

SECURITIES AND EXCHANGE COMMISSION
(Release No. 34-78192; File No. SR-Phlx-2016-72)

June 29, 2016

Self-Regulatory Organizations; NASDAQ PHLX LLC; Notice of Filing and Immediate Effectiveness of Proposed Rule Change Relating to Detection of Loss of Connection

Pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 (“Act”)¹, and Rule 19b-4 thereunder,² notice is hereby given that on June 15, 2016, NASDAQ PHLX LLC (“Phlx” or “Exchange”) filed with the Securities and Exchange Commission (“SEC” or “Commission”) the proposed rule change as described in Items I and II, 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 proposes to amend Phlx Rule 1019, entitled “Acceptance of Bid or Offer” to adopt functionality which is designed to assist Phlx members and member organizations (hereinafter “member(s)”) in the event that they lose communication with their assigned Financial Information eXchange (“FIX”)³ or Specialized Quote Feed (“SQF”)⁴ Ports due to a loss of connectivity.

¹ 15 U.S.C. 78s(b)(1).

² 17 CFR 240.19b-4.

³ FIX permits the entry of orders.

⁴ SQF permits the transmission of quotes to the Exchange by a Market Maker using its Client Application. SQF Auction Responses would not be cancelled pursuant to this Rule 1019 because other rules govern auction specific responses. Market Sweeps would not be cancelled pursuant to this Rule 1019 because these type of orders are Immediate or Cancel (“IOC”).

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

Phlx proposes to amend Rule 1019 entitled "Acceptance of Bid or Offer" to adopt a new section "c" entitled "Detection of Loss of Connection," a new automated process which Phlx proposes to adopt for its SQF⁵ and FIX Ports in the event that they lose communication with a Client Application due to a loss of connectivity. This feature is designed to protect Market Makers⁶ and other market participants from inadvertent exposure to excessive risk.

⁵ Today, SQF has capability to cancel quotes for technical disconnects, although there is no automated process triggered by pre-set conditions. The rule change would adopt a formalized process to automatically cancel quotes when there is a loss of communication with the member's Client Application.

⁶ Phlx Market Makers include Specialists and Registered Options Traders or "ROTs." A Specialist is an Exchange member who is registered as an options specialist. See Phlx Rule 1020(a). An ROT is defined in Exchange Rule 1014(b) as 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 Exchange Rule 1014 (b)(i) and (ii). A ROT includes a Streaming Quote Trader or "SQT," a Remote Streaming Quote Trader or "RSQT" and a Non-SQT, which by

By way of background, Phlx members currently enter quotes and orders utilizing either an SQF or FIX Port. SQF is utilized by Phlx Market Makers and FIX is utilized by all market participants. These ports are trading system components through which a member communicates its quotes and/or orders to the Phlx match engine through the member's Client Application. Under the proposed rule change, an SQF Port would be defined as the Exchange's system component through which members communicate their quotes from the member's Client Application at proposed Rule 1019(c)(i)(B). A FIX Port would be defined as the Exchange's system component through which members communicate their orders from the member's Client Application at proposed Rule 1019(c)(i)(C). Market Makers may submit quotes to the Exchange from one or more SQF Ports. Similarly, market participants may submit orders to the Exchange from one or more FIX Ports. The proposed cancellation feature will be mandatory for each Market Maker utilizing SQF for the removal of quotes and optional for any market participant utilizing FIX for the removal of orders.

When the SQF Port detects the loss of communication with a member's Client Application because the Exchange's server does not receive a Heartbeat message⁷ for a certain period of time (a period of "nn" seconds), the Exchange will automatically logoff the member's affected Client Application and automatically cancel all of the member's open quotes. Quotes will be cancelled across all Client Applications that are associated with the same Specialist or Registered Options Trader (collectively "Market Maker") ID and underlying issues.

The Exchange proposes to define "Client Application" as the system component of the member through which the Exchange member or member organization communicates its quotes

definition is neither a SQT nor a RSQT. For purposes of this filing, Specialists and ROTs shall be defined broadly as "Market Makers."

⁷ It is important to note that the Exchange separately sends a connectivity message to the member as evidence of connectivity.

and orders to the Exchange at proposed Rule 1019(c)(i)(D). The Exchange proposes to define a “Heartbeat” message as a communication which acts as a virtual pulse between the SQF or FIX Port and the Client Application at proposed Rule 1019(c)(i)(A). The Heartbeat message sent by the member and subsequently received by the Exchange allows the SQF or FIX Port to continually monitor its connection with the member.

SQF Ports

The Exchange’s system has a default time period, which will trigger a disconnect from the Exchange and remove quotes, set to fifteen (15) seconds for SQF Ports. A member may change the default period of “nn” seconds of no technical connectivity to trigger a disconnect from the Exchange and remove quotes to a number between one hundred (100) milliseconds and 99,999 milliseconds for SQF Ports prior to each session of connectivity to the Exchange. This feature is enabled for each Market Maker and may not be disabled.

There are two ways to change the number of “nn” seconds: (1) systemically or (2) by contacting the Exchange’s operations staff. If the member systemically changes the default number of “nn” seconds, that new setting shall be in effect throughout the current session of connectivity⁸ and will then default back to fifteen seconds.⁹ The member may change the default setting systemically prior to each session of connectivity. The member may also communicate the time to the Exchange by calling the Exchange’s operations staff. If the time period is communicated to the Exchange by calling Exchange operations, the number of “nn” seconds

⁸ Each time the member connects to the Exchange’s system is a new period of connectivity. For example, if the member were to connect and then disconnect within a trading day several times, each time the member disconnected the next session would be a new session of connectivity.

⁹ The Exchange’s system would capture the new setting information that was changed by the member and utilize the amended setting for that particular session. The setting would not persist beyond the current session of connectivity and the setting would default back to 15 seconds for the next session if the member did not change the setting again.

selected by the member shall persist for each subsequent session of connectivity until the member either contacts Exchange operations and changes the setting or the member systemically selects another time period prior to the next session of connectivity.

FIX Ports

The Exchange's system has a default time period, which will trigger a disconnect from the Exchange and remove orders, set to thirty (30) seconds for FIX Ports. The Phlx member may disable the removal of orders feature but not the disconnect feature. If the Phlx member elects to have its orders removed, in addition to the disconnect, the Phlx member may determine a time period of no technical connectivity to trigger the disconnect and removal of orders between one hundred (100) milliseconds and 99,999 milliseconds [sic].

There are two ways to change the number of "nn" seconds: (1) systemically or (2) by contacting the Exchange's operations staff. If the member systemically changes the default number of "nn" seconds, that new setting shall be in effect throughout that session of connectivity and will then default back to thirty seconds at the end of that session. The member may change the default setting systemically prior to each session of connectivity. The member may also communicate the time to the Exchange by calling the Exchange's operations staff. If the time period is communicated to the Exchange by calling Exchange operations, the number of "nn" seconds selected by the member shall persist for each subsequent session of connectivity until the member either contacts Exchange operations and changes the setting or the member systemically selects another time period prior to the next session of connectivity.

Similar to SQF Ports, when a FIX Port detects the loss of communication with a member's Client Application for a certain time period (a period of "nn" seconds), the Exchange will automatically logoff the member's affected Client Application and if elected, automatically

cancel all open orders. The member may have an order which has routed away prior to the cancellation, in the event that the order returns to the Order Book, because it was either not filled or partially filled, that order will be subsequently cancelled.

The disconnect feature is mandatory for FIX users however the user has the ability to elect to also enable a removal feature, which will cancel all open orders submitted through that FIX Port. If the removal of orders feature is not enabled, the system will simply disconnect the FIX user and not cancel any orders. The FIX user would have to commence a new session to add, modify or cancel its orders once disconnected. The Exchange will issue an Options Trader Alert advising members on the manner in which they should communicate the number of “nm” seconds to the Exchange for SQF and FIX Ports.

The trigger for the SQF and FIX Ports is event and Client Application specific. The automatic cancellation of the Market Maker’s quotes for SQF Ports and open orders, if elected by the member for FIX Ports, entered into the respective SQF or FIX Ports via a particular Client Application will neither impact nor determine the treatment of the quotes of other Market Makers entered into SQF Ports or orders of the same or other members entered into the FIX Ports via a separate and distinct Client Application. In other words, with respect to quotes, each Market Maker only maintains one quote in a given option in the order book. A new quote would replace the existing quote. Orders on the other hand do not replace each other in the order book as multiple orders may exist in a given option at once. Therefore the difference in the impact as between Market Makers submitting quotes and members submitting orders is that quotes may continue to be submitted and/or refreshed by unaffected Market Makers because these market participants are cancelled based on ID when an SQF Port disconnects, whereas all of the open

orders submitted by a given firm will be impacted when a FIX port disconnects, if the firm elected to have orders cancelled.

2. Statutory Basis

The Exchange believes that its proposal is consistent with Section 6(b) of the Act¹⁰ in general, and furthers the objectives of Section 6(b)(5) of the Act¹¹ in particular, in that it is designed to promote just and equitable principles of trade, to remove impediments to and perfect the mechanism of a free and open market and a national market system, and, in general to protect investors and the public interest, by imposing this mandatory removal functionality on Market Makers to prevent disruption in the marketplace and also offering this removal feature to other market participants.

Market Makers will be required to utilize this removal functionality with respect to SQF Ports. This feature will remove impediments to and perfect the mechanism of a free and open market and a national market system and protect investors and the public interest by requiring Market Makers quotes to be removed in the event of a loss of connectivity with the Exchange's system. Market Makers provide liquidity to the market place and have obligations unlike other market participants.¹² This risk feature is important because it will enable Market Makers to avoid risks associated with inadvertent executions in the event of a loss of connectivity with the Exchange. The proposed rule change is designed to not permit unfair discrimination among market participants, as it would apply uniformly to all Market Makers utilizing SQF.

The disconnect feature of FIX is mandatory, however market participants will have the

¹⁰ 15 U.S.C. 78f(b).

¹¹ 15 U.S.C. 78f(b)(5).

¹² See Rule 1014 titled "Obligations and Restrictions Applicable to Specialists and Registered Options Traders."

option to either enable or disable the cancellation feature, which would result in the cancellation of all orders submitted over a FIX port when such port disconnects. It is appropriate to offer this removal feature as optional to all market participants utilizing FIX, because unlike Market Makers who are required to provide quotes in all products in which they are registered, market participants utilizing FIX do not bear the same magnitude of risk of potential erroneous or unintended executions. In addition, market participants utilizing FIX may desire their orders to remain on the order book despite a technical disconnect, so as not to miss any opportunities for execution of such orders while the FIX session is disconnected.

Utilizing a time period for SQF Ports of fifteen (15) seconds and permitting the Market Maker to modify the setting to between 100 milliseconds and 99,999 milliseconds is consistent with the Act because the Exchange does not desire to trigger unwarranted logoffs of members and therefore allows members the ability to set their time in order to enable the Exchange the authority to disconnect the member with this feature. Each Market Maker has different levels of sensitivity with respect to this disconnect setting and each Market Maker has their own system safeguards as well. A default setting of fifteen (15) seconds is appropriate to capture the needs of all Market Makers and high enough not to trigger unwarranted removal of quotes.

Further, Market Makers are able to customize their setting. The Exchange's proposal to permit a timeframe for SQF Ports between 100 milliseconds and 99,999 milliseconds is consistent with the Act and the protection of investors because the purpose of this feature is to mitigate the risk of potential erroneous or unintended executions associated with a loss in communication with a Client Application. Members are able to better anticipate the appropriate time within which they may require prior to a logoff as compared to the Exchange. The member is being offered a timeframe by the Exchange within which to select the appropriate time. The

Exchange does not desire to trigger unwarranted logoffs of members and therefore permits members to provide an alternative time to the Exchange, within the Exchange's prescribed timeframe, which authorized the Exchange to disconnect the member. The "nn" seconds serve as the member's instruction to the Exchange to act upon the loss of connection and remove quotes from the system. This range will accommodate members in selecting their appropriate times within the prescribed timeframes.

Also, Market Makers have quoting obligations¹³ and are more sensitive to price movements as compared to other market participants. It is consistent with the Act to provide a wider timeframe within which to customize settings for FIX Ports as compared to SQF Ports. Market Makers need to remain vigilant of market conditions and react more quickly to market movements as compared to other members entering orders into the system. The proposal acknowledges this sensitivity borne by Market Makers and reflects the reaction time of Market Makers as compared to members entering orders. Of note, the proposed customized timeframe for FIX would be too long for Market Makers given their quoting requirements and sensitivity to price movements. Market Makers would be severely impacted by a loss of connectivity of more than several seconds. The Market Maker would have exposure during the time period in which they are unable to manage their quote and update that quote. The member is best positioned to determine their setting.

The Exchange's proposal is further consistent with the Act because it will mitigate the risk of potential erroneous or unintended executions associated with a loss in communication with a Client Application which protects investors and the public interest. Also, any interest that

¹³ Id.

is executable against a Market Maker's quotes that is received¹⁴ by the Exchange prior to the trigger of the disconnect to the Client Application, which is processed by the system, automatically executes at the price up to the Market Maker's size. In other words, the system will process the request for cancellation in the order it was received by the system.

The system operates consistently with the firm quote obligations of a broker-dealer pursuant to Rule 602 of Regulation NMS. Specifically, with respect to Market Makers, their obligation to provide continuous two-sided quotes on a daily basis is not diminished by the removal of such quotes triggered by the disconnect. Market Makers are required to provide continuous two-sided quotes on a daily basis.¹⁵ Market Makers will not be relieved of the obligation to provide continuous two-sided quotes on a daily basis, nor will it prohibit the Exchange from taking disciplinary action against a Market Maker for failing to meet the continuous quoting obligation each trading day as a result of disconnects.

Today, BOX Options Exchange LLC offers its market makers a similar feature to the one proposed by the Exchange for the automatic removal of quotes when connectivity issues arise.¹⁶ BOX automatically cancels a market maker's quotes for all appointed classes when BOX loses communication with a market maker's trading host for a specified time period. Phlx also proposes to similarly cancel Market Maker open quotes associated with the same Market Maker ID and underlyings. Phlx proposes to cancel all Market Maker's quotes in options which are assigned to that particular Market Maker. BOX appears to similarly cancel all open quotes in options which are assigned to a specific Market Maker. BOX's timeframe is no less than 1

¹⁴ The time of receipt for an order or quote is the time such message is processed by the Exchange book.

¹⁵ See note 12 above.

¹⁶ See BOX Rule 8140.

second or no greater than 9 seconds. Phlx proposes a default timeframe for SQF Ports of fifteen (15) seconds with the ability to modify this setting with a value between 100 milliseconds and 99,999 milliseconds. The proposal to permit Market Makers to amend the default setting at the beginning of each session of connectivity is consistent with the Act because it avoids unwarranted logoffs of members and provides members the opportunity to set a time, within the prescribed timeframe, to authorize the Exchange to disconnect the member.

Another distinction to note is that while BOX sets the time for the participant, Phlx permits members to modify the default setting for SQF Ports to a more appropriate time within a set of parameters. While BOX does not offer the cancellations of orders, Chicago Board Options Exchange, Incorporated's ("CBOE") does offer its members a similar mechanism to cancel orders. CBOE's proposal is discussed further below.

With respect to FIX Ports, the Exchange will offer this optional removal functionality to all market participants. Offering the removal feature on a voluntary basis to all other non-Market Maker market participants is consistent with the Act because it permits them an opportunity to utilize this risk feature, if desired, and avoid risks associated with inadvertent executions in the event of a loss of connectivity with the Exchange. The removal feature is designed to mitigate the risk of missed and/or unintended executions associated with a loss in communication with a Client Application. The proposed rule change is designed to not permit unfair discrimination among market participants, as this removal feature will be offered uniformly to all Phlx members utilizing FIX.

The Exchange will disconnect members from the Exchange and not cancel its orders if the removal feature is disabled. The disconnect feature is mandatory and will cause the member to be disconnected within the default timeframe or the timeframe otherwise specified by the

member. This feature is consistent with the Act because it enables FIX users the ability to disconnect from the Exchange, assess the situation and make a determination concerning their risk exposure. The Exchange notes that in the event that orders need to be removed, the Phlx market participant may elect to utilize the Kill Switch¹⁷ feature. The Exchange believes that it is consistent with the Act to require other market participants to be disconnected because the participant is otherwise not connected to the Exchange's system and the member simply needs to reconnect to commence submitting and cancelling orders. The Exchange believes requiring a disconnect when a loss of communication is detected is a rational course of action for the Exchange to alert the member of the technical connectivity issue.

The Exchange's proposal to set a default timeframe of thirty (30) seconds and permit a FIX user to modify the timeframe for FIX ports to between 1 second and 30 seconds for the removal of orders is consistent with the Act and the protection of investors because the purpose of this optional feature is to mitigate the risk of potential erroneous or unintended executions associated with a loss in communication with a Client Application. Members selecting the removal feature are able to better anticipate the appropriate time that they require prior to a logoff as compared to the Exchange, within the Exchange's prescribed timeframes. The Exchange does not desire to trigger unwarranted logoffs of members and therefore permits members to provide a time to the Exchange, within the Exchange's prescribed timeframe, to authorize the Exchange to disconnect the member and remove orders. The "nn" seconds serve as the member's instruction to the Exchange to act upon the loss of connection and remove orders from the system. The member is also best positioned to determine that they only desire the disconnect feature, which is mandatory, and do not desire to have their orders removed.

¹⁷ See Phlx Rule 1019(b).

The Exchange's proposal to offer other market participants the removal feature on a voluntary basis is similar to CBOE's Rule.¹⁸ CBOE offers market participants, on a voluntary basis, the ability to cancel orders entered through FIX when a technical disconnect occurs, similar to the Phlx proposal. CBOE's Rule offers members the opportunity to cancel orders within a timeframe determined by the Trading Permit Holder. The default value selected by the CBOE is no less than 5 seconds. The Exchange's default timeframe for the disconnect and removal of orders for FIX is 30 seconds with the ability to modify that timeframe to between 1 second and 30 seconds, on a session by session basis, in contrast to CBOE. Also, in contrast to CBOE, FIX users may choose to enable or disable the cancellation feature when a disconnect occurs. The proposed timeframe for the FIX feature is consistent with the Act because the Exchange seeks to provide its members with the ability to select the amount of time that they desire for a loss of communication prior to taking action to cancel open orders or simply disconnect. The member should have the ability to select the appropriate time, within a prescribed timeframe, for authorizing the Exchange to cancel its open orders or simply disconnect from the Exchange. Inadvertent cancellations may create a greater risk of harm to investors and the member is better positioned to determine the appropriate time, with the prescribed timeframe, to remove orders or disconnect. CBOE's rule also offers members the ability to cancel orders as proposed by Phlx, on a voluntary basis.

The proposed rule change will help maintain a fair and orderly market which promotes efficiency and protects investors. This mandatory removal feature for Market Makers and optional removal for all other market participants will mitigate the risk of potential erroneous or unintended executions associated with a loss in communication with a Client Application.

¹⁸ See CBOE Rule 6.23C.

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. Specifically, the Exchange does not believe the proposed rule change will cause an undue burden on intra-market competition because Market Makers, unlike other market participants, have greater risks in the market place. Quoting across many series in an option creates large principal positions that expose Market Makers, who are required to continuously quote in assigned options, to potentially significant market risk. Providing a broader timeframe for the disconnect and removal of orders for FIX as compared to the removal of quotes for SQF Ports does not create an undue burden on competition. Market Makers have quoting obligations¹⁹ and are more sensitive to price movements as compared to other market participants. The proposal is consistent with the Act because it provides a tighter timeframe for the disconnect and removal of quotes for SQF Ports as compared to the removal of orders for FIX Ports. Market Makers need to remain vigilant of market conditions and react more quickly to market movements as compared to other members entering multiple orders into the system. The proposal reflects this sensitivity borne by Market Makers and reflects the reaction time of Market Makers as compared to other members entering orders. Offering the removal feature to other market participants on an optional basis does not create an undue burden on intra-market competition because unlike Market Makers, other market participants do not bear the same risks of potential erroneous or unintended executions. FIX users have the opportunity to disable the cancellation feature and simply disconnect from the Exchange. FIX users may also set a timeframe that is appropriate for their business. It is appropriate to offer this optional cancellation functionality to other market

¹⁹ See note 12 above.

participants for open orders, because those orders are subject to risks of missed and/or unintended executions due to a lack of connectivity which the participants needs to weigh. Finally, the Exchange does not believe that such change will impose any burden on inter-market competition that is not necessary or appropriate in furtherance of the purposes of the Act. Other options exchanges offer similar functionality.²⁰

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

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, the proposed rule change has become effective pursuant to Section 19(b)(3)(A) of the Act²¹ and Rule 19b-4(f)(6) thereunder.²²

A proposed rule change filed under Rule 19b-4(f)(6) normally does not become operative for 30 days from the date of filing. However, Rule 19b-4(f)(6)(iii)²³ permits the Commission to designate a shorter time if such action is consistent with the protection of investors and the public interest. The Exchange has asked the Commission to waive the 30-day operative delay so that it may immediately offer the proposed risk protection feature. The Commission believes that

²⁰ See BOX’s Rule 8140 and CBOE’s Rule 6.23C.

²¹ 15 U.S.C. 78s(b)(3)(A).

²² 17 CFR 240.19b-4(f)(6). In addition, Rule 19b-4(f)(6) requires a self-regulatory organization to give the Commission written notice of its intention 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.

²³ 17 CFR 240.19b-4(f)(6)(iii).

waiving the 30-day operative delay is consistent with the protection of investors and the public interest. The Exchange proposes to adopt a functionality designed to assist Phlx members with managing certain risks in the event that a member loses communication with their FIX or SQF Ports due to a loss of connectivity. The Commission notes that two other options exchanges currently have similar risk protection functionalities for their members.²⁴ Therefore, the Commission hereby waives the 30-day operative delay and designates the proposal effective upon filing.²⁵ 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 necessary or appropriate in the public interest, for the protection of investors, or otherwise in furtherance of the purposes of the Act. If the 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-2016-72 on the subject line.

²⁴ See BOX Rule 8140 and CBOE Rule 6.23C.

²⁵ For purposes only of waiving the 30-day operative delay, the Commission has also considered the proposed rule's impact on efficiency, competition, and capital formation. See 15 U.S.C. 78c(f).

Paper Comments:

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

All submissions should refer to File Number SR-Phlx-2016-72. 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 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-2016-72 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.²⁶

Robert W. Errett
Deputy Secretary

²⁶ 17 CFR 200.30-3(a)(12).