

Required fields are shown with yellow backgrounds and asterisks.

Filing by Nasdaq PHLX LLC  
Pursuant to Rule 19b-4 under the Securities Exchange Act of 1934

Initial *	Amendment *	Withdrawal	Section 19(b)(2) *	Section 19(b)(3)(A) *	Section 19(b)(3)(B) *
<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
			Rule		
Pilot	Extension of Time Period for Commission Action *	Date Expires *	<input type="checkbox"/> 19b-4(f)(1)	<input type="checkbox"/> 19b-4(f)(4)	
<input type="checkbox"/>	<input type="checkbox"/>	<input type="text"/>	<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) *	Section 806(e)(2) *
<input type="checkbox"/>	<input type="checkbox"/>
	Section 3C(b)(2) *
	<input type="checkbox"/>

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

**Description**

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

A proposal to memorialize Phlx's Business Continuity and Disaster Recovery for its Trading Floor.

**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) 496-5292 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 07/29/2020 EVP and Chief Legal Officer

By John A. Zecca

(Name \*)

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

SECURITIES AND EXCHANGE COMMISSION  
WASHINGTON, D.C. 20549

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

**Form 19b-4 Information \***

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

**Exhibit 1 - Notice of Proposed Rule Change \***

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**

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Exhibit Sent As Paper Document

Copies of notices, written comments, transcripts, other communications. If such documents cannot be filed electronically in accordance with Instruction F, they shall be filed in accordance with Instruction G.

**Exhibit 3 - Form, Report, or Questionnaire**

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Exhibit Sent As Paper Document

Copies of any form, report, or questionnaire that the self-regulatory organization proposes to use to help implement or operate the proposed rule change, or that is referred to by the proposed rule change.

**Exhibit 4 - Marked Copies**

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

**Exhibit 5 - Proposed Rule Text**

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The self-regulatory organization may choose to attach as Exhibit 5 proposed changes to rule text in place of providing it in Item I and which may otherwise be more easily readable if provided separately from Form 19b-4. Exhibit 5 shall be considered part of the proposed rule change.

**Partial Amendment**

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

1. Text of the Proposed Rule Change

(a) Nasdaq PHLX LLC (“Phlx” or “Exchange”), pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 (“Act”)<sup>1</sup> and Rule 19b-4 thereunder,<sup>2</sup> is filing with the Securities and Exchange Commission (“SEC” or “Commission”) a proposal to modify Phlx Options 8, related to the Phlx Trading Floor, to memorialize its current Business Continuity and Disaster Recovery provisions.

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 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:

Angela Saccomandi Dunn  
Principal Associate General Counsel  
Nasdaq, Inc.  
(215) 496-5292

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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

Phlx proposes to amend its Trading Floor rules at Options 8, Section 26, Trading Halts, to memorialize its current Business Continuity and Disaster Recovery provisions.

Memorialize Business Continuity and Disaster Recovery Plan

Today, Phlx has a Business Continuity and Disaster Recovery Plan for its Trading Floor (“BCP”), which BCP provides for a back-up physical location at The Philadelphia Navy Yard, in the event that the physical Trading Floor, currently located at 2929 Walnut Street, Philadelphia, becomes unavailable. The Exchange proposes to amend Options 8, Section 26 to add a new section “g” to memorialize its current Business Continuity and Disaster Recovery plans. The Exchange proposes to amend its Rules at Options 8, Section 26 to amend the title of the Rule from “Trading Halts” To “Trading Halts, Business Continuity and Disaster Recovery.” The Exchange proposes to state within Options 8, Section 26 at new section (g) that, “The Exchange may activate its business continuity and disaster recovery plans to maintain fair and orderly markets in the event of a System failure, disaster, or other unusual circumstance that may threaten the ability to conduct business on the Exchange.” The Exchange proposes to state with new (g) that the following provisions shall apply with respect to the Exchange’s Trading Floor:

(1) *Loss of Trading Floor.* If the physical location designated as the “Trading Floor” becomes unavailable, Phlx will enact its Business Continuity Plan and designate the Philadelphia Navy Yard as its “Back-Up Trading Floor.”

(2) *Back-up Trading Floor Unavailable.* In the event that the Back-Up Trading Floor becomes inoperable, the Exchange will only operate its electronic market and will not operate a Trading Floor. The Exchange will operate only its electronic market until the Exchange’s Trading Floor facility is operational. Open outcry trading will not be available in the interim.

(3) *Other Back-Up Trading Arrangements*. This Rule does not preclude the Exchange from conducting business, in the event the Trading Floor and Back-Up Trading Floor are rendered inoperable, pursuant to Options 4, Section 10.

These provisions above, are contemplated today by Phlx's BCP and enacted pursuant to Phlx's emergency authority within By-Law Article VII, Section 7-5.<sup>3</sup> The Exchange is proposing to memorialize these provisions of Phlx's BCP similar to Cboe Exchange, Inc. ("Cboe") Rule 5.24.<sup>4</sup>

Current Phlx Rules at Options 8, Section 1(a) specify, "The Options 8 Rules shall apply to Exchange options transactions by and among members and member organizations physically located on the Exchange's options trading floor, including the trading crowds, and shall govern all activity that occurs in the physical space designated by the Exchange as "trading floor" as well as trading conducted through the Options Floor Based Management..." Pursuant to Phlx Options 8, Section 1(a) Phlx's Trading Floor is located at 2929 Walnut Street, Philadelphia, PA ("Trading Floor.")<sup>5</sup> Pursuant to

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<sup>3</sup> Phlx By-Law Article VII, Section 7-5, Authority to Take Action Under Emergency or Extraordinary Market Conditions, provides, "The Board of Directors, or such person or persons or committee as may be designated by the Board of Directors, in the event of an emergency or extraordinary market conditions, shall have the authority to take any action regarding: (a) the trading in or operation of the national securities exchange operated by the Exchange or any other organized securities markets that may be operated by the Exchange, the operation of any automated system owned or operated by the Exchange, and the participation in any such system or any or all persons or the trading therein of any or all securities; and (b) the operation of any or all offices or systems of Members and Member Organizations, if, in the opinion of the Board of Directors or the person or persons hereby designated, such action is necessary or appropriate for the protection of investors or the public interest or for the orderly operation of the marketplace or the system."

<sup>4</sup> Unlike Phlx, Cboe does not list a secondary back-up trading floor, but does specify its contingency plans for its Trading Floor.

<sup>5</sup> See Options Trader Alert #2017 – 18.

Phlx's BCP, The Philadelphia Navy Yard<sup>6</sup> has been designated "Back-Up Trading Floor."

In the event that the Trading Floor becomes unavailable, Phlx would act under its emergency authority, within Phlx By-Law Article VII, Section 7-5, to enact its BCP. Phlx Floor Members would be notified of the enactment of a BCP with an Options Trader Alert. The Options Trader Alert would provide details regarding the relocation to the Back-Up Trading Floor, including timing and contact information for any additional questions. The Back-Up Trading Floor would have the same capability to utilize FBMS as the primary Trading Floor today. The Options 8 Trading Rules would remain in effect and surveillance staff would relocate to the Back-Up Trading Floor along with Floor Members. The Exchange would operate the Back-Up Trading Floor in the same manner as to the primary Trading Floor.

Similarly, in order to relocate back to the primary Trading Floor, Floor Members would be notified with an Options Trader Alert of the timing to relocate to the primary location.

The Exchange proposes to provide, within proposed Options 8, Section 26(g)(1), that, in the event of loss of the Trading Floor, if the physical location designated as the "Trading Floor" becomes unavailable, Phlx will enact its BCP and utilize the Philadelphia Navy Yard as its "Back-Up Trading Floor." Further, Phlx proposes to provide within Options 8, Section 26(g)(2) in the event that the Back-Up Trading Floor becomes unavailable or inoperable, the Exchange will only operate its electronic market and will not operate a Trading Floor. The Exchange will operate only its electronic

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<sup>6</sup> The Philadelphia Navy Yard is located at 4747 League Island Boulevard, Philadelphia, PA.

market until the Exchange's Trading Floor facility is operational. Open outcry trading will not be available in the interim. Finally, the Exchange proposes to note within Options 8, Section 26(g)(3) that this rule does not preclude the Exchange from conducting business, in the event the Trading Floor and Back-Up Trading Floor are rendered inoperable, pursuant to Options 4, Section 10. Current Options 4, Section 10, Back-Up Trading Arrangements, outlines rules applicable to hosting Phlx at another exchange in the event Phlx is disabled.

The Exchange proposes to add the aforementioned provisions, from its BCP, within proposed Options 8, Section 26(g) to make clear to its floor market participants the potential outcomes for the Trading Floor in the event of a disruption.

b. Statutory Basis

The Exchange believes that its proposal is consistent with Section 6(b) of the Act,<sup>7</sup> in general, and furthers the objectives of Section 6(b)(5) of the Act,<sup>8</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. The Exchange's proposal to amend Options 8, Section 26 to adopt a new section (g) to memorialize its current BCP is consistent with the Act.

The proposal adds provisions from Phlx's current BCP to proposed Options 8, Section 26(g), to make clear to its floor market participants the potential outcomes for the Trading Floor in the event of a disruption. Today, Phlx would act under its emergency

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

<sup>8</sup> 15 U.S.C. 78f(b)(5).

authority, within Phlx By-Law Article VII, Section 7-5, to enact its BCP. Pursuant to the BCP, Phlx could relocate to its Back-Up Trading Floor in the event the primary Trading Floor was inoperable, only operate its electronic market (if the Back-Up Trading Floor were inoperable) or conduct business pursuant to Options 4, Section 10 under a Backup Trading Arrangement.

In the event that the Trading Floor becomes unavailable, Phlx would act under its emergency authority, within Phlx By-Law Article VII, Section 7-5, to enact its BCP. Phlx Floor Members would be notified of the enactment of a BCP with an Options Trader Alert. The Options Trader Alert would provide details regarding the relocation to the Back-Up Trading Floor, including timing and contact information for any additional questions. The Back-Up Trading Floor would have the same capability to utilize FBMS as the primary Trading Floor today. The Options 8 Trading Rules would remain in effect and surveillance staff would relocate to the Back-Up Trading Floor along with Floor Members. The Exchange would operate the Back-Up Trading Floor in the same manner as to the primary Trading Floor. Similarly, in order to relocate back to the primary Trading Floor, Floor Members would be notified with an Options Trader Alert of the timing to relocate to the primary location.

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 Exchange's proposal to amend Options 8, Section 26 to add a new section (g) to memorialize its current Business Continuity and Disaster Recovery plans does not impose an undue burden on competition. The proposal adds provisions from the BCP to

proposed Options 8, Section 26(g) to make clear to its floor market participants the potential outcomes for the Trading Floor in the event of a disruption, which exist today.

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>9</sup> of the Act and Rule 19b-4(f)(6) thereunder<sup>10</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 interest.

The Exchange believes that its proposal to amend Options 8, Section 26 to adopt a new proposed section (g) to memorialize its current Business Continuity and Disaster Recovery plans does not significantly affect the protection of investors or the public interest, nor does it impose any significant burden on competition. The proposal adds provisions from the current BCP to proposed Options 8, Section 26(g) to make clear to its

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

<sup>10</sup> 17 CFR 240.19b-4(f)(6).

floor market participants the potential outcomes for the Trading Floor in the event of a disruption, which exist today.

Furthermore, Rule 19b-4(f)(6)(iii)<sup>11</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 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 it may immediately memorialize its BCP into its Rulebook to provide its members and member organizations with transparency regarding its BCP.

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

Not applicable.

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<sup>11</sup> 17 CFR 240.19b-4(f)(6)(iii).

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.

**EXHIBIT 1**

SECURITIES AND EXCHANGE COMMISSION  
(Release No. \_\_\_\_\_ ; File No. SR-Phlx-2020-38)

July \_\_, 2020

Self-Regulatory Organizations; Nasdaq PHLX LLC; Notice of Filing and Immediate Effectiveness of Proposed Rule Change to Memorialize Phlx's Business Continuity and Disaster Recovery for its Trading Floor

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 29, 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 modify Phlx Options 8, related to the Phlx Trading Floor, to memorialize its current Business Continuity and Disaster Recovery provisions.

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.

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

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

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

received on the proposed rule change. The text of these statements may be examined at the places specified in Item IV below. The Exchange has prepared summaries, set forth in sections A, B, and C below, of the most significant aspects of such statements.

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

1. Purpose

Phlx proposes to amend its Trading Floor rules at Options 8, Section 26, Trading Halts, to memorialize its current Business Continuity and Disaster Recovery provisions.

Memorialize Business Continuity and Disaster Recovery Plan

Today, Phlx has a Business Continuity and Disaster Recovery Plan for its Trading Floor ("BCP"), which BCP provides for a back-up physical location at The Philadelphia Navy Yard, in the event that the physical Trading Floor, currently located at 2929 Walnut Street, Philadelphia, becomes unavailable. The Exchange proposes to amend Options 8, Section 26 to add a new section "g" to memorialize its current Business Continuity and Disaster Recovery plans. The Exchange proposes to amend its Rules at Options 8, Section 26 to amend the title of the Rule from "Trading Halts" To "Trading Halts, Business Continuity and Disaster Recovery." The Exchange proposes to state within Options 8, Section 26 at new section (g) that, "The Exchange may activate its business continuity and disaster recovery plans to maintain fair and orderly markets in the event of a System failure, disaster, or other unusual circumstance that may threaten the ability to conduct business on the Exchange." The Exchange proposes to state with new (g) that the following provisions shall apply with respect to the Exchange's Trading Floor:

(1) *Loss of Trading Floor.* If the physical location designated as the "Trading Floor" becomes unavailable, Phlx will enact its Business Continuity Plan and designate the Philadelphia Navy Yard as its "Back-Up Trading Floor."

(2) *Back-up Trading Floor Unavailable.* In the event that the Back-Up Trading Floor becomes inoperable, the Exchange will only operate its electronic market and will not operate a Trading Floor. The Exchange will operate only its electronic market until the Exchange's Trading Floor facility is operational. Open outcry trading will not be available in the interim.

(3) *Other Back-Up Trading Arrangements.* This Rule does not preclude the Exchange from conducting business, in the event the Trading Floor and Back-Up Trading Floor are rendered inoperable, pursuant to Options 4, Section 10.

These provisions above, are contemplated today by Phlx's BCP and enacted pursuant to Phlx's emergency authority within By-Law Article VII, Section 7-5.<sup>3</sup> The Exchange is proposing to memorialize these provisions of Phlx's BCP similar to Cboe Exchange, Inc. ("Cboe") Rule 5.24.<sup>4</sup>

Current Phlx Rules at Options 8, Section 1(a) specify, "The Options 8 Rules shall apply to Exchange options transactions by and among members and member organizations physically located on the Exchange's options trading floor, including the trading crowds, and shall govern all activity that occurs in the physical space designated by the Exchange as "trading floor" as well as trading conducted through the Options Floor Based Management..." Pursuant to Phlx Options 8, Section 1(a) Phlx's Trading

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<sup>3</sup> Phlx By-Law Article VII, Section 7-5, Authority to Take Action Under Emergency or Extraordinary Market Conditions, provides, "The Board of Directors, or such person or persons or committee as may be designated by the Board of Directors, in the event of an emergency or extraordinary market conditions, shall have the authority to take any action regarding: (a) the trading in or operation of the national securities exchange operated by the Exchange or any other organized securities markets that may be operated by the Exchange, the operation of any automated system owned or operated by the Exchange, and the participation in any such system or any or all persons or the trading therein of any or all securities; and (b) the operation of any or all offices or systems of Members and Member Organizations, if, in the opinion of the Board of Directors or the person or persons hereby designated, such action is necessary or appropriate for the protection of investors or the public interest or for the orderly operation of the marketplace or the system."

<sup>4</sup> Unlike Phlx, Cboe does not list a secondary back-up trading floor, but does specify its contingency plans for its Trading Floor.

Floor is located at 2929 Walnut Street, Philadelphia, PA (“Trading Floor.”)<sup>5</sup> Pursuant to Phlx’s BCP, The Philadelphia Navy Yard<sup>6</sup> has been designated “Back-Up Trading Floor.”

In the event that the Trading Floor becomes unavailable, Phlx would act under its emergency authority, within Phlx By-Law Article VII, Section 7-5, to enact its BCP. Phlx Floor Members would be notified of the enactment of a BCP with an Options Trader Alert. The Options Trader Alert would provide details regarding the relocation to the Back-Up Trading Floor, including timing and contact information for any additional questions. The Back-Up Trading Floor would have the same capability to utilize FBMS as the primary Trading Floor today. The Options 8 Trading Rules would remain in effect and surveillance staff would relocate to the Back-Up Trading Floor along with Floor Members. The Exchange would operate the Back-Up Trading Floor in the same manner as to the primary Trading Floor.

Similarly, in order to relocate back to the primary Trading Floor, Floor Members would be notified with an Options Trader Alert of the timing to relocate to the primary location.

The Exchange proposes to provide, within proposed Options 8, Section 26(g)(1), that, in the event of loss of the Trading Floor, if the physical location designated as the “Trading Floor” becomes unavailable, Phlx will enact its BCP and utilize the Philadelphia Navy Yard as its “Back-Up Trading Floor.” Further, Phlx proposes to provide within Options 8, Section 26(g)(2) in the event that the Back-Up Trading Floor

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<sup>5</sup> See Options Trader Alert #2017 – 18.

<sup>6</sup> The Philadelphia Navy Yard is located at 4747 League Island Boulevard, Philadelphia, PA.

becomes unavailable or inoperable, the Exchange will only operate its electronic market and will not operate a Trading Floor. The Exchange will operate only its electronic market until the Exchange's Trading Floor facility is operational. Open outcry trading will not be available in the interim. Finally, the Exchange proposes to note within Options 8, Section 26(g)(3) that this rule does not preclude the Exchange from conducting business, in the event the Trading Floor and Back-Up Trading Floor are rendered inoperable, pursuant to Options 4, Section 10. Current Options 4, Section 10, Back-Up Trading Arrangements, outlines rules applicable to hosting Phlx at another exchange in the event Phlx is disabled.

The Exchange proposes to add the aforementioned provisions, from its BCP, within proposed Options 8, Section 26(g) to make clear to its floor market participants the potential outcomes for the Trading Floor in the event of a disruption.

## 2. Statutory Basis

The Exchange believes that its proposal is consistent with Section 6(b) of the Act,<sup>7</sup> in general, and furthers the objectives of Section 6(b)(5) of the Act,<sup>8</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. The Exchange's proposal to amend Options 8, Section 26 to adopt a new section (g) to memorialize its current BCP is consistent with the Act.

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

<sup>8</sup> 15 U.S.C. 78f(b)(5).

The proposal adds provisions from Phlx's current BCP to proposed Options 8, Section 26(g), to make clear to its floor market participants the potential outcomes for the Trading Floor in the event of a disruption. Today, Phlx would act under its emergency authority, within Phlx By-Law Article VII, Section 7-5, to enact its BCP. Pursuant to the BCP, Phlx could relocate to its Back-Up Trading Floor in the event the primary Trading Floor was inoperable, only operate its electronic market (if the Back-Up Trading Floor were inoperable) or conduct business pursuant to Options 4, Section 10 under a Backup Trading Arrangement.

In the event that the Trading Floor becomes unavailable, Phlx would act under its emergency authority, within Phlx By-Law Article VII, Section 7-5, to enact its BCP. Phlx Floor Members would be notified of the enactment of a BCP with an Options Trader Alert. The Options Trader Alert would provide details regarding the relocation to the Back-Up Trading Floor, including timing and contact information for any additional questions. The Back-Up Trading Floor would have the same capability to utilize FBMS as the primary Trading Floor today. The Options 8 Trading Rules would remain in effect and surveillance staff would relocate to the Back-Up Trading Floor along with Floor Members. The Exchange would operate the Back-Up Trading Floor in the same manner as to the primary Trading Floor. Similarly, in order to relocate back to the primary Trading Floor, Floor Members would be notified with an Options Trader Alert of the timing to relocate to the primary location.

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 Exchange's proposal to amend Options 8, Section 26 to add a new section (g) to memorialize its current Business Continuity and Disaster Recovery plans does not impose an undue burden on competition. The proposal adds provisions from the BCP to proposed Options 8, Section 26(g) to make clear to its floor market participants the potential outcomes for the Trading Floor in the event of a disruption, which exist today.

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<sup>9</sup> and subparagraph (f)(6) of Rule 19b-4 thereunder.<sup>10</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

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

<sup>10</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.

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-2020-38 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-2020-38. This file number should be included on the subject line if e-mail is used. To help the Commission process and review your comments more efficiently, please use only one method. The Commission will post all comments on the Commission's Internet Web site (<http://www.sec.gov/rules/sro.shtml>).

Copies of the submission, all subsequent amendments, all written statements with respect to the proposed rule change that are filed with the Commission, and all written communications relating to the proposed rule change between the Commission and any person, other than those that may be withheld from the public in accordance with the provisions of 5 U.S.C. 552, will be available for website viewing and printing in the

Commission's Public Reference Room, 100 F Street, NE, Washington, DC 20549, on official business days between the hours of 10:00 a.m. and 3:00 p.m. Copies of the filing also will be available for inspection and copying at the principal office of the Exchange. All comments received will be posted without change; the Commission does not edit personal identifying information from submissions. You should submit only information that you wish to make available publicly.

All submissions should refer to File Number SR-Phlx-2020-38 and should be submitted on or before [insert date 21 days from publication in the Federal Register].

For the Commission, by the Division of Trading and Markets, pursuant to delegated authority.<sup>11</sup>

J. Matthew DeLesDernier  
Assistant Secretary

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<sup>11</sup> 17 CFR 200.30-3(a)(12).

**EXHIBIT 5**

*New text is underlined; deleted text is in brackets.*

**Nasdaq PHLX LLC Rules**

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**Options 8 Floor Trading**

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**Section 26. Trading Halts, Business Continuity and Disaster Recovery**

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(g) Business Continuity and Disaster Recovery. The Exchange may activate its business continuity and disaster recovery plans to maintain fair and orderly markets in the event of a System failure, disaster, or other unusual circumstance that may threaten the ability to conduct business on the Exchange. The following provisions shall apply with respect to the Exchange’s Trading Floor:

(1) Loss of Trading Floor. If the physical location designated as the “Trading Floor” becomes unavailable, Phlx will enact its Business Continuity Plan (“BCP”) and designate the Philadelphia Navy Yard as its “Back-Up Trading Floor.”

(2) Back-up Trading Floor Unavailable. In the event that the Back-Up Trading Floor becomes inoperable, the Exchange will only operate its electronic market and will not operate a Trading Floor. The Exchange will operate only its electronic market until the Exchange’s Trading Floor facility is operational. Open outcry trading will not be available in the interim.

(3) Other Back-Up Trading Arrangements. This Rule does not preclude the Exchange from conducting business, in the event the Trading Floor and Back-Up Trading Floor are rendered inoperable, pursuant to Options 4, Section 10.

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