

Required fields are shown with yellow backgrounds and asterisks.

Page 1 of * <input type="text" value="23"/>	SECURITIES AND EXCHANGE COMMISSION WASHINGTON, D.C. 20549 Form 19b-4	File No.* SR - <input type="text" value="2020"/> - * <input type="text" value="35"/> Amendment No. (req. for Amendments *) <input type="text"/>
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Filing by Nasdaq PHLX LLC  
Pursuant to Rule 19b-4 under the Securities Exchange Act of 1934

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

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

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

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

**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 \*  Last Name \*

Title \*

E-mail \*

Telephone \*  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

By

(Name \*)

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

SECURITIES AND EXCHANGE COMMISSION  
WASHINGTON, D.C. 20549

For complete Form 19b-4 instructions please refer to the 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 \***

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

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

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**

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

**Exhibit 5 - Proposed Rule Text**

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**

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

1. Text of the Proposed Rule Change

(a) Nasdaq Phlx (“Phlx” or “Exchange”), pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 (“Act”)<sup>1</sup> and Rule 19b-4 thereunder,<sup>2</sup> is filing with the Securities and Exchange Commission (“SEC” or “Commission”) a proposal to further extend the filing requirements for certain written reports pursuant to Options 10, Section 7, currently due June 30, 2020, to July 31, 2020.

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

(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 25, 2019. Exchange staff will advise the Board of any action taken pursuant to delegated authority. No other action is necessary for the filing of the rule change.

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

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

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

<sup>2</sup> 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

Given current and ongoing market conditions, the Exchange proposes to provide its members with continued temporary relief from filing certain supervision-related reports pursuant to Options 10, Section 7 (Supervision of Accounts).

In December 2019, COVID-19 began to spread and disrupt company operations and supply chains and impact consumers and investors, resulting in a dramatic slowdown in production and spending.<sup>3</sup> By March 11, 2020, the World Health Organization characterized COVID-19 as a pandemic.<sup>4</sup> To slow the spread of the disease, federal and state officials implemented social-distancing measures, placed significant limitations on large gatherings, limited travel, and closed non-essential businesses. These measures have affected the U.S. markets.<sup>5</sup> In the United States, Level 1 market wide circuit

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<sup>3</sup> See, e.g., Chairman Jay Clayton, Proposed Amendments to Modernize and Enhance Financial Disclosures; Other Ongoing Disclosure Modernization Initiatives; Impact of the Coronavirus; Environmental and Climate-Related Disclosure (Jan. 30, 2020), *available at* <https://www.sec.gov/news/public-statement/clayton-md-a-2020-01-30>. (“Yesterday, I asked the staff to monitor and, to the extent necessary or appropriate, provide guidance and other assistance to issuers and other market participants regarding disclosures related to the current and potential effects of the coronavirus. We recognize that such effects may be difficult to assess or predict with meaningful precision both generally and as an industry- or issuer-specific basis. This is an uncertain issue where actual effects will depend on many factors beyond the control and knowledge of issuers.”).

<sup>4</sup> See WHO Director-General's Opening Remarks at the Media Briefing on COVID-19 (March 11, 2020), *available at* <https://www.who.int/dg/speeches/detail/who-director-general-s-opening-remarks-at-the-media-briefing-on-covid-19---11-march-2020>.

<sup>5</sup> “Analysts showed that we saw the fastest ‘correction’ in history (down 10% from a high), occurring in a matter of days. In the last week of February, the Dow fell 12.36% with notional trading of \$3.6 trillion.” See Phil Mackintosh, Putting the

breaker halts were triggered on March 9, March 12, March 16, and March 18, 2020. While markets have seen significant declines, governments around the world are undertaking efforts to stabilize the economy and assist affected companies and their employees.<sup>6</sup> While many state governments recently relaxed some social distancing measures and permitted the limited reopening of non-essential businesses, many State governments have now paused the reopening of non-essential businesses due to increased infection rates. Significant uncertainty remains.

Amidst this continued and unprecedented market uncertainty, the Exchange sought to address potential challenges that members may face in timely meeting their obligations to submit to the Exchange annual supervision-related reports under Options 10, Sections 7(g) and (h) (“Supervision Reporting Requirements”), especially in light of unforeseen and uncertain demands on resources required to respond to COVID-19. Options 10, Section 7(g) requires each Exchange member that conducts a non-member customer business to submit to the Exchange a written report on the member’s supervision and compliance effort during the preceding year and on the adequacy of the member’s ongoing compliance processes and procedures. Each member that conducts a public customer options business is also required to specifically include its options

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Recent Volatility in Perspective, available at <https://www.nasdaq.com/articles/putting-the-recent-volatility-in-perspective-2020-03-05>.

<sup>6</sup> See, e.g., the list of actions undertaken by the Board of Governors of the Federal Reserve System at <https://www.federalreserve.gov/covid-19.htm>. See also Families First Coronavirus Response Act, Public Law No. 116-127.

compliance program in the report.<sup>7</sup> The Section 7(g) report is due on April 1 of each year. Options 10, Section 7(h) requires that each member submit, by April 1 of each year, a copy of the Section 7(g) report to one or more control persons or, if the member has no control person, to the audit committee of its board of directors or its equivalent committee or group.<sup>8</sup>

On each of March 31, 2020 and June 2, 2020, the Exchange filed a proposal to temporarily extend the filing requirements for these annual supervision-related reports from April 1, 2020 to June 1, 2020 and from June 1, 2020 to June 30, 2020, respectively.<sup>9</sup> In light of the continued market uncertainty, the Exchange is again seeking to address potential challenges that certain members continue to face in timely meeting their obligations to submit to the Exchange annual supervision-related reports. Accordingly, the Exchange proposes to provide additional, temporary relief for members from the Supervision Reporting Requirements by further extending the June 30, 2020 filing deadlines described above to July 31, 2020. The Exchange believes that this additional, temporary relief will permit those members who have been unable to submit their annual supervision-related reports to continue to focus on running their businesses and the health

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<sup>7</sup> The report shall include, but not be limited to, the information set out in Options 10, Section 7(g)(i) – (v).

<sup>8</sup> See Options 10, Section 7(h) for the meaning of the term “control person” and requirements in the case of a control person that is an organization.

<sup>9</sup> See Securities Exchange Act Release No. 88827 (March 31, 2020), 85 FR 19190 (April 6, 2020) (Notice of Filing and Immediate Effectiveness of Proposed Rule Change To Temporarily Extend Certain Filing Requirement); Securities Exchange Act Release No. 88995 (June 2, 2020), 85 FR 35149 (June 8, 2020) (Notice of Filing and Immediate Effectiveness of Proposed Rule Change To Further Extend the Deadline for Certain Written Supervisory-Related Reports Pursuant to Options 10, Section 7 (Supervision of Accounts)).

crisis caused by the COVID-19 pandemic, including its impact on their employees, customers, and communities.

The Exchange notes that in response to COVID-19, the Financial Industry Reporting Authority (“FINRA”) recently reissued temporary relief for member firms by, among other things, extending the deadline for submitting its supervision-related reports (FINRA Rule 3120 Report and FINRA Rule 3130 certification) from its second extension deadlines of June 30, 2020<sup>10</sup> to July 31, 2020.<sup>11</sup> The Exchange notes, too, that at least one other options exchange that had twice previously extended the supervisory report deadlines from April 1 to June 1 and then from June 1 to June 30 for its members,<sup>12</sup> also plans to submit a similar filing to, again, extend its deadlines through July 31, 2020. In light of these deadline extensions, the Exchange believes that a consistent regulatory approach is important and therefore that extending its deadline would avoid unnecessary confusion and added burden among entities that are members of both the Exchange and FINRA because the deadline to submit supervisory reports would remain uniform.

b. Statutory Basis

The Exchange believes that its proposal is consistent with Section 6(b) of the Act,<sup>13</sup> in general, and furthers the objectives of Section 6(b)(5) of the Act,<sup>14</sup> in particular,

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<sup>10</sup> See FINRA Regulatory Notice 20-08 (March 9, 2020) available at <https://www.finra.org/rules-guidance/notices/20-08>.

<sup>11</sup> See FINRA Regulatory Notice 20-08, FAQs, Supervision (June 29, 2020) available at <https://www.finra.org/rules-guidance/key-topics/covid-19/faq#supe>.

<sup>12</sup> See Securities Exchange Act No. 88528 (March 31, 2020), 85 FR 19196 (April 6, 2020) (SR-CBOE-2020-029).

<sup>13</sup> 15 U.S.C. 78f(b).

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. As a result of continued uncertainty related to the ongoing spread of the COVID-19 virus, the U.S. exchanges are experiencing unprecedented market volatility. The proposed rule change would allow the Exchange to continue to provide temporary relief to those members who continue to be unable to comply with the Supervision Reporting Requirements, which were amended twice already – most recently to require members to provide written reports to the Exchange by June 30, 2020, and further extend that deadline to July 31, 2020. The Exchange believes that this additional, temporary relief is necessary and appropriate in the public interest, and consistent with the protection of investors, given the unforeseen and uncertain challenges, including business continuity implementation and market volatility, posed by COVID-19 to members that must comply with the Supervision Reporting Requirements. The Exchange also believes that it is necessary and appropriate in the public interest, and consistent with the protection of investors, because FINRA has also re-extended twice the time for its members to file supervision-related reports, most recently from June 30, 2020 to July 31, 2020.<sup>15</sup> Additionally, as indicated above, at least one other options exchange that had previously extended the supervisory report deadlines twice, from April 1 to June 1 and again from June 1 to June 30 for its members,<sup>16</sup> plans to submit a similar filing to re-extend its deadlines through

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<sup>14</sup> 15 U.S.C. 78f(b)(5).

<sup>15</sup> See supra note 11.

<sup>16</sup> See supra note 12.



July 31, 2020. Extending the deadline, therefore, will ensure that those entities that are members of both FINRA and the Exchange have a uniform deadline to submit their supervisory reports.

4. Self-Regulatory Organization's Statement on Burden on Competition

The Exchange does not believe that the proposed rule change will impose any burden on competition not necessary or appropriate in furtherance of the purposes of the Act. The proposed rule change is not designed to address any competitive issues but rather to provide temporary relief for all members that are required to comply with the Supervision Reporting Requirements.

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)<sup>17</sup> of the Act and Rule 19b-4(f)(6) thereunder,<sup>18</sup> 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

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<sup>17</sup> 15 U.S.C. 78s(b)(3)(A)(iii).

<sup>18</sup> 17 CFR 240.19b-4(f)(6).

interest.

The Exchange believes that the proposed rule change will not significantly affect the protection of investors or the public interest or impose any significant burden on competition because it is designed to provide temporary relief for members from the Supervision Reporting Requirements, which were amended twice already – most recently to require members to provide written reports to the Exchange by June 30, 2020, and further extend the deadlines to July 31, 2020. The proposed change is designed to respond to the continued unprecedented uncertainty and resulting market declines related to the global spread of the COVID-19 virus, to provide relief in light of the challenges that certain members continue to face in timely meeting their obligations to submit to the Exchange annual supervision-related reports, and to maintain a uniform deadline for the submission of supervisory reports for entities that are members of both the Exchange and FINRA.

Furthermore, Rule 19b-4(f)(6)(iii)<sup>19</sup> 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 before the date of filing, or such shorter time as designated by the Commission. In light of the immediate nature of the relief requested, the Exchange respectfully requests that the Commission waive the five business day notice of the Exchange's intent to file this proposed rule change.

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

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<sup>19</sup> 17 CFR 240.19b-4(f)(6)(iii).

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 before 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 respectfully requests that the Commission waive the 30-day operative delay contained in Rule 19b-4(f)(6)(iii) so that this temporary relief can take effect immediately, removing any uncertainty for members that would benefit from the relief. The Exchange believes that waiver of the operative delay would be consistent with the protection of investors and the public interest because the markets have already triggered four Level 1 market wide circuit breaker halts in a two-week period, which is unprecedented, and given the ongoing uncertainty relating to the global spread of the COVID-19 virus.

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

This proposal is similar to FINRA Regulatory Notice 20-08, FAQs, Supervision (June 29, 2020).<sup>20</sup>

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.

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<sup>20</sup> See <https://www.finra.org/rules-guidance/key-topics/covid-19/faq#supe>.

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-2020-35)

July \_\_, 2020

Self-Regulatory Organizations; Nasdaq PHLX LLC; Notice of Filing and Immediate Effectiveness of Proposed Rule Change to Further Extend the Filing Requirements for Certain Written Reports Pursuant to Options 10, Section 7, Currently Due June 30, 2020, to July 31, 2020

Pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 (“Act”),<sup>1</sup> and Rule 19b-4 thereunder,<sup>2</sup> notice is hereby given that on July 1, 2020, 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 further extend the filing requirements for certain written reports pursuant to Options 10, Section 7, currently due June 30, 2020, to July 31, 2020.

The text of the proposed rule change is available on the Exchange’s Website at <https://listingcenter.nasdaq.com/rulebook/phlx/rules>, at the principal office of the Exchange, and at the Commission’s Public Reference Room.

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

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

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

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

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

1. Purpose

Given current and ongoing market conditions, the Exchange proposes to provide its members with continued temporary relief from filing certain supervision-related reports pursuant to Options 10, Section 7 (Supervision of Accounts).

In December 2019, COVID-19 began to spread and disrupt company operations and supply chains and impact consumers and investors, resulting in a dramatic slowdown in production and spending.<sup>3</sup> By March 11, 2020, the World Health Organization characterized COVID-19 as a pandemic.<sup>4</sup> To slow the spread of the disease, federal and

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<sup>3</sup> See, e.g., Chairman Jay Clayton, Proposed Amendments to Modernize and Enhance Financial Disclosures; Other Ongoing Disclosure Modernization Initiatives; Impact of the Coronavirus; Environmental and Climate-Related Disclosure (Jan. 30, 2020), available at <https://www.sec.gov/news/public-statement/clayton-mda-2020-01-30>. (“Yesterday, I asked the staff to monitor and, to the extent necessary or appropriate, provide guidance and other assistance to issuers and other market participants regarding disclosures related to the current and potential effects of the coronavirus. We recognize that such effects may be difficult to assess or predict with meaningful precision both generally and as an industry- or issuer-specific basis. This is an uncertain issue where actual effects will depend on many factors beyond the control and knowledge of issuers.”).

<sup>4</sup> See WHO Director-General's Opening Remarks at the Media Briefing on COVID-19 (March 11, 2020), available at

state officials implemented social-distancing measures, placed significant limitations on large gatherings, limited travel, and closed non-essential businesses. These measures have affected the U.S. markets.<sup>5</sup> In the United States, Level 1 market wide circuit breaker halts were triggered on March 9, March 12, March 16, and March 18, 2020. While markets have seen significant declines, governments around the world are undertaking efforts to stabilize the economy and assist affected companies and their employees.<sup>6</sup> While many state governments recently relaxed some social distancing measures and permitted the limited reopening of non-essential businesses, many State governments have now paused the reopening of non-essential businesses due to increased infection rates. Significant uncertainty remains.

Amidst this continued and unprecedented market uncertainty, the Exchange sought to address potential challenges that members may face in timely meeting their obligations to submit to the Exchange annual supervision-related reports under Options 10, Sections 7(g) and (h) (“Supervision Reporting Requirements”), especially in light of unforeseen and uncertain demands on resources required to respond to COVID-19. Options 10, Section 7(g) requires each Exchange member that conducts a non-member

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<https://www.who.int/dg/speeches/detail/who-director-general-s-opening-remarks-at-the-media-briefing-on-covid-19---11-march-2020>.

<sup>5</sup> “Analysts showed that we saw the fastest ‘correction’ in history (down 10% from a high), occurring in a matter of days. In the last week of February, the Dow fell 12.36% with notional trading of \$3.6 trillion.” See Phil Mackintosh, Putting the Recent Volatility in Perspective, available at <https://www.nasdaq.com/articles/putting-the-recent-volatility-in-perspective-2020-03-05>.

<sup>6</sup> See, e.g., the list of actions undertaken by the Board of Governors of the Federal Reserve System at <https://www.federalreserve.gov/covid-19.htm>. See also Families First Coronavirus Response Act, Public Law No. 116-127.

customer business to submit to the Exchange a written report on the member's supervision and compliance effort during the preceding year and on the adequacy of the member's ongoing compliance processes and procedures. Each member that conducts a public customer options business is also required to specifically include its options compliance program in the report.<sup>7</sup> The Section 7(g) report is due on April 1 of each year. Options 10, Section 7(h) requires that each member submit, by April 1 of each year, a copy of the Section 7(g) report to one or more control persons or, if the member has no control person, to the audit committee of its board of directors or its equivalent committee or group.<sup>8</sup>

On each of March 31, 2020 and June 2, 2020, the Exchange filed a proposal to temporarily extend the filing requirements for these annual supervision-related reports from April 1, 2020 to June 1, 2020 and from June 1, 2020 to June 30, 2020, respectively.<sup>9</sup> In light of the continued market uncertainty, the Exchange is again seeking to address potential challenges that certain members continue to face in timely meeting their obligations to submit to the Exchange annual supervision-related reports. Accordingly, the Exchange proposes to provide additional, temporary relief for members from the

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<sup>7</sup> The report shall include, but not be limited to, the information set out in Options 10, Section 7(g)(i) – (v).

<sup>8</sup> See Options 10, Section 7(h) for the meaning of the term “control person” and requirements in the case of a control person that is an organization.

<sup>9</sup> See Securities Exchange Act Release No. 88827 (March 31, 2020), 85 FR 19190 (April 6, 2020) (Notice of Filing and Immediate Effectiveness of Proposed Rule Change To Temporarily Extend Certain Filing Requirement); Securities Exchange Act Release No. 88995 (June 2, 2020), 85 FR 35149 (June 8, 2020) (Notice of Filing and Immediate Effectiveness of Proposed Rule Change To Further Extend the Deadline for Certain Written Supervisory-Related Reports Pursuant to Options 10, Section 7 (Supervision of Accounts)).



Supervision Reporting Requirements by further extending the June 30, 2020 filing deadlines described above to July 31, 2020. The Exchange believes that this additional, temporary relief will permit those members who have been unable to submit their annual supervision-related reports to continue to focus on running their businesses and the health crisis caused by the COVID-19 pandemic, including its impact on their employees, customers, and communities.

The Exchange notes that in response to COVID-19, the Financial Industry Reporting Authority (“FINRA”) recently reissued temporary relief for member firms by, among other things, extending the deadline for submitting its supervision-related reports (FINRA Rule 3120 Report and FINRA Rule 3130 certification) from its second extension deadlines of June 30, 2020<sup>10</sup> to July 31, 2020.<sup>11</sup> The Exchange notes, too, that at least one other options exchange that had twice previously extended the supervisory report deadlines from April 1 to June 1 and then from June 1 to June 30 for its members,<sup>12</sup> also plans to submit a similar filing to, again, extend its deadlines through July 31, 2020. In light of these deadline extensions, the Exchange believes that a consistent regulatory approach is important and therefore that extending its deadline would avoid unnecessary confusion and added burden among entities that are members of both the Exchange and FINRA because the deadline to submit supervisory reports would remain uniform.

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<sup>10</sup> See FINRA Regulatory Notice 20-08 (March 9, 2020) available at <https://www.finra.org/rules-guidance/notices/20-08>.

<sup>11</sup> See FINRA Regulatory Notice 20-08, FAQs, Supervision (June 29, 2020) available at <https://www.finra.org/rules-guidance/key-topics/covid-19/faq#supe>.

<sup>12</sup> See Securities Exchange Act No. 88528 (March 31, 2020), 85 FR 19196 (April 6, 2020) (SR-CBOE-2020-029).

## 2. Statutory Basis

The Exchange believes that its proposal is consistent with Section 6(b) of the Act,<sup>13</sup> in general, and furthers the objectives of Section 6(b)(5) of the Act,<sup>14</sup> in particular, in that it is designed to promote just and equitable principles of trade; to remove impediments to and perfect the mechanism of a free and open market and a national market system; and, in general to protect investors and the public interest. As a result of continued uncertainty related to the ongoing spread of the COVID-19 virus, the U.S. exchanges are experiencing unprecedented market volatility. The proposed rule change would allow the Exchange to continue to provide temporary relief to those members who continue to be unable to comply with the Supervision Reporting Requirements, which were amended twice already – most recently to require members to provide written reports to the Exchange by June 30, 2020, and further extend that deadline to July 31, 2020. The Exchange believes that this additional, temporary relief is necessary and appropriate in the public interest, and consistent with the protection of investors, given the unforeseen and uncertain challenges, including business continuity implementation and market volatility, posed by COVID-19 to members that must comply with the Supervision Reporting Requirements. The Exchange also believes that it is necessary and appropriate in the public interest, and consistent with the protection of investors, because FINRA has also re-extended twice the time for its members to file supervision-related reports, most recently from June 30, 2020 to July 31, 2020.<sup>15</sup> Additionally, as

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<sup>13</sup> 15 U.S.C. 78f(b).

<sup>14</sup> 15 U.S.C. 78f(b)(5).

<sup>15</sup> See supra note 11.

indicated above, at least one other options exchange that had previously extended the supervisory report deadlines twice, from April 1 to June 1 and again from June 1 to June 30 for its members,<sup>16</sup> plans to submit a similar filing to re-extend its deadlines through July 31, 2020. Extending the deadline, therefore, will ensure that those entities that are members of both FINRA and the Exchange have a uniform deadline to submit their supervisory reports.

B. Self-Regulatory Organization's Statement on Burden on Competition

The Exchange does not believe that the proposed rule change will impose any burden on competition not necessary or appropriate in furtherance of the purposes of the Act. The proposed rule change is not designed to address any competitive issues but rather to provide temporary relief for all members that are required to comply with the Supervision Reporting Requirements.

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

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<sup>16</sup> See supra note 12.

to Section 19(b)(3)(A)(iii) of the Act<sup>17</sup> and subparagraph (f)(6) of Rule 19b-4 thereunder.<sup>18</sup>

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

#### IV. Solicitation of Comments

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

Electronic comments:

- Use the Commission's Internet comment form (<http://www.sec.gov/rules/sro.shtml>); or
- Send an e-mail to [rule-comments@sec.gov](mailto:rule-comments@sec.gov). Please include File Number SR-Phlx-2020-35 on the subject line.

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<sup>17</sup> 15 U.S.C. 78s(b)(3)(A)(iii).

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

Paper comments:

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

All submissions should refer to File Number SR-Phlx-2020-35. 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-2020-35 and should be submitted on or before [insert date 21 days from publication in the Federal Register].

For the Commission, by the Division of Trading and Markets, pursuant to delegated authority.<sup>19</sup>

J. Matthew DeLesDernier  
Assistant Secretary

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<sup>19</sup> 17 CFR 200.30-3(a)(12).

**EXHIBIT 5**

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

**Nasdaq Phlx Rules**

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**Options 10 Doing Business with the Public**

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**Section 7. Supervision of Accounts**

*The deadline to submit the annual supervision-related reports pursuant to Options 10, Section 7(g) and (h) will be extended from [June 1, 2020 to]June 30, 2020 to July 31, 2020.*

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