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Page 1 of \* 16

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

File No.\* SR - 2015 - \* 29  
Amendment No. (req. for Amendments \*) 1

Filing by NASDAQ OMX 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 type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Pilot	Extension of Time Period for Commission Action *	Date Expires *	Rule		
			<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 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) *	Section 3C(b)(2) *		
<input type="checkbox"/>		<input type="checkbox"/>	<input type="checkbox"/>		

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 \*).

### 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 *	John	Last Name *	Yetter
Title *	Vice President Deputy General Counsel		
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 06/22/2015

Executive Vice President and General Counsel

By Edward S. Knight

(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 EDDS 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 \***

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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 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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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 Sent As Paper Document

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

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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 Sent As Paper Document

**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.

**Partial Amendment No. 1 to SR-Phlx-2015-29**

NASDAQ OMX PHLX LLC (“Phlx” or “Exchange”) is filing this Partial Amendment No. 1 to SR-Phlx-2015-29. The purpose of the amendment is to correct several typographical errors in the original filing, to further improve the clarity of certain rule language, and to include additional explanation with regard to the purpose of the proposed rule change.

1. On pages 7, 81, and 154 of the original filing, following the text that reads “are described in Rules 3301A and 3301B.” insert the following sentence: “One or more Order Attributes may be assigned to a single Order; provided, however, that if the use of multiple Order Attributes would provide contradictory instructions to an Order, the System will reject the Order or remove non-confirming Order Attributes.”
2. On pages 33 and 107 of the original filing, in footnote 48, following the text that reads “at the Exchange’s best price” insert “(unless it has a Time-in-Force of IOC)”.
3. On pages 33, 107-108, and 170 of the original filing:
  - a. replace the paragraph that begins “If a Post-Only Order is entered with a Time-in-Force of IOC,...” with the following paragraph: “If a Post-Only Order is entered with a Time-in-Force of IOC, the Order will be evaluated for possible execution in the same manner as any other Post-Only Order but will be cancelled rather than posted if the Order cannot execute.”
  - b. retain footnote 49 at the end of such paragraph as it appears on pages 33 and 108 of the original filing.
4. On pages 37, 111, and 172 of the original filing, following the text that reads “Time-in-Force” in the bulleted paragraph, insert the following text: “; provided,

however, that a Post-Only Order with a Time-in-Force of IOC may not be entered through RASH or FIX".

5. On pages 39, 40, 41, 113, 114, 115, 116, 173, and 174 of the original filing:
  - a. insert "National" before "Best Bid" and "Best Offer" in each place where such phrases occur; and
  - b. insert the word "displayed" before the word "price" as indicated in the following phrases: "a continuous two-sided quotation at a displayed price"; "The displayed price of the Market Maker Peg Order is set"; "in order to keep the displayed price of the Market Maker Peg Order"; "Upon entry, the displayed price of a Market Maker Peg Order"; "the displayed price of a Market Maker Peg Order to buy would be \$9.20"; "the difference between the displayed price of the Market Maker Peg Order"; "such that the displayed price of the Market Maker Peg Order"; "if as a result of a change to the Reference Price, the displayed price"; "the displayed price of a Market Maker Peg Order to buy would initially"; "moved to \$9.57, such that the displayed price"; and "As discussed above, the displayed price".
6. On pages 40, 114-15, and 173 of the original filing:
  - a. delete "its price is adjusted" and insert "it is repriced"; and
  - b. delete "the price of a Market Maker Peg Order to buy (sell) will be adjusted" (in the first place where such phrase occurs on pages 40 and 114-15) and insert "a Market Maker Peg Order to buy (sell) will be repriced".
7. On pages 40, 115, and 173 of the original filing, delete "calculated prices of less than the minimum increment will be rounded in a manner that ensures that the

posted price will be set at a level that complies with the percentages stipulated by this rule” and insert “prices will be rounded in a manner to ensure that they are calculated and displayed at a level that is consistent with the Designated Percentage and the permissible minimum increment of \$0.01 or \$0.0001, as applicable”.

8. On pages 40, 115, and 174 of the original filing:
  - a. delete “within one minimum price variation” and insert “at least one minimum price variation”; and
  - b. delete “the price of the Market Maker Peg Order to buy (sell) will be adjusted to the Designated Percentage” and insert “the Market Maker Peg Order to buy (sell) will be repriced to the Designated Percentage”.
9. On pages 41, 115, and 174 of the original filing, delete “such an offset” and insert “may not enter a less aggressive offset. A more aggressive offset”.
10. On pages 41, 116, and 174 of the original filing:
  - a. delete “the price of the Order will be adjusted” and insert “the Order will be repriced”;
  - b. delete “its price is adjusted” and insert “it is repriced”.
  - c. delete “cancelled or rejected” and insert “cancelled (if on the PSX Book) or rejected (if it is an incoming Order)”;
  - d. delete “is priced based on” and insert “has a displayed price based on”;
  - e. delete “will not be subsequently adjusted” and insert “will not be subsequently repriced”; and

f. after “until a new Reference Price is established.” insert the following sentence: “In such case, the new Reference Price may be established by a change in the NBBO based on another market center’s quotation or by the entry into the System of any Displayed Order with a price better than the displayed price of the Market Maker Peg Order, whether the new Order is at a price that is lower than, higher than or equal to the prior Reference Price.”

11. On pages 42, 116, and 174 of the original filing, following the text that reads “If a Market Maker designates a more aggressive offset” insert “than the Designated Percentage”.

12. On pages 45, 120, and 176 of the original filing, delete “Displayed Order with Pegging” and insert “Displayed Order with Primary Pegging (as defined below)”.

13. On pages 47, 122, and 177 of the original filing:

- a. following the text that reads “there is no price to which a Pegged Order can be pegged, the Order will be rejected”, insert the following: “; provided, however, that a Displayed Order that has Market Pegging, or an Order with a Non-Display Attribute that has Primary Pegging or Market Pegging, will be accepted at its limit price”; and
- b. following the text that reads “If there is no Inside Bid and/or Inside Offer, the Order will be rejected.” insert a new sentence with the following text: “However, even if the Inside Bid and Inside Offer are locked or crossed, an Order with Midpoint Pegging that locked or crossed an Order on the PSX Book would execute.”

14. On pages 47 and 122 of the original filing, following the text that reads “the Order will nevertheless be priced at the midpoint between the Inside Bid and Inside Offer,” insert a footnote with the following text: “For example, if the Inside Bid was \$11.02 and the Inside Offer was \$11, an Order with Midpoint Pegging would be priced at \$11.01. Cf. Rule 610(d) and Rule 611(a)(4) under Regulation NMS (pertaining to locking and crossing of displayed orders and permitting trade-throughs during crossed markets).”
15. On pages 48, 123, and 178 of the original filing, delete “other forms of” and insert “Market”.
16. On pages 49 and 124 of the original filing, following the text that reads “with a size of at least the minimum quantity condition.” insert a footnote with the following text: “Thus, an incoming Order that satisfies the minimum quantity condition of a Minimum Quantity Order on the PSX Book could execute against the Minimum Quantity Order rather than a similarly priced Order on the PSX Book that did not satisfy the minimum quantity condition. In this respect, the behavior of the Minimum Quantity Order on the PSX Book is similar to its behavior upon entry, when the Minimum Quantity Order may not execute against Orders on the PSX Book that do not satisfy the minimum quantity condition. In both instances, the Order Attribute allows a Participant to avoid signaling its trading interest to other Participants unless it can transact its specified minimum quantity.”
17. On pages 50 and 125 of the original filing, following the text that reads “depending on the Time-in-Force of the Order.” insert a footnote with the

following text: “With respect to an Order with a Time-in-Force of IOC, it should be noted that the Order is cancelled after determining whether the Order is marketable. See proposed Rule 3301B(a). Thus, if an IOC Order is designated as Routable, it will exhaust opportunities for executing against trading interest against which it is marketable, both at PSX and at market centers to which it may be routed under the applicable Routing Strategy, before being cancelled. It should also be noted that for Order Types that list both Pegging and Routing as possible Order Attributes, the two Order Attributes may be combined, since Pegging serves to establish the Price of the Order, while Routing establishes the market center(s) to which the System’s routing functionality may direct a routed Order if liquidity as available at that Price.”

18. On pages 69 and 144 of the original filing, delete the text that reads “since the Order has its price adjusted automatically, without reference to the price of any other Orders other than Orders at the NBBO” and insert the following text: “without also reflecting a commitment to execute against such Orders”.
19. On page 173 of the original filing, delete “(7)(A)” and insert “(5)(A)”.

**EXHIBIT 4**

The text of the proposed rule change is marked below to show changes from the text of the proposed rule change as originally filed. Proposed new language is underlined; deletions are bracketed.

\* \* \* \* \*

**3301. Definitions**

The following definitions apply to the Rule 3200 and 3300 Series for the trading of securities listed on PSX.

(a) – (d) No change.

(e) The term “Order” means an instruction to trade a specified number of shares in a specified System Security submitted to PSX by a Participant. An “Order Type” is a standardized set of instructions associated with an Order that define how it will behave with respect to pricing, execution, and/or posting to the PSX Book when submitted to PSX. An “Order Attribute” is a further set of variable instructions that may be associated with an Order to further define how it will behave with respect to pricing, execution, and/or posting to the PSX Book when submitted to PSX. The available Order Types and Order Attributes, and the Order Attributes that may be associated with particular Order Types, are described in Rules 3301A and 3301B. One or more Order Attributes may be assigned to a single Order; provided, however, that if the use of multiple Order Attributes would provide contradictory instructions to an Order, the System will reject the Order or remove non-conforming Order Attributes.

(f) – (l) No change.

**3301A. Order Types.**

(a) No change.

(b) Except where stated otherwise, the following Order Types are available to all Participants:

(1) – (3) No change.

(4) (A) A “Post-Only Order” is an Order Type designed to have its price adjusted as needed to post to the PSX Book in compliance with Rule 610(d) under Regulation NMS by avoiding the display of quotations that lock or cross any Protected Quotation in a System Security during Market Hours, or to execute against locking or crossing quotations in circumstances where economically beneficial to the Participant entering the Post-Only Order.

During Market Hours, a Post-Only Order is evaluated at the time of entry with respect to locking or crossing other Orders on the PSX Book, Protected Quotations, and potential execution as follows:

- If a Post-Only Order would lock or cross a Protected Quotation, the price of the Order will first be adjusted. If the Order is Attributable, its adjusted price will be one minimum price increment lower than the current Best Offer (for bids) or higher than the current Best Bid (for offers). If the Order is not Attributable, its adjusted price will be equal to the current Best Offer (for bids) or the current Best Bid (for offers). However, the Order will not post or execute until the Order, as adjusted, is evaluated with respect to Orders on the PSX Book.
  - If the adjusted price of the Post-Only Order would not lock or cross an Order on the PSX Book, the Order will be posted in the same manner as a Price to Comply Order (if it is not Attributable) or a Price to Display Order (if it is Attributable). Specifically, if the Post-Only Order is not Attributable, it will be displayed on the PSX Book at a price one minimum price increment lower than the current Best Offer (for bids) or higher than the current Best Bid (for offers) but will be ranked on the PSX Book with a non-displayed price equal to the current Best Offer (for bids) or to the current Best Bid (for offers). For example, if a Post-Only Order to buy at \$11 would lock a Protected Offer of \$11, the Order will be ranked at a non-displayed price of \$11 but will be displayed at \$10.99. If the Post-Only Order is Attributable, it will be ranked and displayed on the PSX Book at a price one minimum increment lower than the current Best Offer (for bids) or higher than the current Best Bid (for offers). Thus, in the preceding example, the Post-Only Order to buy would be ranked and displayed at \$10.99.
  - If the adjusted price of the Post-Only Order would lock or cross an Order on the PSX Book, the Post Only Order will be repriced, ranked, and displayed at one minimum price increment below the current best-priced Order to sell on the PSX Book (for bids) or above the current best-priced Order to buy on the PSX Book (for offers); provided, however, the Post-Only Order will execute if (i) it is priced below \$1.00 and the value of price improvement associated with executing against an Order on the PSX Book (as measured against the original limit price of the Order) equals or exceeds the sum of fees charged for such execution and the value of any rebate that would be provided if the Order posted to the PSX Book and subsequently provided liquidity, or (ii) it is priced at \$1.00 or more and the value of price improvement associated with executing against an Order on the PSX Book (as measured against the original limit price of the Order) equals or exceeds \$0.01 per share. For example, if a Participant entered a Non-Attributable Post-Only Order to buy at \$11.01, another market center is displaying a Protected Offer at \$11, and there is a Non-Displayed Order on the PSX Book to sell at \$11, the adjusted price of the Post-Only Order

will be \$11. However, because the Post-Only Order would be executable against the Non-Displayed Order on the PSX Book and would receive \$0.01 price improvement (as measured against the original \$11.01 price of the Post-Only Order), the Post-Only Order would execute.

- If the Post-Only Order would not lock or cross a Protected Quotation but would lock or cross an Order on the PSX Book, the Post Only Order will be repriced, ranked, and displayed at one minimum price increment below the current best-priced Order to sell on the PSX Book (for bids) or above the current best-priced Order to buy on the PSX Book (for offers); provided, however, the Post-Only Order will execute if (i) it is priced below \$1.00 and the value of price improvement associated with executing against an Order on the PSX Book equals or exceeds the sum of fees charged for such execution and the value of any rebate that would be provided if the Order posted to the PSX Book and subsequently provided liquidity, or (ii) it is priced at \$1.00 or more and the value of price improvement associated with executing against an Order on the PSX Book equals or exceeds \$0.01 per share. For example, if a Participant entered a Post-Only Order to buy at \$11.02, the Best Offer was \$11.04, and there was a Non-Displayed Order on the PSX Book to sell at \$11.02, the Post-Only Order would be ranked and displayed at \$11.01. However, if a Participant entered a Post-Only Order to buy at \$11.03, the Order would execute against the Order on the PSX Book at \$11.02, receiving \$0.01 per share price improvement.
- If a Post-Only Order is entered with a Time-in-Force of IOC, the Order will be evaluated for possible execution in the same manner as any other Post-Only Order but will be cancelled rather than posted if the Order cannot execute [the price of an Order to buy (sell) will be repriced to the lower of (higher of) (i) one minimum price increment below (above) the price of the Order or (ii) the current Best Offer (Best Bid). The Order will execute against any Order on the PSX Book with a price equal to or better than the adjusted price of the Post-Only Order. If the Post-Only Order cannot execute, it will be cancelled. For example, if a Post-Only Order to buy at \$11 with a Time-in-Force of IOC was entered and the current Best Offer was \$11.01, the Order would be repriced to \$10.99; however, if the Best Offer was \$10.98, the Order would be repriced to \$10.98].
- If a Post-Only Order would not lock or cross an Order on the PSX Book or any Protected Quotation, it will be posted on the PSX Book at its entered limit price.

During Pre-Market and Post-Market Hours, a Post-Only Order will be processed in a manner identical to Market Hours with respect to locking or crossing Orders on the PSX Book, but will not have its price adjusted with respect to locking or crossing the quotations of other market centers.

(B) No change.

(C) The following Order Attributes may be assigned to a Post-Only Order:

- Price. As described above, the price of the Order may be adjusted to avoid locking or crossing a Protected Quotation, and may include a displayed price as well as a non-displayed price.
- Size.
- Time-in-Force; provided, however, that a Post-Only Order with a Time-in-Force of IOC may not be entered through RASH or FIX.
- Designation as an ISO. In accordance with Regulation NMS, a Post-Only Order designated as an ISO that locked or crossed a Protected Quotation would be processed at its entered limit price, since such a designation reflects a representation by the Participant that it has simultaneously routed one or more additional limit orders, as necessary, to execute against the full displayed size of any Protected Quotations that the Post-Only Order would lock or cross. However, as described above, a Post-Only Order designated as an ISO that locked or crossed an Order on the PSX Book would either execute at time of entry or would have its price adjusted prior to posting. Accordingly, the System would not interpret receipt of a Post-Only Order marked ISO that had its price adjusted prior to posting as the basis for determining that any Protected Quotation at the Order's original entered limit price level had been executed for purposes of accepting additional Orders at that price level. However, if the Post-Only Order is ranked and displayed at its adjusted price, the System would consider the adjusted price level to be open for purposes of accepting additional Orders at that price level. For example, assume that there is a Protected Offer at \$11 and a Participant enters a Post-Only Order marked ISO to buy at \$11. If there are no Orders to sell at \$11 on the PSX Book, the Order to buy will be displayed and ranked at \$11, since the designation of the Order as an ISO reflects the Participant's representation that it has routed one or more additional limit orders, as necessary, to execute against the full displayed size of any Protected Quotations that the Post-Only Order would lock or cross. However, if there was also an Order to sell at \$11 on the PSX Book, the Post-Only Order will be repriced, ranked, and displayed at \$10.99. In that case, the mere fact that the Post-Only Order was designated as an ISO would not allow PSX to conclude that the \$11 price level was "open" for receiving orders to buy at that price; the \$11 price level would be considered open only if market data received by the System demonstrated that the Protected Offer at \$11 had been removed or if a subsequent Displayed Order marked ISO was received and ranked at that price.
- Attribution.
- Display. A Post-Only Order is always displayed, although as provided above, may also have a non-displayed price.

[(7) (A)] (5) (A) A "Market Maker Peg Order" is an Order Type designed to allow a Market Maker to maintain a continuous two-sided quotation at a displayed price that is compliant with the quotation requirements for Market Makers set forth in Rule 3213(a)(2). The displayed price of the Market Maker Peg Order is set with reference to a "Reference Price" in order to keep the displayed price of the Market Maker Peg Order within a bounded price range. A Market Maker Peg Order may be entered through

RASH or FIX only. A Market Maker Peg Order must be entered with a limit price beyond which the Order may not be priced. The Reference Price for a Market Maker Peg Order to buy (sell) is the then-current National Best Bid (National Best Offer) (including PSX), or if no such National Best Bid or National Best Offer, the most recent reported last-sale eligible trade from the responsible single plan processor for that day, or if none, the previous closing price of the security as adjusted to reflect any corporate actions (e.g., dividends or stock splits) in the security.

Upon entry, the displayed price of a Market Maker Peg Order to buy (sell) is automatically set by the System at the Designated Percentage (as defined in Rule 3213) away from the Reference Price in order to comply with the quotation requirements for Market Makers set forth in Rule 3213(a)(2). For example, if the National Best Bid is \$10 and the Designated Percentage for the security is 8%, the displayed price of a Market Marker Peg Order to buy would be \$9.20. If the limit price of the Order is not within the Designated Percentage, the Order will be sent back to the Participant.

Once a Market Maker Peg Order has posted to the PSX Book, it[s price] is [adjusted] repriced if needed as the Reference Price changes. Specifically, if as a result of a change to the Reference Price, the difference between the displayed price of the Market Maker Peg Order and the Reference Price reaches the Defined Limit (as defined in Rule 3213), [the price of] a Market Maker Peg Order to buy (sell) will be [adjusted] repriced to the Designated Percentage away from the Reference Price. In the foregoing example, if the Defined Limit is 9.5% and the National Best Bid increased to \$10.17, such that the displayed price of the Market Maker Peg Order would be more than 9.5% away, the Order will be repriced to \$9.35, or 8% away from the National Best Bid. Note that prices will be rounded in a manner to ensure that they are calculated and displayed at a level that is consistent with the Designated Percentage and the permissible minimum increment of \$0.01 or \$0.0001, as applicable[calculated prices of less than the minimum increment will be rounded in a manner that ensures that the posted price will be set at a level that complies with the percentages stipulated by this rule]. If the limit price of the Order is outside the Defined Limit, the Order will be sent back to the Participant.

Similarly, if as a result of a change to the Reference Price, the displayed price of a Market Maker Peg Order to buy (sell) is [within] at least one minimum price variation more than (less than) a price that is 4% less than (more than) the Reference Price, rounded up (down), then the [price of the] Market Maker Peg Order to buy (sell) will be [adjusted] repriced to the Designated Percentage away from the Reference Price. For example, if the National Best Bid is \$10 and the Designated Percentage for the security is 8%, the displayed price of a Market Marker Peg Order to buy would initially be \$9.20. If the National Best Bid then moved to \$9.57, such that the displayed price of the Market Maker Peg Order would be a minimum of \$0.01 more than a price that is 4% less than the National Best Bid, rounded up (i.e.  $\$9.57 - (\$9.57 \times 0.04) = \$9.1872$ , rounding up to \$9.19), the Order will be repriced to \$8.81, or 8% away from the National Best Bid.

A Market Maker may enter a Market Maker Peg Order with a more aggressive offset than the Designated Percentage, but [such an] may not enter a less aggressive offset. A more

aggressive offset will be expressed as a price difference from the Reference Price. Such a Market Maker Peg Order will be repriced in the same manner as a Price to Display Order with Attribution and Primary Pegging. As a result, the [price of the] Order will be [adjusted] repriced whenever the price to which the Order is pegged is changed.

A new timestamp is created for a Market Maker Peg Order each time that [its price is adjusted]it is repriced. In the absence of a Reference Price, a Market Maker Peg Order will be cancelled (if on the PSX Book) or rejected (if it is an incoming Order). If, after entry, a Market Maker Peg Order [is]has a displayed price[d] based on a Reference Price other than the NBBO and such Market Maker Peg Order is established as the National Best Bid or National Best Offer, the Market Maker Peg Order will not be subsequently [adjusted]repriced in accordance with this rule until a new Reference Price is established. In such case, the new Reference Price may be established by a change in the NBBO based on another market center's quotation or by the entry into the System of any Displayed Order with a price better than the displayed price of the Market Maker Peg Order, whether the new Order is at a price that is lower than, higher than or equal to the prior Reference Price. If a Market Maker Peg Order is repriced 1,000 times, it will be cancelled.

Notwithstanding the availability of Market Maker Peg Order functionality, a Market Maker remains responsible for entering, monitoring, and resubmitting, as applicable, quotations that meet the requirements of Rule 3213.

(B) The following Order Attributes may be assigned to a Market Maker Peg Order:

- Price. As discussed above, the displayed price of Market Maker Peg Order is established by the PSX Market Center based on the Reference Price, the Designated Percentage (or a narrower offset established by the Market Maker), the Defined Limit, and the 4% minimum difference from the Reference Price.
- Size.
- A Time-in-Force other than IOC or GTC.
- Participation in the PSX Opening Cross and/or the PSX Closing Cross.
- If the Market Maker designates a more aggressive offset than the Designated Percentage, Primary Pegging is required.
- Attribution. All Market Maker Peg Orders are Attributable.
- Display. Market Marker Peg Orders are always Displayed.

### **3301B. Order Attributes.**

As described in Rule 3301A, the following Order Attributes may be assigned to those Order Types for which they are available.

(a) – (c) No change.

(d) Pegging. Pegging is an Order Attribute that allows an Order to have its price automatically set with reference to the NBBO; provided, however, that if PSX is the sole

market center at the Best Bid or Best Offer (as applicable), then the price of any Displayed Order with Primary Pegging (as defined below) will be set with reference to the highest bid or lowest offer disseminated by a market center other than PSX. An Order with a Pegging Order Attribute may be referred to as a “Pegged Order.” For purposes of this rule, the price to which an Order is pegged will be referred to as the Inside Quotation, the Inside Bid, or the Inside Offer, as appropriate. There are three varieties of Pegging:

- Primary Pegging means Pegging with reference to the Inside Quotation on the same side of the market. For example, if the Inside Bid was \$11, an Order to buy with Primary Pegging would be priced at \$11.
- Market Pegging means Pegging with reference to the Inside Quotation on the opposite side of the market. For example, if the Inside Offer was \$11.06, an Order to buy with Market Pegging would be priced at \$11.06.
- Midpoint Pegging means Pegging with reference to the midpoint between the Inside Bid and the Inside Offer (the “Midpoint”). Thus, if the Inside Bid was \$11 and the Inside Offer was \$11.06, an Order with Midpoint Pegging would be priced at \$11.03. An Order with Midpoint Pegging is not displayed. An Order with Midpoint Pegging may be executed in sub-pennies if necessary to obtain a midpoint price.

Pegging is available only during Market Hours. An Order with Pegging may specify a limit price beyond which they Order may not be executed; provided, however, that if an Order has been assigned a Pegging Order Attribute and a Discretion Order Attribute, the Order may execute at any price within the discretionary price range, even if beyond the limit price specified with respect to the Pegging Order Attribute. If an Order with Pegging is priced at its limit price, the price of the Order may nevertheless be changed to a less aggressive price based on changes to the Inside Quotation. In addition, an Order with Primary Pegging or Market Pegging may specify an Offset Amount, such that the price of the Order will vary from the Inside Quotation by the selected Offset Amount. The Offset Amount may be either aggressive or passive. Thus, for example, if a Participant entered an Order to buy with Primary Pegging and a passive Offset Amount of \$0.05 and the Inside Bid was \$11, the Order would be priced at \$10.95. If the Participant selected an aggressive Offset Amount of \$0.02, however, the Order would be priced at \$11.02. An Order with Primary Pegging and an Offset Amount will not be Displayed, unless the Order is Attributable. An Order with Midpoint Pegging will not be Displayed. An Order with Market Pegging and no Offset behaves as a “market order” with respect to any liquidity on the PSX Book at the Inside Quotation on the opposite side of the market because it is immediately executable at that price. If, at the time of entry, there is no price to which a Pegged Order can be pegged, the Order will be rejected; provided, however, that a Displayed Order that has Market Pegging, or an Order with a Non-Display Attribute that has Primary Pegging or Market Pegging, will be accepted at its limit price. In the case of an Order with Midpoint Pegging, if the Inside Bid and Inside Offer are locked, the Order will be priced at the locking price, if the Inside Bid and Inside Offer are crossed, the Order will nevertheless be priced at the midpoint between the Inside Bid and Inside Offer, and if there is no Inside Bid and/or Inside Offer,

the Order will be rejected. However, even if the Inside Bid and Inside Offer are locked or crossed, an Order with Midpoint Pegging that locked or crossed an Order on the PSX Book would execute.”

Primary Pegging and Market Pegging are available through RASH and FIX only. An Order entered through OUCH or FLITE with Midpoint Pegging will have its price set upon initial entry to the Midpoint, unless the Order has a limit price that is lower than the Midpoint for an Order to buy (higher than the Midpoint for an Order to sell), in which case the Order will be ranked on the PSX Book at its limit price. Thereafter, if the NBBO changes so that the Midpoint is lower than (higher than) the price of an Order to buy (sell), the Pegged Order will be cancelled back to the Participant.

An Order entered through RASH or FIX with Pegging will have its price set upon initial entry and will thereafter have its price reset in accordance with changes to the relevant Inside Quotation. An Order with Pegging receives a new timestamp whenever its price is updated and therefore will be evaluated with respect to possible execution (and routing, if it has been assigned a Routing Order Attribute) in the same manner as a newly entered Order. If the price to which an Order is pegged is not available, the Order will be rejected.

If an Order with Primary Pegging is updated 1,000 times, it will be cancelled; if an Order with [other forms of] Market Pegging is updated 10,000 times, it will be cancelled.

(e) – (k) No change.

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