1. Text of the Proposed Rule Change

(a) Nasdaq Phlx LLC ("Phlx" or "Exchange"), pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 ("Act")[1] and Rule 19b-4 thereunder,[2] is filing with the Securities and Exchange Commission ("SEC" or "Commission") a proposal to amend Options 8, Section 22, Execution of Options Transactions on the Trading Floor, to relocate certain rule text without substantive change to the requirements of Options 8, Section 22. The Exchange also proposes to amend citations in Options 8, Section 30, Crossing, Facilitation and Solicited Orders, to conform the citations to the amendments that are being proposed in Options 8, Section 22.

A notice of the proposed rule change for publication in the Federal Register is attached as Exhibit 1. The text of the proposed rule change is attached as Exhibit 5.

(b) Not applicable.

(c) Not applicable.

2. Procedures of the Self-Regulatory Organization

The proposed rule change was approved by senior management of the Exchange pursuant to authority delegated by the Board of Directors (the "Board"). Exchange staff will advise the Board of any action taken pursuant to delegated authority. No other action is necessary for the filing of the rule change.

Questions and comments on the proposed rule change may be directed to:

Angela Saccomandi Dunn
Principal Associate General Counsel
Nasdaq, Inc.
(215) 496-5692

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1 15 U.S.C. 78s(b)(1).

2 17 CFR 240.19b-4.

3. Self-Regulatory Organization's Statement of the Purpose of, and Statutory Basis for, the Proposed Rule Change

a. Purpose

Phlx proposes to amend Options 8, Section 22, Execution of Options Transactions on the Trading Floor, to relocate certain rule text. The Exchange also proposes to amend citations in Options 8, Section 30, Crossing, Facilitation and Solicited Orders.

Currently, Options 8, Section 22(c) and (d) provide,

> (c) Public Outcry - Pursuant to Options 8, Section 24 at Supplementary Material .01, bids and offers must be made in an audible tone of voice. A member shall be considered "in" on a bid or offer, while he remains at the post, unless he shall distinctly and audibly say "out." A member bidding and offering in immediate and rapid succession shall be deemed "in" until he shall say "out" on either bid or offer. Once the trading crowd has provided a quote, it will remain in effect until: (A) a reasonable amount of time has passed, or (B) there is a significant change in the price of the underlying security, or (C) the market given in response to the request has been improved. In the case of a dispute, the term "significant change" will be interpreted on a case-bycase basis by an Options Exchange Official based upon the extent of the recent trading in the option and, in the case of equity and index options, in the underlying security, and any other relevant factors.[3]
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> (d) With respect to using the Options Floor Based Management System to execute an order pursuant to Option 8, Section 22, a member must audibly say "out" before the order is submitted into the FBMS for execution and, if the order is not executed, the member must audibly say "out" before each time the member resubmits the order for execution.

The Exchange proposes to combine the rule text currently in Options 8, Section 22(d) into Options 8, Section 22(c), where it was originally located when adopted.[4] Options 8, Section 22(c) describes the manner in which bids and offers may be made in open outcry and the time a quote remains in effect. Options 8, Section 22(d) describes, with respect to the Options Floor

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[3] The Exchange proposes to add a hyphen to the term "case-by-case."

[4] See Securities Exchange Act Release No. 68960 (February 20, 2013), 78 FR 13132 (February 26, 2013) (SR-Phlx-2013-09) (Notice of Filing of Proposed Rule Change To Enhance the Functionality Offered on Its Options Floor Broker Management System ("FBMS") by, Among Other Things, Automating Functions Currently Performed by Floor Brokers) ("SR-Phlx-2013-09").

Based Management System, the manner to exit a trade.

The rule text that is currently located in Options 8, Section 22(c) and (d) was originally combined when it was proposed as Rule 1000(g) in SR-Phlx-2013-09. Rule 1000(g) was subsequently relocated to Options 8, Section 22(c) and (d) in SR-Phlx-2019-17.[5] Additionally, SR-Phlx-2019-33[6] relocated rule text from Rule 1064 to Options 8, Section 30 and added citations to "Options 8, Section 22 (c) or (d)."[7]

At this time, in order to restore the rule text as originally adopted in SR-Phlx-2013-09, the Exchange proposes to relocate the rule text in Options 8, Section 22(d) into Options 8, Section 22(c) so that rule text can be read as one requirement. A member may exit an open outcry trade only when one of the conditions[8] in Options 8, Section 22(c) exists and the order has not been executed in the Options Floor Based Management System.[9] Further, the Exchange proposes to amend the citations to "Options 8, Section 22(c) or (d)" in Options 8, Section 30(a)(3), (b)(3), (c)(2)(C) and (d)(3)(I) to instead cite to only "Options 8, Section 22(c)."

The Exchange believes these amendments will make clear the intent of the rule text as proposed in SR-Phlx-2013-09 as well as the applicability of the rule text in Options 8, Section 22(c) and (d), which was intended to be read together as one requirement.

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5 See Securities Exchange Act Release No. 85740 (April 29, 2019), 84 FR 19136 (May 3, 2019) (SR-Phlx-2019-17) (Notice of Filing and Immediate Effectiveness of Proposed Rule Change To Relocate the Floor Trading Rules to Options 8) ("SR-Phlx-2019-17").

6 See Securities Exchange Act Release No. 86959 (September 13, 2019), 84 FR 49362 (September 19, 2019) (SR-Phlx-2019-33) (Notice of Filing and Immediate Effectiveness of Proposed Rule Change Relating to Specialists and Registered Options Traders) ("SR-Phlx-2019-33").

7 See Options 8, Section 30(a)(3), (b)(3), (c)(2)(C) and (d)(3)(I).

8 Once the trading crowd has provided a quote, it will remain in effect until: (A) a reasonable amount of time has passed, or (B) there is a significant change in the price of the underlying security, or (C) the market given in response to the request has been improved. See Options 8, Section 22(c).

9 The Exchange also proposes to add a hyphen within Options 8, Section 22(c) in "case-by-case."

b. Statutory Basis

The Exchange believes that its proposal is consistent with Section 6(b) of the Act,[10] in general, and furthers the objectives of Section 6(b)(5) of the Act,[11] 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.

The Exchange's proposal to combine the rule text in Options 8, Section 22(c) and (d) at Options 8, Section 22(c) and also amend the citations in Options 8, Section 30(a)(3), (b)(3), (c)(2)(C) and (d)(3)(I) to reflect that change is consistent with the Act and the protection of investors and the public interest because it restores the original intent of SR-Phlx-2013-09 as well as the applicability of the rule text in Options 8, Section 22(c) and (d), which was intended to be read together as one requirement.

4. 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.

The proposed amendments to combine the rule text in Options 8, Section 22(c) and (d) at Options 8, Section 22(c) and also amend the citations in Options 8, Section 30(a)(3), (b)(3), (c)(2)(C) and (d)(3)(I) do not impose an undue burden on intramarket competition as the rule text will continue to apply uniformly to all floor participants. It also does not impose an undue burden on intermarket competition as these amendments are technical in nature as the intent of the rule was not intended to be substantively amended when the rules were relocated in a prior

[10] 15 U.S.C. 78f(b).

[11] 15 U.S.C. 78f(b)(5).

filing.

5. 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.

6. Extension of Time Period for Commission Action

Not Applicable.

7. Basis for Summary Effectiveness Pursuant to Section 19(b)(3) or for Accelerated Effectiveness Pursuant to Section 19(b)(2)

The foregoing rule change has become effective pursuant to Section 19(b)(3)(A)(iii)[12] of the Act and Rule 19b-4(f)(6) thereunder[13] in that it effects a change that: (i) does not significantly affect the protection of investors or the public interest; (ii) does not impose any significant burden on competition; and (iii) by its terms, does not become operative for 30 days after the date of the filing, or such shorter time as the Commission may designate if consistent with the protection of investors and the public interest.

The Exchange does not believe these amendments significantly affect the protection of investors or the public interest, rather the changes make clear the applicability of the rule text in Options 8, Section 22(c) and (d) by restoring the rule text to the original intent of SR-Phlx-2013-09. Options 8, Section 22(c) and (d) were intended to be read together as one requirement.

The Exchange does not believe these amendments impose any significant burden on competition as the rule text will continue to apply uniformly to all floor participants.

Furthermore, Rule 19b-4(f)(6)(iii)[14] requires a self-regulatory organization to give the Commission written notice of its intent to file a proposed rule change under that subsection at

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12 15 U.S.C. 78s(b)(3)(A)(iii).

13 17 CFR 240.19b-4(f)(6).

14 17 CFR 240.19b-4(f)(6)(iii).

least five business days prior to the date of filing, or such shorter time as designated by the Commission. The Exchange has provided such notice.

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.

A proposed rule change filed under Rule 19b-4(f)(6) normally does not become operative prior to 30 days after the date of filing. Rule 19b-4(f)(6)(iii), however, permits the Commission to designate a shorter time if such action is consistent with the protection of investors and the public interest. The Exchange requests that the Commission waive the 30-day operative delay contained in Rule 19b-4(f)(6)(iii) so that it may immediately update its rules to restore the rule text in Options 8, Section 22(c) and (d) to the original intent of SR-Phlx-2013-09. This amendment will make clear that Options 8, Section 22(c) and (d) were intended to be read together as one requirement thereby protecting investors and the general public by clarifying the manner of offering and bidding in open outcry on the Exchange's trading floor. This amendment does not substantively amend the requirements of Options 8, Section 22.

8. Proposed Rule Change Based on Rules of Another Self-Regulatory Organization or of the Commission

Not applicable.

9. Security-Based Swap Submissions Filed Pursuant to Section 3C of the Act

Not applicable.

10. Advance Notices Filed Pursuant to Section 806(e) of the Payment, Clearing and Settlement Supervision Act

Not applicable.

11. Exhibits

1. Notice of Proposed Rule Change for publication in the Federal Register.

5. Text of the proposed rule change.