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April 9, 2018

Brent J. Fields  
Secretary  
U.S. Securities and Exchange Commission  
100 F Street, NE  
Washington, DC 20549-1090

Re: SR-Phlx-2018-14, Partial Amendment No. 2

Dear Mr. Fields:

Nasdaq PHLX LLC filed the above-referenced partial amendment on April 9, 2018.

Sincerely,

A handwritten signature in black ink, appearing to read 'Angela S. Dunn', written in a cursive style.

Angela S. Dunn

*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

<input type="checkbox"/> Initial *	<input checked="" type="checkbox"/> Amendment *	<input type="checkbox"/> Withdrawal	<input checked="" type="checkbox"/> Section 19(b)(2) *	<input type="checkbox"/> Section 19(b)(3)(A) *	<input type="checkbox"/> Section 19(b)(3)(B) *
			Rule		
<input type="checkbox"/> Pilot	<input type="checkbox"/> Extension of Time Period for Commission Action *	<input type="text" value=""/> Date Expires *	<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 <input type="checkbox"/> Section 806(e)(1) * <input type="checkbox"/> Section 806(e)(2) *	Security-Based Swap Submission pursuant to the Securities Exchange Act of 1934 <input type="checkbox"/> Section 3C(b)(2) *
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Exhibit 2 Sent As Paper Document <input type="checkbox"/>	Exhibit 3 Sent As Paper Document <input type="checkbox"/>
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**Description**

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

Proposal to adopt new order type protections, Butterfly and Box Spread protections, for Complex Order strategy trades.

**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 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 \***

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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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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.

**Partial Amendment No. 2 to SR-Phlx-2018-14**

On February 9, 2018, Nasdaq PHLX LLC (“Phlx” or “Exchange”) filed with the Securities and Exchange Commission (“SEC” or “Commission”), pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 (“Act” or “Exchange Act”)<sup>1</sup> and Rule 19b4 thereunder,<sup>2</sup> a proposed rule change to adopt new order type protections, Butterfly and Box Spread protections, for Complex Order<sup>3</sup> strategy trades. An Amendment No. 1 was filed on February 21, 2018. The proposed rule change was published for comment in the Federal Register on March 1, 2018.<sup>4</sup> The Commission received no comment letters on the proposed rule change.

With this Partial Amendment No. 2, the Exchange is amending Exhibit 5 to make clear at Rule 1098(i)(i) that a Butterfly Spread, including an order being auctioned instead of simply the word “auction,” and auction response, that is priced higher than the Maximum Value or lower than the Minimum Value will be cancelled. Also, in that same paragraph, the Exchange is replacing the words “Complex Market Order” with “Butterfly Spread entered as a Market Order.”

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

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

<sup>3</sup> A Complex Order is an order involving the simultaneous purchase and/or sale of two or more different options series in the same underlying security, priced as a net debit or credit based on the relative prices of the individual components, for the same account, for the purpose of executing a particular investment strategy. See Phlx Rule 1098(a)(i).

<sup>4</sup> See Securities Exchange Act Release No. 82766 (February 23, 2018), 83 FR 8914.

The Exchange is amending Exhibit 5 at Rule 1098(i)(i)(a) to amend the current initial sentence which states, “The Initial Maximum Value is the distance between the leg with the mid-point strike and either of the outer leg strike prices.” The Exchange proposes to reword this sentence to add greater clarity so that “The Initial Maximum Value is the distance between the strike price of the leg with the mid-point strike and either of the outer leg strike prices.”

The Exchange proposes similar changes to Rule 1098(j)(i) related to Box Spreads. The Exchange similarly proposes to amend Rule 1098(j)(i) to state, “A Box Spread including an order being auctioned and auction responses, that is priced higher than the Maximum Value or lower than the Minimum Value will be cancelled. A Box Spread entered as a Market Order will be accepted but will be restricted from trading at a price higher than the Maximum Value or lower than the Minimum Value.” Finally, the Exchange proposes to remove the word “spread” in Rule 1098(j)(i)(b) as unnecessary. The first sentence would read, “The Initial Minimum Value is zero.”

The Exchange believes that these amendments, while non-substantive, will bring greater clarity to the rule text.

**EXHIBIT 5**

Exhibit 5 shows the changes proposed in this Partial Amendment No. 2, with the proposed changes in the original filing shown as if adopted. Proposed additions in this Partial Amendment No. 2 appear underlined; proposed deletions appear in brackets.

**Nasdaq PHLX Rules**

\* \* \* \* \*

**Rule 1098. Complex Orders on the System**

(a) – (h) No change.

(i) Butterfly Spread Protection. The Butterfly Spread Protection will apply to a butterfly spread. A butterfly spread is a three legged Complex Order with the following: (1) two legs to buy (sell) the same number of calls (puts); (2) one leg to sell (buy) twice the number of calls (puts) with a strike price at mid-point of the two legs to buy (sell); (3) all legs have the same expiration; and (4) each leg strike price is equidistant from the next sequential strike price.

(i) A [Complex Order]Butterfly Spread[,] including an order being auctioned and auction responses, that is priced higher than the Maximum Value or lower than the Minimum Value will be cancelled. A Butterfly Spread entered as a [Complex] Market Order will be accepted but will be restricted from trading at a price higher than the Maximum Value or lower than the Minimum Value.

(a) The Initial Maximum Value is the distance between the strike price of the leg with the mid-point strike [price] and either of the outer leg strike prices. The Maximum Value Buffer is the lesser of a configurable absolute dollar value or percentage of the Initial Maximum Value set by the Exchange and announced via a notice to members. The Maximum Value is calculated by adding the Initial Maximum Value and Maximum Value Buffer.

(b) The Initial Minimum Value is zero. The Minimum Value Buffer is a configurable absolute dollar value set by the Exchange and announced via a notice to members. The Minimum Value is calculated by subtracting the Minimum Value Buffer from the Initial Minimum Value of zero.

(ii) The Butterfly Spread Protection applies throughout the trading day, including pre-market, during the Opening Process and during Halts.

(j) Box Spread Protection. The Box Spread Protection will apply to a box spread. A box spread is a four legged Complex Order with the following: (1) one pair of legs with the same strike price with one leg to buy a call (put) and one leg to sell a put (call); (2) a second pair of legs with a different strike price from the pair described in (1) with one leg

to sell a call (put) and one leg to buy a put (call); (3) all legs have the same expiration; and (4) all legs have equal volume.

(i) A [Complex Order] Box Spread[,] including an order being auctioned and auction responses, that is priced higher than the Maximum Value or lower than the Minimum Value will be cancelled. A Box Spread entered as a [Complex]Market Order will be accepted but will be restricted from trading at a price higher than the Maximum Value or lower than the Minimum Value.

(a) The Initial Maximum Value is the distance between the strike prices of each pair of leg strike prices. The Maximum Value Buffer is the lesser of a configurable absolute dollar value or percentage of the Initial Maximum value set by the Exchange and announced via a notice to members. The Maximum Value is calculated by adding the Initial Maximum Value and Maximum Value Buffer.

(b) The Initial Minimum Value [spread] is zero. The Minimum Value Buffer is a configurable absolute dollar value set by the Exchange and announced via a notice to members. The Minimum Value is calculated by subtracting the Minimum Value Buffer from the Initial Minimum Value of zero.

(ii) The Box Spread Protection applies throughout the trading day, including pre-market, during the Opening Process and during Halts.

\* \* \* \* \*