

SECURITIES AND EXCHANGE COMMISSION  
(Release No. 34-64891; File No. SR-Phlx-2011-98)

July 14, 2011

Self-Regulatory Organizations; NASDAQ OMX PHLX LLC; Notice of Filing and Immediate Effectiveness of a Proposed Rule Change to Correct a Typographical Error in Rule 1020

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 6, 2011, NASDAQ OMX PHLX LLC (“Phlx” or “Exchange”) filed with the Securities and Exchange Commission (“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 Exchange Rule 1020 (Registration and Function of Options Specialists) to correct a typographical error.

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, on the Commission’s website at <http://www.sec.gov>, 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

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

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

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 this proposal is to correct a typographical error in subsection (a)(v)(B) of Rule 1020. On June 1, 2011, the Exchange filed an immediately effective proposal regarding Remote Specialists (the “Remote Specialist filing”) that expanded the Remote Specialist concept.<sup>3</sup> By the Remote Specialist filing, the Exchange enhanced the existing Remote Specialist<sup>4</sup> model so that all eligible ROTs<sup>5</sup> on the Exchange could function as Remote Specialists; and eliminated the requirement that an option may only be allocated to an RSQT<sup>6</sup> acting as a Remote Specialist if an option cannot be allocated to (or retained by) an on-floor specialist. The Exchange confirmed that all of the key principles would remain applicable to Remote Specialists: (a) Remote Specialists would be subject to all of the obligations and privileges of floor-based specialists unless otherwise noted in Exchange rules; (b) Remote

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<sup>3</sup> See Securities Exchange Act Release No. 64591 (June 2, 2011), 76 FR 33383 (June 8, 2011) (SR-Phlx-2011-79) (notice of filing and immediate effectiveness). The rule text proposed in this filing reflects language changes made in SR-Phlx-2011-79, which became operative on or about July 2, 2011.

<sup>4</sup> A Remote Specialist is an options specialist in one or more classes that does not have a physical presence on an Exchange floor and is approved by the Exchange pursuant to Rule 501. A Remote Specialist has all the rights and obligations of an options specialist, unless Exchange rules provide otherwise. See Rule 1020.

<sup>5</sup> An ROT is a regular member or a foreign currency options participant of the Exchange located on the trading floor who has received permission from the Exchange to trade in options for his own account. See Rule 1014(b)(i).

<sup>6</sup> An RSQT is an ROT that is a member or member organization with no physical trading floor presence who has received permission from the Exchange to generate and submit option quotations electronically in options to which such RSQT has been assigned. An RSQT may only submit such quotations electronically from off the floor of the Exchange. See Rule 1014(b)(ii)(B).

Specialists and on-floor specialists would have equivalent quoting requirements; and (c) RSQTs approved to act as Remote Specialists would have heightened quoting obligations when acting as Remote Specialists in contrast to when acting as RSQTs. The Exchange also established in subsection (a)(v) of Rule 1020 that Remote Specialists may have a representative known as a "Designee" on the trading floor of the Exchange during trading hours that may represent the specialist in open outcry trades in a trading crowd.

There is a typographical error in new subsection (a)(v)(B) of Rule 1020 as established in the Remote Specialist filing whereby a Registered Options Trader is inadvertently referred to as a "registered Remote Options Trader." The Exchange is hereby correcting the error by deleting the word "Remote" so that the reference in subsection (a)(v)(B) would be to Registered Options Trader. The Exchange notes that the proposed change is wholly in conformity with the types of traders (market makers) on the Exchange. That is, unlike Registered Options Traders, which are defined in Exchange Rules and the Remote Specialist filing, there is no defined category of traders on the Exchange known as registered Remote Options Traders. Moreover, the term Registered Options Trader is used elsewhere in Rule 1020 as well as throughout Exchange rules, whereas the term registered Remote Options Trader is used only once in error.

The Exchange believes that it is clear from the context of Rule 1020, Exchange Rules in general, and the Remote Specialist filing that the Exchange intended to refer to Registered Options Trader in Rule 1020. The Exchange therefore now corrects the noted typographical error by referring in subsection (a)(v)(B) of Rule 1020 to Registered Options Trader.

## 2. Statutory Basis

The Exchange believes that its proposal is consistent with Section 6(b) of the Act<sup>7</sup> in

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

general, and furthers the objectives of Section 6(b)(5) of the Act<sup>8</sup> 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 correcting an inadvertent error in subsection (a)(v)(B) of Rule 1020 regarding the term Registered Options Trader.

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.

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

Pursuant to Section 19(b)(3)(A) of the Act<sup>9</sup> and Rule 19b-4(f)(3) thereunder,<sup>10</sup> Phlx has designated this proposal as one that is concerned solely with the administration of the self-regulatory organization. Accordingly, the Exchange believes that this proposal is immediately effective and operative upon filing.

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: (i) necessary or appropriate in the public interest; (ii) for the protection of investors; or (iii) otherwise in furtherance of the purposes of the Act. If the Commission takes such action,

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

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

<sup>10</sup> 17 CFR 240.19b-4(f)(3).

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-2011-98 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-2011-98. 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, 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 such 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 No. SR-Phlx-2011-98 and should be submitted on or before [insert date 21 days from date of publication in the Federal Register].

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

Cathy H. Ahn  
Deputy Secretary

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