

SECURITIES AND EXCHANGE COMMISSION
(Release No. 34-64284; File No. SR-Phlx-2011-48)

April 8, 2011

Self-Regulatory Organizations; NASDAQ OMX PHLX LLC; Notice of Filing and Immediate Effectiveness of Proposed Rule Change to Update Provisions Regarding the Dress Code and Trade Verification

Pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 ("Act")¹, and Rule 19b-4² thereunder, notice is hereby given that on April 6, 2011, NASDAQ OMX 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 is filing with the Commission a proposal to amend Phlx Rule 1054 (Verification of Contracts and Reconciliation of Uncompared Trades) and Regulation 6 (Dress) of Rule 60 (Order and Decorum Code)³ to delete obsolete provisions and update and modernize these sections.

¹ 15 U.S.C. 78s(b)(1).

² 17 CFR 240.19b-4.

³ The Exchange's Order and Decorum regulations are part of the Exchange's Options Floor Procedure Advices ("OFPAs" or Advices"), which may correspond to Exchange rules, and contain the Exchange's minor rule plan ("MRP" or "Minor Rule Plan") in respect of options trading. The Minor Rule Plan consists of Advices with preset fines, pursuant to Rule 19d-1(c) under the Act. 17 CFR 240.19d-1(c). The Exchange is not, by this filing, amending the fine schedule for Regulation 6 in OFPA.

The text of the proposed rule change is available on the Exchange's website at <http://nasdaqomxphlx.cchwallstreet.com/NASDAQOMXPHLX/Filings/>, 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 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

The purpose of the proposed rule change is to amend Rule 1054 and Regulation 6 to delete obsolete provisions and update and modernize these sections.

The Exchange's Order and Decorum regulations pursuant to Rule 60 of the Option Floor Procedure Advices,⁴ with corresponding fine schedules, were originally codified in 1989.⁵ The dress code in Regulation 6 of Rule 60 in OFPA, which indicates dress norms for individuals on the options floor (the "Dress Code") was omitted

Similarly to OFPAs, the Exchange also has Equity Floor Procedure Advices ("EFPAs") in respect of equity trading, which are not amended by this filing.

⁴ Order and Decorum regulations relate to administration of health, safety, welfare and general order and decorum on the Exchange.

⁵ See Securities Exchange Act Release No. 27072 (August 8, 1989), 54 FR 32550(SR-Phlx-89-41)(notice of filing and immediate effectiveness).

inadvertently in the 1989 filing and was added the year thereafter.⁶ The last proposal in 2007 to amend the Dress Code adopted a business casual code and indicated what business attire was deemed acceptable on the trading floor.⁷

The Exchange does not propose by this filing to eliminate its Regulation 6. Rather, in light of the Exchange options market combining on-floor auction trading with

⁶ See Securities Exchange Act Release No. 28499 (October 10, 1990), 55 FR 41290 (SR-Phlx-90-29)(approval order).

⁷ See Securities Exchange Act Release No. 55492 (March 20, 2007), 72 FR 14321 (March 27, 2007)(SR-Phlx-2006-61)(notice of filing).

Regulation 6 currently states:

Acceptable Business Casual Dress (Men): • Casual slacks (*i.e.* khakis, dockers, corduroy fabric). • Ties are optional, but must be neat, clean, and properly tied. If a tie is torn or frayed, you will be asked to remove it.

• Traditional collared shirts, polo shirts, golf shirts (shirts may be long or short sleeved). Shirts must be neat and clean. All shirts must be tucked in. Shirts must be buttoned at least to the second button from the top. • Dress shoes, casual shoes, loafers, athletic shoes and boots (note: pant legs may not be tucked into boots). All shoes must be neat and clean. • Traditional business attire is always acceptable. Blazers may be worn in lieu of trading jackets. • Trading jackets or blazers must be worn at all times on the trading floor. Identification badges must be properly displayed at chest level. • Sweaters worn over a collared shirt, turtlenecks worn under a collared shirt.

Acceptable Business Casual Dress (Women): • Dresses or casual slacks (*i.e.* khakis, dockers, corduroy fabric). • Shirts, sweaters, shells, turtlenecks, blouses, polo shirts, golf shirts (long or short sleeved). • Dress shoes, casual shoes, loafers, athletic shoes and boots (note: pant legs may not be tucked into boots). All shoes must be neat and clean.

Inappropriate Casual Dress (Men & Women): • Denim clothing of any kind (*i.e.* pants, skirts, dresses, shirts, vests, blouses). • Sweat shirts, sweat pants, other sweat apparel of any kind and sport jerseys. • Shorts, gym shorts, skorts, culottes, beach wear, workout attire or miniskirts. • T-shirts of any kind. • Stirrup pants or other excessively tight or revealing clothing (*i.e.* bike shorts, leggings, sheer blouses, stretch pants). • Tank tops, halter tops, tube tops, tops with spaghetti straps, backless tops, crop tops (note: no bare midriffs). • Clothing with any inappropriate, or oversized logos (cartoon logos, oversized sports logos or inappropriately suggestive logos). • Slippers, sandals of any kind or open toed shoes. • Military fatigues, cargo pants, surgical scrubs, bib overalls. • Clothing which is torn, soiled or in need of repair. • Clothing and/or accessories which disrupt business operations or which draw excessive attention to an employee • Hats or headgear unless worn for religious purposes.

an extensive electronic market, the Exchange proposes to eliminate the specifics of the Dress Code from Regulation 6 and set forth a procedure whereby the Exchange will communicate the specifics of the Dress Code to members⁸ and post them on the options floor. The Exchange believes that in this way it would be able to address obsolete or unused Dress Code requirements⁹ and most efficiently address any needed changes and updates, subject to notification of Exchange members regarding such requirements.

Specifically, the Exchange proposes to amend Regulation 6 to indicate that the Dress Code outlining acceptable and unacceptable dress for members and their staff, as well as any changes to the Dress Code, will be communicated to members by the Exchange in writing.¹⁰ In addition, to further provide notification to on-floor traders, the Dress Code will be posted on the options trading floor of the Exchange. Moreover, to make sure that members have proper notification regarding changes, the Exchange proposes that changes to the Dress Code will only be effective three business days after such changes are communicated to Exchange members. By communicating guidelines as needed regarding acceptable apparel while on the trading floor, the Exchange intends to encourage the membership (and their associated persons) to comply with the Dress Code requirements.

⁸ This includes, per current use, members, member organizations, participants, and participant organizations. As such, the Exchange is deleting obsolete or unused references to Floor Manager, Post Supervisor, and Firm Representative from Regulation 6.

⁹ As an example, the current Dress Code discusses items that are essentially out of use such as skorts and culottes.

¹⁰ The Exchange intends to communicate the Dress Code to members within one week of the date of effectiveness of this proposal.

Rule 1054 regarding the procedure for verification and reconciliation of options trades has been in existence for more than thirty years.¹¹ During that time the rule has seen little substantive (material) modification.¹² As such, the rule still has obsolete legacy language discussing the printing and distribution of carbon copy trade contracts. The Exchange therefore proposes to eliminate reference to obsolete or unused language in Rule 1054, particularly in light of having both on-floor and electronic markets, while preserving most of the rule.

Specifically, after eliminating reference to carbon copy trade contracts, the Exchange proposes to state that a member organization which is a clearing member of the Options Clearing Corporation shall be obligated to compare all trades made through or on behalf of such member as soon as possible after such trades are made or after receiving notification thereof. In addition, as currently required by the rule, such member would

¹¹ Rule 1054 was formerly known as Rule 1074. See Securities Exchange Act Release No. 13591 (June 2, 1977)(SR-PBW-76-10)(approval order regarding, among things, renumbering Rule 1074 as 1054).

Rule 1054 states: At the time of execution, a carbon copy trade contract will be printed and distributed by the Exchange to the respective purchasing and selling members. Promptly upon receipt of such contract, a member organization which is a clearing member of the Options Clearing Corporation shall be obligated to verify the information shown on the contract, to reconcile all uncomparing trades and advisory trades shown on the uncomparing trade contract and to report all reconciliations, corrections and adjustments to the Exchange in accordance with such procedures as may be established by the Exchange from time to time. Such reconciliation report shall be filed with the Exchange prior to such cut-off hour as the Exchange may prescribe and shall be binding on the clearing member on whose behalf it is filed. The Exchange will consider all trades as executed and compared as of such cut-off hour.

¹² The last modification of the rule, as an example, was for the purpose of deleting Commentary .01 to Rule 1054 relating to use of certain technology for the trading of Dell options. See Securities Exchange Act Release No. 42143 (November 16, 1999), 64 FR 66224(SR-Phlx-99-22)(November 24, 1999)(notice of filing and immediate effectiveness).

have to reconcile all uncomparred trades and advisory trades and report all reconciliations, corrections and adjustments to the Exchange in accordance with such procedures as may be established by the Exchange from time to time. The current rule requirement that such reconciliation report shall be filed with the Exchange prior to such cut-off hour as the Exchange may prescribe and shall be binding on the clearing member on whose behalf it is filed is not changed.

The Exchange believes that the proposed Rule 1054 changes not only deletes obsolete provisions and updates the rule but also brings the rule into conformity with current options trading practices.

2. Statutory Basis

The Exchange believes that its proposal is consistent with Section 6(b) of the Act¹³ in general, and furthers the objectives of Section 6(b)(5) of the Act¹⁴ in particular, in that it is designed to prevent fraudulent and manipulative acts and practices, to promote just and equitable principles of trade, to foster cooperation and coordination with persons engaged in facilitating transactions in securities, and to remove impediments to and perfect the mechanisms of a free and open market and a national market system, by deleting obsolete provisions and updating and modernizing its Regulation 6 regarding the Exchange's Dress Code and Rule 1054 regarding verification and reconciliation of options trades.

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

¹³ 15 U.S.C. 78f(b).

¹⁴ 15 U.S.C. 78f(b)(5).

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.

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

The Exchange believes that the foregoing proposed rule change may take effect upon filing with the Commission pursuant to Section 19(b)(3)(A)¹⁵ of the Act and Rule 19b-4(f)(6)(iii) thereunder¹⁶ 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.

At any time within 60 days of the filing of such 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

¹⁵ 15 U.S.C. 78s(b)(3)(A).

¹⁶ 17 CFR 240.19b-4(f)(6)(iii). 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. Please include File Number SR-Phlx-2011-48 on the subject line.

Paper comments:

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

All submissions should refer to File Number SR-Phlx-2011-48. 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 website

(<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. 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-2011-48 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.¹⁷

Cathy Ahn
Deputy Secretary

¹⁷ 17 CFR 200.30-3(a)(12).