b)(vii)(1) which is proposed to be re-numbered Rule 1101A(b)(5)(A) to modify the maximum number of expirations that may be listed for each weekly expiration in the Nonstandard Program to the proposed new expiration timeframes is consistent with the Act because today those timeframes refer to the timeframes for standard listed options. Providing for the maximum numbers of expirations permitted under the Nonstandard Program within the standard index options rule will clarify the timeframes and eliminate any potential ambiguity about the maximum numbers of expirations permitted under the Nonstandard Program. Additionally, this amendment will align the Exchange's Nonstandard Program to Cboe's nonstandard program.

Technical Amendment

The Exchange's proposal amend a sentence within current Rule 1101A(b)(vii)(1) which is proposed to be re-numbered Rule 1101A(b)(5)(A) by replacing the word "first" with "initially" is consistent with the Act because it will make clear the meaning of the term and the meaning. The Exchange is not proposing to amend the meaning of this sentence, rather the Exchange proposes to make clear that the word "initially" applies to the four week expiration period for listing initial weeklies in the Nonstandard Program.

Finally, the Exchange believes that adding title to Rule 1101A as well as memorializing the meaning of bids and offers and re-numbering/re-lettering this rule will bring greater clarity to the index rule and align the rule with a similar proposal on Nasdaq ISE, LLC.

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. Specifically, the Exchange does not believe the proposal will impose any burden on intramarket competition as all market participants will be treated in the same manner with respect to expirations of index options. Additionally, the Exchange does not believe the proposal will impose any burden on intermarket competition as market participants are welcome to become Phlx Members and trade at Phlx if they determine that this proposed rule change has made Phlx more attractive or favorable. Finally, all options exchanges are free to compete by listing and trading their own broad-based index options with similar expirations. This proposal will permit Phlx to compete with Cboe with respect to listing expirations on index options.

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)

The foregoing rule change has become effective pursuant to Section 19(b)(3)(A)(iii)[8] of the Act and Rule 19b-4(f)(6) thereunder[9] 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 does not believes that this proposal significantly affects the protection of investors or the public interest because the Exchange proposes to make clear the manner in which expirations will be listed for index options on Phlx. Further this proposal will permit the Exchange to list similar index options as are listed by Cboe today, including in the Nonstandard Program. Also, providing for the maximum numbers of expirations permitted under the Nonstandard Program within the standard index options rule will clarify the timeframes and eliminate any potential ambiguity about the maximum numbers of expirations permitted under the Nonstandard Program. Finally, the Exchange proposes to make clear that the word "initially" applies to the four week expiration period for listing initial weeklies in the Nonstandard Program. The Exchange does not believe that this proposal imposes a significant burden on competition because all market participants will be treated in the same manner with respect to expirations of index options. This proposal will permit Phlx to compete with Cboe with respect to

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8 15 U.S.C. 78s(b)(3)(A)(iii).

9 17 CFR 240.19b-4(f)(6).

listing expirations on index options. Additionally, this amendment will align the Exchange's Nonstandard Program to Cboe's nonstandard program. The technical amendments will bring more clarity to the rule and memorialize the meaning of premium bids and offers.

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 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.

A proposed rule change filed under Rule 19b-4(f)(6) normally does not become operative prior to 30 days after the date of filing. Rule 19b-4(f)(6)(iii), however, permits the Commission to designate a shorter time if such action is consistent with the protection of investors and the public interest. The Exchange requests that the Commission waive the 30-day operative delay contained in Rule 19b-4(f)(6)(iii) so that the Exchange may list expirations on index options and in the Nonstandard Program similar to Cboe. This proposal will offer market participants an additional venue to transact certain index option expirations that Phlx may not list today under its current rules.

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

The proposal is based on Cboe Rule 24.9.

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-2019-02)

February __, 2019

Self-Regulatory Organizations; Nasdaq PHLX LLC; Notice of Filing and Immediate Effectiveness of Proposed Rule Change to Terms of Index Option Contracts

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 February 20, 2019, Nasdaq PHLX LLC ("Phlx" or "Exchange") filed with the Securities and Exchange Commission ("SEC" or "Commission") the proposed rule change as described in Items I, II, and III, below, which Items have been prepared by the Exchange. The Commission is publishing this notice to solicit comments on the proposed rule change from interested persons.

I. Self-Regulatory Organization's Statement of the Terms of Substance of the Proposed Rule Change

The Exchange proposes to amend Phlx Rule 1101A, "Terms of Index Option Contracts," to amend certain expiration timeframes and make technical corrections to this rule.

The Exchange requests that the Commission waive the 30-day operative delay period contained in Exchange Act Rule 19b-4(f)(6)(iii).[3]

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.

3 17 CFR 240.19b-4(f)(6)(iii).

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 amend Rule 1101A, "Terms of Index Options Contracts," to amend expirations for Phlx index options. The Exchange also proposes to amend expirations related to the listing and trading, on a pilot basis, of p.m.-settled options on broad-based indexes with nonstandard expiration dates ("Nonstandard Program"). Finally, the Exchange proposes technical amendments within Phlx Rule 1101A. Each rule change will be discussed below.

Expirations of Index Options and Technical Amendments

The Exchange proposes to add titles and re-number/re-letter Rule 1101A. The Exchange proposes to add the title "General" to the beginning of the rule. The Exchange proposes to add the title "Exercise Prices" in front of current Rule 1101A and the title "Strike Prices" before the paragraph after the list of sector indexes. The Exchange proposes to add these titles and re-number/re-letter this rule to make the rule more clear and add the various sections to provide ease of reference as to the content of the rule. The Exchange proposes to relocate current Rule 1033A to new section Rule 1101A(a)(1).

The Exchange proposes a new section Rule 1101A(a)(4) with a title “Expiration Months and Weeks.” The Exchange proposes to amend Rule 1101A to add specific expiration months and weeks to Rule 1101A similar to expiration months and weeks at Cboe Exchange, Inc. (“Cboe”). Cboe Rule 24.9(a)(2) provides for expiration months and weeks for its index products.[4] Today, Phlx Rule 1101A contains no expiration language. The proposed rule text provides that index options contracts may expire at three (3)-month intervals or in consecutive weeks or months. Further, the Exchange may list: (i) up to six (6) standard monthly expirations at any one time in a class, but will not list index options that expire more than twelve (12) months out; (ii) up to 12 standard monthly expirations at any one time for any class that the Exchange (as the Reporting Authority) uses to calculate a volatility index; and (iii) up to 12 standard (monthly)

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[4] Cboe Rule 24.9(a)(2) provides, “Expiration Months and Weeks. Index option contracts may expire at three-month intervals, in consecutive months or in consecutive weeks (as specified by class below). The Exchange may:

• list up to six standard monthly expirations at any one time in a class, but will not list index options that expire more than 12 months out;

• list up to 12 standard monthly expirations at any one time for any class that the Exchange (as the Reporting Authority) uses to calculate a volatility index and for CBOE S&P 500 AM/PM Basis, EAFE, EM, FTSE Emerging, FTSE Developed, FTSE 100, China 50, and S&P Select Sector Index (SIXM, SIXE, SIXT, SIXV, SIXU, SIXR, SIXI, SIXY, SIXB, and SIXRE, and SIXC) options;

• list up to 12 consecutive weekly expirations in VXST options; and,

• list up to six weekly expirations and up to 12 standard (monthly) expirations in VIX options. The six weekly expirations shall be for the nearest weekly expirations from the actual listing date and weekly expirations may not expire in the same week in which standard (monthly) VIX options expire. Standard (monthly) expirations in VIX options are not counted as part of the maximum six weekly expirations permitted for VIX options.”

expirations in NDX options.[5] The Exchange is proposing similar expiration language on Nasdaq ISE, LLC in a separate rule change. The Exchange notes that the proposed new rule text would govern the listing of all index options and the new proposed text regarding 12 standard (monthly) expirations will govern the listing of NDX options.

Nonstandard Expirations Pilot Program

The Exchange proposes to amend current Rule 1101A(b)(vii)(1) which is proposed to be re-numbered Rule 1101A(b)(5)(A) to modify the maximum number of expirations that may be listed for each Weekly expiration in the Nonstandard Program. Today, current Rule 1101A(b)(vii)(1) provides, "The maximum number of expirations that may be listed for each Weekly Expiration (i.e., a Monday expiration, Wednesday expiration, or Friday expiration, as applicable) in a given class is the same as the maximum number of expirations permitted for standard options on the same broad-based index." The Exchange proposes to instead provide, "The maximum number of expirations that may be listed for each Weekly Expiration (i.e., a Monday expiration, Wednesday expiration, or Friday expiration, as applicable) in a given class is the maximum number of expirations permitted for standard index options in Rule 1101A(a)(4)." This provision would be modified to reference the new rule text proposed within Rule 1101A(a)(4).

The Exchange notes that Cboe Rule 24.9(e)(1) references Cboe Rule 24.9(a)(2) for the maximum number of expirations for weekly expirations in the nonstandard expirations pilot program. This proposed amendment to Phlx's Nonstandard Program would amend the maximum expirations so they would be similar to expirations on Cboe.

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5 This provision is similar to a provision that Cboe notes for its VIX options at Rule 24.9(a)(2).

Technical Amendment

The Exchange proposes to amend a sentence current Rule 1101A(b)(vii)(1) which is proposed to be re-numbered Rule 1101A(b)(5)(A) which currently provides, "Weekly Expirations that are first listed in a given class may expire up to four weeks from the actual listing date." The Exchange proposes to amend this sentence to replace the word "first" with "initially." The Exchange is not proposing to amend the meaning of this sentence, rather the Exchange proposes to make clear that the word "initially" applies to the four week expiration period for listing initial weeklies in the Nonstandard Program.

Finally, the Exchange proposes to renumber parts of Rule 1101A to conform the lettering/numbering to the proposed new rule text and remove a hyphen between Market and Maker within current Rule 1101A(b)(vi)(D).

2. Statutory Basis

The Exchange believes that its proposal is consistent with Section 6(b) of the Act,[6] in general, and furthers the objectives of Section 6(b)(5) of the Act,[7] 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 clearly indicating the permissible expirations periods for index options and the Nonstandard Program to permit the listing of additional expirations. This proposal will conform Phlx's ability to list index options expirations similar to Cboe.

Expirations of Index Options

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6 15 U.S.C. 78f(b).

7 15 U.S.C. 78f(b)(5).

Today, Rule 1101A does not provide specific expirations for broad-based indexes. With this proposal the Exchange would be permitted to list index options contracts that expire at three (3)-month intervals or in consecutive weeks or months. Further, the Exchange may list: (i) up to six (6) standard monthly expirations at any one time in a class, but will not list index options that expire more than twelve (12) months out; (ii) up to 12 standard monthly expirations at any one time for any class that the Exchange (as the Reporting Authority) uses to calculate a volatility index; and (iii) up to 12 standard (monthly) expirations in NDX options. The Exchange believes that this rule text is consistent with the Act because it brings clarity to the manner in which Phlx may list expirations on index options. Further, this proposal will permit the Exchange to list similar index options as are listed by Cboe today, including in the Nonstandard Program.

Nonstandard Expirations Pilot Program

The Exchange's proposal to amend current Rule 1101A(b)(vii)(1) which is proposed to be re-numbered Rule 1101A(b)(5)(A) to modify the maximum number of expirations that may be listed for each weekly expiration in the Nonstandard Program to the proposed new expiration timeframes is consistent with the Act because today those timeframes refer to the timeframes for standard listed options. Providing for the maximum numbers of expirations permitted under the Nonstandard Program within the standard index options rule will clarify the timeframes and eliminate any potential ambiguity about the maximum numbers of expirations permitted under the Nonstandard Program. Additionally, this amendment will align the Exchange's Nonstandard Program to Cboe's nonstandard program.

Technical Amendment

The Exchange's proposal amend a sentence within current Rule 1101A(b)(vii)(1) which is proposed to be re-numbered Rule 1101A(b)(5)(A) by replacing the word "first" with "initially" is consistent with the Act because it will make clear the meaning of the term and the meaning. The Exchange is not proposing to amend the meaning of this sentence, rather the Exchange proposes to make clear that the word "initially" applies to the four week expiration period for listing initial weeklies in the Nonstandard Program.

Finally, the Exchange believes that adding title to Rule 1101A as well as memorializing the meaning of bids and offers and re-numbering/re-lettering this rule will bring greater clarity to the index rule and align the rule with a similar proposal on Nasdaq ISE, LLC.

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. Specifically, the Exchange does not believe the proposal will impose any burden on intramarket competition as all market participants will be treated in the same manner with respect to expirations of index options. Additionally, the Exchange does not believe the proposal will impose any burden on intermarket competition as market participants are welcome to become Phlx Members and trade at Phlx if they determine that this proposed rule change has made Phlx more attractive or favorable. Finally, all options exchanges are free to compete by listing and trading their own broad-based index options with similar expirations. This proposal will permit Phlx to compete with Cboe with respect to listing expirations on index options.

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[8] and subparagraph (f)(6) of Rule 19b-4 thereunder.[9]

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:

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8 15 U.S.C. 78s(b)(3)(A)(iii).

9 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.

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-2019-02 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-2019-02. 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-2019-02 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.[10]

Eduardo A. Aleman
Assistant Secretary

[10] 17 CFR 200.30-3(a)(12).

EXHIBIT 5

New text is underlined; deleted text is in brackets.

Nasdaq PHLX Rules

[**Rule 1033A. Meaning of Premium Bids and Offers**
Bids and offers shall be expressed in terms of dollars and decimal equivalents of dollars per unit of the index (*e.g.*, a bid of 85.50 would represent a bid of $85.50 per unit).]

* * * * *

Rule 1101A. Terms of Option Contracts
(a) <u>*General.*</u>

<u>(1) *Meaning of Premium Bids and Offers*. Bids and offers shall be expressed in terms of dollars and decimal equivalents of dollars per unit of the index (*e.g.*, a bid of 85.50 would represent a bid of $85.50 per unit).</u>

<u>(2) *Exercise Prices.*</u> The Exchange shall determine fixed point intervals of exercise prices for index options (options on indexes). Generally, except as provided in Commentary .04 below, the exercise (strike) price intervals will be no less than $5, provided that the Exchange may determine to list strike prices at no less than $2.50 intervals for options on the following indexes (which may also be known as sector indexes):

(i) - (lxxx) No change.

<u>(3) *Strike Prices.*</u> The Exchange may also determine to list strike prices at no less than $2.50 intervals for options on indexes delineated in this rule in response to demonstrated customer interest or specialist request. For purposes of this paragraph, demonstrated customer interest includes institutional (firm) corporate or customer interest expressed directly to the Exchange or through the customer's floor brokerage unit, but not interest expressed by an ROT with respect to trading for the ROT's own account.

<u>(A)</u> Notwithstanding any other provision regarding strike prices in this Rule 1101A, non-Short Term Options that are on an index class that has been selected to participate in the Short Term Option Series Program (referred to as a "Related non-Short Term Option series") shall be opened during the month prior to expiration of such Related non-Short Term Option series in the same manner as permitted in this Rule 1101A(b)([vi]<u>4</u>) and in the same strike price intervals that are permitted in this Rule 1101A(b)([vi]<u>4</u>).

<u>(4) *Expiration Months and Weeks.* Index options contracts may expire at three (3)-month intervals or in consecutive weeks or months. The Exchange may list: (i) up to six (6) standard monthly expirations at any one time in a class, but will not list index options that expire more than twelve (12) months out; (ii) up to 12 standard monthly expirations at any one time for any</u>

class that the Exchange (as the Reporting Authority) uses to calculate a volatility index; and (iii) up to 12 standard (monthly) expirations in NDX options.

(b) After a particular class of stock index options has been approved for listing and trading on the Exchange, the Exchange shall from time to time open for trading series of options therein. Within each approved class of stock index options, the Exchange shall open for trading a minimum of one expiration month and series for each class of approved stock index options and may also open for trading series of options having not less than nine and up to 60 months to expiration (long-term options series) as provided in subparagraph (b)([iii]2). Prior to the opening of trading in any series of stock index options, the Exchange shall fix the expiration month and exercise price of option contracts included in each such series.

([i]1) Additional series of stock index options of the same class may be opened for trading on the Exchange when the Exchange deems it necessary to maintain an orderly market, to meet customer demand or when the market price of the underlying index moves more than five strike prices from the initial exercise price or prices. The opening of a new series of options shall not affect the series of options of the same class previously opened. New series of options on an index may be added until the beginning of the month in which the options contract will expire. Due to unusual market conditions, the Exchange, in its discretion, may add a new series of options on indexes until the fourth business day prior to the business day of expiration, or, in the case of an index option contract expiring on a day that is not a business day, up to the fifth business day prior to expiration.

[(ii) Reserved.]

([iii]2) **Long-term Option Series**

The Exchange may list, with respect to any class of stock index options, series of options having not less than nine and up to 60 months to expiration, adding up to ten expiration months. Such series of options may be opened for trading simultaneously with series of options trading pursuant to this rule. Strike price interval, bid/ask differential and continuity rules shall not apply to such options series until the time to expiration is less than nine months.

[(iv) Reserved.]

([v]3) **Quarterly Options Series Program**

The Exchange may list and trade options series that expire at the close of business on the last business day of a calendar quarter ("Quarterly Options Series"). The Exchange may list Quarterly Options Series for up to five (5) currently listed options classes that are either Index Options or options on Exchange Traded Funds. In addition, the Exchange may also list Quarterly Options Series on any options classes that are selected by other securities exchanges that employ a similar program under their respective rules.

(A) The Exchange may list series that expire at the end of the next consecutive four (4) calendar quarters as well as the fourth quarter of the next calendar year.

[(B) Reserved.]

([C]B) Quarterly Options Series shall be P.M. settled.

([D]C) The strike price of each Quarterly Options Series will be fixed at a price per share, with at least two, but not more than five, strike prices above and two, but not more than five, strike prices below the value of the underlying security at about the time that a Quarterly Options Series is opened for trading on the Exchange. The Exchange may open for trading additional Quarterly Options Series of the same class if the Exchange deems it necessary to maintain an orderly market, to meet customer demand or the current index value of the underlying index moves substantially from the exercise price of those Quarterly Options Series that already have been opened for trading on the Exchange. The exercise price of each Quarterly Options Series opened for trading on the Exchange shall be reasonably related to the current index value of the underlying index to which such series relates at or about the time such series of options is first opened for trading on the Exchange. The term "reasonably related to the current index value of the underlying index" means that the exercise price is within thirty percent (30%) of the current index value. The Exchange may also open for trading additional Quarterly Options Series that are more than thirty percent (30%) away from the current index value, provided that demonstrated customer interest exists for such series, as expressed by institutional, corporate, or individual customers or their brokers. Market-makers trading for their own account shall not be considered when determining customer interest under this provision. The Exchange may open additional strike prices of a Quarterly Options Series that are above the value of the underlying index provided that the total number of strike prices above the value of the underlying index is no greater than five. The Exchange may open additional strike prices of a Quarterly Options Series that are below the value of the underlying index provided that the total number of strike prices below the value of the underlying index is no greater than five. The opening of any new Quarterly Options Series shall not affect the series of options of the same class previously opened.

([E]d) The interval between strike prices on Quarterly Options Series shall be the same as the interval for strike prices for series in that same options class that expire in accordance with the normal monthly expiration cycle.

([vi]4) **Short Term Option Series Program**

After an index option class has been approved for listing and trading on the Exchange, the Exchange may open for trading on any Thursday or Friday that is a business day (“Short Term Option Opening Date”) series of options on that class that expire at the close of business on each of the next five consecutive Fridays that are business days (“Short Term Option Expiration Date”). If the Exchange is not open for business on the respective Thursday or Friday, the Short Term Option Opening Date will be the first business day immediately prior to that respective Thursday or Friday. Similarly, if the Exchange is not open for business on the Friday of the following business week, the Short Term Option Expiration Date will be the first business day immediately prior to that Friday. Regarding Short Term Option Series:

(A) The Exchange may select up to thirty (30) currently listed option classes on which Short Term Option Series may be opened on any Short Term Option Opening Date. In addition to the thirty-option class restriction, the Exchange also may list Short Term Option Series on any option classes that are selected by other securities exchanges that employ a similar program under their respective rules. For each index option class eligible for participation in the Short Term Option Series Program, the Exchange may open up to twenty (20) Short Term Option Series on index options for each expiration date in that class. The Exchange may also open Short Term Option Series that are opened by other securities exchanges in option classes selected by such exchanges under their respective short term option rules.

(B) No Short Term Option Series on an index option class may expire in the same week during which any monthly option series on the same index class expire or, in the case of Quarterly Options Series, on an expiration that coincides with an expiration of Quarterly Option Series on the same index class.

(C) The strike price of each Short Term Option Series will be fixed at a price per share, with approximately the same number of strike prices being opened above and below the calculated value of the underlying index at about the time that the Short Term Option Series are initially opened for trading on the Exchange (e.g., if seven (7) series are initially opened, there will be at least three (3) strike prices above and three (3) strike prices below the value of the underlying security or calculated index value). Any strike prices listed by the Exchange shall be within thirty percent (30%) above or below the current value of the underlying index.

(D) If the Exchange has opened less than twenty (20) Short Term Option Series for a Short Term Option Expiration Date, additional series may be opened for trading on the Exchange when the Exchange deems it necessary to maintain an orderly market, to meet customer demand or when the current value of the underlying index moves substantially from the exercise price or prices of the series already opened.

Any additional strike prices listed by the Exchange shall be within thirty percent (30%) above or below the current value of the underlying index. The Exchange may also open additional strike prices of Short Term Option Series that are more than 30% above or below the current value of the underlying index provided that demonstrated customer interest exists for such series, as expressed by institutional, corporate or individual customers or their brokers. Market[-] Makers trading for their own account shall not be considered when determining customer interest under this provision. In the event that the underlying security has moved such that there are no series that are at least 10% above or below the current price of the underlying security, the Exchange will delist any series with no open interest in both the call and the put series having a: (i) strike higher than the highest price with open interest in the put and/or call series for a given expiration week; and (ii) strike lower than the lowest strike price with open interest in the put and/or the call series for a given expiration week, so as to list series that are at least 10% but not more than 30% above or below the current price of the underlying security. In the event that the underlying security has moved such that there are no series that are at least 10% above or below the current price of the underlying security and all existing series have open interest, the Exchange may list additional series, in excess of the 30 allowed under Rule 1101A(b)([vi]4), that are between 10% and 30% above or below the price of the underlying security. The opening of the new Short Term Option Series shall not affect the series of options of the same class previously opened.

(E) The interval between strike prices on Short Term Option Series may be (1) $0.50 or greater where the strike price is less than $75, and $1 or greater where the strike price is between $75 and $150 for all index classes that participate in the Short Term Option Series Program; or (2) $0.50 for index classes that trade in one dollar increments in Related non-Short Term Options and that participate in the Short Term Option Series Program. Related non-Short Term Option series shall be opened during the month prior to expiration of such Related non-Short Term Option series in the same manner as permitted in Rule 1101A(b)([vi]4) and in the same strike price intervals that are permitted in this Rule 1101A(b)([vi]4).

([vii]5) **Nonstandard Expirations Pilot Program**

([1]A) *Weekly Expirations*. The Exchange may open for trading Weekly Expirations on any broad-based index eligible for standard options trading to expire on any Monday, Wednesday, or Friday (other than the third Friday-of-the-month or days that coincide with an EOM expiration). Weekly Expirations shall be subject to all provisions of this Rule and treated the same as options on the same underlying index that expire on the third Friday of the expiration month; provided, however, that Weekly Expirations shall be P.M.-settled and new series in Weekly Expirations may be added up to and including on the expiration date for an expiring Weekly Expiration.

The maximum number of expirations that may be listed for each Weekly Expiration (i.e., a Monday expiration, Wednesday expiration, or Friday expiration, as applicable) in a given class is the [same as the] maximum number of expirations permitted for standard index options in Rule 1101A(a)(4)[on the same broad-based index]. Weekly Expirations need not be for consecutive Monday, Wednesday, or Friday expirations as applicable; however, the expiration date of a non-consecutive expiration may not be beyond what would be considered the last expiration date if the maximum number of expirations were listed consecutively. Weekly Expirations that are [first]initially listed in a given class may expire up to four weeks from the actual listing date. If the last trading day of a month is a Monday, Wednesday, or Friday and the Exchange lists EOMs and Weekly Expirations as applicable in a given class, the Exchange will list an EOM instead of a Weekly Expiration in the given class. Other expirations in the same class are not counted as part of the maximum number of Weekly Expirations for a broad-based index class. If the Exchange is not open for business on a respective Monday, the normally Monday expiring Weekly Expirations will expire on the following business day. If the Exchange is not open for business on a respective Wednesday or Friday, the normally Wednesday or Friday expiring Weekly Expirations will expire on the previous business day.

([2]B) End of Month ("EOM") Expirations. The Exchange may open for trading EOMs on any broad-based index eligible for standard options trading to expire on last trading day of the month. EOMs shall be subject to all provisions of this Rule and treated the same as options on the same underlying index that expire on the third Friday of the expiration month; provided, however, that EOMs shall be P.M.-settled and new series in EOMs may be added up to and including on the expiration date for an expiring EOM.

The maximum number of expirations that may be listed for EOMs in a given class is the same as the maximum number of expirations permitted for standard options on the same broad-based index. EOM expirations need not be for consecutive end of month expirations; however, the expiration date of a non-consecutive expiration may not be beyond what would be considered the last expiration date if the maximum number of expirations were listed consecutively. EOMs that are first listed in a given class may expire up to four weeks from the actual listing date. Other expirations in the same class are not counted as part of the maximum numbers of EOM expirations for a broad-based index class.

([3]C) Duration of Nonstandard Expirations Pilot Program. The Nonstandard Expirations Pilot Program shall be through May 6, 2019.

([4]D) Weekly Expirations and EOM Trading Hours. Transactions in Weekly Expirations and EOMs may be effected on the Exchange between the hours of 9:30 a.m. (Eastern Time) and 4:15 pm (Eastern Time), except that on the last trading day, transactions in expiring Weekly Expirations and EOMs may be effected on the Exchange between the hours of 9:30 a.m. (Eastern time) and 4:00 p.m. (Eastern time).

(c) – (g) No change.

• • • ***Commentary:*** ------------------

.01 - **.06** No change.

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