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June 3, 2011

Ms. Elizabeth M. Murphy  
Secretary  
U.S. Securities and Exchange Commission  
100 F Street NE  
Washington, DC 20549

***Re: SR-PHLX-2011-056***

Ms. Murphy:

NASDAQ OMX PHLX (“PHLX”) writes in support of the above-captioned proposed rule change to establish a floor-based Qualified Contingent Cross Order (“Floor QCC Orders”), and to respond to the comment letter submitted by the International Securities Exchange on May 26, 2011 (“ISE Comment”).<sup>1</sup> The ISE Comment requests additional clarification of two aspects of the PHLX proposed rule change: (1) the time of execution of Floor QCC Orders, and (2) whether Floor QCC Orders will trigger a “systemic check” to determine whether a customer order is resting on the PHLX book at the time of execution such that the Floor QCC would be prohibited.

Floor QCC Orders will be subject to all systemic checks currently applied to the recently-implemented electronic QCC Order.<sup>2</sup> As set forth in the original proposal, PHLX Floor brokers will enter Floor QCC Orders via the PHLX Floor Broker Management System (“FBMS”), a handheld order entry device that is electronically linked to the PHLX order book. Once entered by the Floor Broker, Floor QCC orders will be sent electronically to the PHLX order book where a systemic check will be performed to determine whether a customer order is resting on the book at the same price as any leg of the Floor QCC order. If a customer order is resting on the book at the same price as any leg of the Floor QCC, the PHLX trading system will reject the entire Floor QCC Order. If, on the other hand, no customer order is resting on the PHLX book at the same

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<sup>1</sup> See Letter, dated May 27, 2011, from Michael J. Simon, Secretary, International Securities Exchange to Elizabeth M. Murphy, Secretary, U.S. Securities and Exchange Commission.

<sup>2</sup> See Securities Exchange Act Release No. 64249 (April 7, 2011); 76 F.R. 20773 (April 13, 2011).

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price as any leg of the Floor QCC, the system will execute the Floor QCC Order and simultaneously assign it an execution time. This is the same systemic check and automated assignment of execution time that is currently applied to electronic QCC Orders. Thus, it is incorrect to imply, as the ISE Comment does, that PHLX Floor QCC Orders will be implemented “in a non-automated environment without a systemic check of whether there is a customer order on the book at the time of execution.”

PHLX appreciates the opportunity to respond to the ISE Comment. PHLX respectfully requests that the proposed rule change be approved promptly.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Jeffrey S. Davis". The signature is stylized and cursive.

Jeffrey S. Davis  
Deputy General Counsel

cc: Robert Cook, Division of Trading and Markets  
Jamie Brigagliano, Division of Trading and Markets  
Heather Seidel, Division of Trading and Markets