EXHIBIT 5

New text is underlined; deleted text is in brackets.

Nasdaq PHLX LLC Rules

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Options Rules

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Options 1 General Provisions

Section 1. Applicability, Definitions and References

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(b) **Definitions.** The following terms as used in the Rules shall, unless the context otherwise indicates, have the meanings herein specified:

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(13) The term "**conforming ratio**" is where the ratio between the sizes of the options components of a Complex Order is equal to or greater than one-to-three (.333) and less than or equal to three-to-one (3.00). For example, a one-to-two (.5) ratio, a two-to-three (.667) ratio, or a two-to-one (2.00) ratio is a conforming ratio, whereas a one-to-four (.25) ratio or a four-to-one (4.0) ratio is not; where one component of the Complex Order is the underlying security, the ratio between any options component and the underlying security component must be less than or equal to eight contracts to 100 shares of the underlying security.

([13]14) The term "**covered**" in respect of a short position in a call option contract on a stock means that the writer's obligation is secured by a "specific deposit" or an "escrow deposit" meeting the conditions of rule 610(f) or 610(h), respectively, of the rules of The Options Clearing Corporation, or the writer holds in the same account as the short position, on a share-for-share basis, a long position either in the underlying stock or Exchange-Traded Fund Share, or in an option contract of the same class of options having an exercise price equal to or less than the exercise price of the option contract in such short position. The term "covered" in respect of a short position in a call option contract on a foreign currency means that the writer's obligation is secured in any of the ways set forth in subparagraphs (H)(i), (H)(ii) or (H)(iii) of Rule 722 of the rules of The Options Clearing Corporation or the writer holds in the same account as the short position, on a unit-for-unit basis, a long position in an option contract of the same class of options having an exercise price equal to or less than the exercise price of the option contract in such short position.

([13]14A) The term "**covered**" in respect of a short position in a put option contract on a stock means that the writer holds in the same account as the short position on a share-for-share basis, a long position in an option contract of the same class of options having an exercise price equal to or greater than the exercise price of the option contract in such short position. The term "covered" in respect of a short position in a put option contract on a foreign currency means that the writer's obligation is secured in the manner set forth in subparagraphs (H)(iv) or (H)(v) of

Rule 722 of the rules of The Options Clearing Corporation or that the writer holds in the same account as the short position on a unit-for-unit basis, a long position in an option contract of the same class of options having an exercise price equal to or greater than the exercise price of the option contract in such short position.

([14]15) The term "**currency index group**" means a group of currencies each of whose inclusion and relative representation in the group is determined by its inclusion and relative representation in a currency index.

([15]16) The term "**European Option**" or "**European Style Option**" mean an option contract that can be exercised only on the day it expires.

([16]17) The term "**Exchange options transaction**" means a transaction effected on the Exchange between members for the purchase or sale of an option contract, or for the closing out of a long or short position in an option contract.

([17]18) The term "**Exchange Spot Price**" in respect of an option contract on a foreign currency means the cash market spot price, for the sale of one foreign currency for another, quoted by various foreign exchange participants for the sale of a single unit of such foreign currency for immediate delivery that is calculated from the foreign currency price quotation reported by the foreign currency price quotation dissemination system selected by the Exchange, to which an appropriate multiplier is applied. The multiplier(s) will be: 100 for the British pound, the Euro, the Swiss Franc, the Canadian dollar, the Australian dollar, the Brazilian real, and the New Zealand dollar; 1,000 for the Chinese yuan, the Danish krone, the Mexican peso, the Norwegian krone, the South African rand, and the Swedish krona; 10,000 for the Japanese yen and the Russian ruble; and 100,000 for the South Korean won.

([18]19) The term "**Exchange-Traded Fund Share**" shall have the meaning assigned to it in Options 4, Section 3, Supplementary Material .06.

([19]20) The term "**exercise strike price**" in respect of an option contract means the stated price per share at which the underlying stock or Exchange-Traded Fund Share may be purchased (in the case of a call option on a stock or Exchange-Traded Fund Share) or sold (in the case of a put option on a stock or Exchange-Traded Fund Share) or the stated price per unit at which the underlying foreign currency may be purchased (in the case of a call option on a foreign currency) or sold (in the case of a put option on a foreign currency), or, in the case of U.S. dollar-settled foreign currency option contracts, the stated price per unit which determines the differential received upon the exercise of such option contract.

([20]21) The term "**expiration date**" in the case of options on stocks or Exchange-Traded Fund Shares, is (i) in the case of such an option expiring prior to February 1, 2015, 11:59 p.m. Eastern Time, the Saturday immediately following the third Friday of the expiration month of such option contract and (ii) in the case of such an option expiring on or after February 1, 2015, 11:59 p.m. Eastern Time, the third Friday of the expiration month of such option contract, or if such Friday is a day on which the Exchange on which such option is listed is not open for business, the preceding day on which such Exchange is open for business. Notwithstanding the foregoing, in the case of certain options expiring on or after February 1, 2015 that The Options Clearing Corporation has designated as grandfathered, the term "expiration date" shall mean the Saturday immediately following the third Friday of the expiration month. In the case of options on foreign currencies listed on or after June 13, 1993, the expiration date is 11:59 p.m. Eastern Time, on the Friday preceding the third Wednesday of the expiration month except in the following instances: (1) In the case where American style foreign currency options contracts are listed subsequent to the European style options contracts for the June and December 1994 series of foreign currency options;

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([21]<u>22</u>) The term "**expiration month**" in respect of an option contract means the month and year in which such option contract expires.

([22]<u>23</u>) The term "**foreign broker-dealer**" means any person or entity that is registered, authorized or licensed, or required to be by a foreign governmental agency or foreign regulatory organization to perform the function of a broker or a dealer in securities, or both. The terms "broker" or "dealer" mean the same as set out in Sections 3(a)(4) and 3(a)(5) of the Exchange Act, as amended, provided that a broker or dealer may be a bank. For purposes of Options 2, Section 4, Options 3, Section 7 and Options 8, Section 34, the term broker-dealer includes foreign broker-dealers, which are not Public Customers.

([23]<u>24</u>) The term "**foreign currency**" means the standard unit of the official medium of exchange of a sovereign government including the United States Government (e.g., the British pound, the Swiss franc, the Canadian dollar, the Australian dollar, the Japanese yen, the Mexican peso, the Brazilian real, the Chinese yuan, the Danish krone, the New Zealand dollar, the Norwegian krone, the Russian ruble, the South African rand, the South Korean won, the Swedish krona, or the United States dollar) or the Euro.

([24]<u>25</u>) The term "**long position**" means the number of outstanding option contracts of a given series of options held by a person (purchaser).

([25]<u>26</u>) The term "**forward sales prices**" in respect of an option contract on a foreign currency means the prices, quoted by various interbank foreign exchange participants for the sale of a single unit of the underlying foreign currency for other than immediate delivery (which generally means delivery more than two business days following the date on which the terms of such a sale are agreed upon), as reflected in the foreign currency price quotations reported by the foreign currency price quotation dissemination system selected by the Exchange.

([26]<u>27</u>) The term "**in-the-money**" means the following: for call options, all strike prices at or below the offer in the underlying security on the primary listing market; for put options, all strike prices at or above the bid in the underlying security on the primary listing market. This definition shall only apply for purposes of quoting obligations in Options 2, Section 4 and Options 3, Section 8.

([27]<u>28</u>) A "**Lead Market Maker**" means a member who is registered as an options Lead Market Maker pursuant to Options 2, Section 12(a). A Lead Market Maker includes a Remote Lead

Market Maker which is defined as a Lead Market Maker in one or more classes that does not have a physical presence on the Exchange's Trading Floor and is approved by the Exchange pursuant to Options 2, Section 11.

([28]29) A "**Market Maker**" means a Streaming Quote Trader or a Remote Streaming Quote Trader who enters quotations for his own account electronically into the System.

([29]30) A "**mnemonic**" means an acronym comprised of letters and/or numbers assigned to member organizations. A member organization account may be associated with multiple mnemonics.

([30]31) The term "**Non-Public Customer**" means a person or entity that is a broker or dealer in securities, or is a Professional.

([31]32) The term **"offer"** means a quote or limit order to sell one or more options contracts.

([32]33) The term "**Order Entry Firm** or "**OEF**" means a member organization that submits orders, as agent or principal, on the Exchange.

[(33) The term "**Off-Floor Broker-Dealer Order**" means an order delivered from off the floor of the Exchange by or on behalf of a broker-dealer for the proprietary account(s) of such broker-dealer, including an order for a market maker located on an exchange or trading floor other than the Exchange's trading floor delivered electronically for the proprietary account(s) of such market maker.]

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Options 2 Options Market Participants

Section 1 Application for Approval as an SQT, RSQT, or RSQTO and Assignment in Options

(a) Approval as an SQT, RSQT, or RSQTO. Market Makers, as defined in Options 1, Section 1(b)([28]29), may apply for approval as Streaming Quote Traders ("SQTs") and Remote Streaming Quote Traders ("RSQTs"), as defined in Options 1, Sections (1)(b)([55]54) and (49), respectively. Member organizations may function as Remote Streaming Quote Trader Organizations ("RSQTOs") pursuant to this rule. RSQTOs may also be referred to as Remote Market Maker Organizations ("RMOs") and RSQTs may also be referred to as Remote Market Markers ("RMMs").

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Options 3 Options Trading Rules

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Section 3. Minimum Increments

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Supplementary Material to Options 3, Section 3

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.02 Notwithstanding any other provision of this Rule, complex strategies may be traded in the increments described in Options 3, Section 14(c)(1).

.0[2]3 All options on foreign currencies where the underlying foreign currency is not the U.S. dollar shall have a minimum increment of $.01.

.0[3]4 Nasdaq 100 Micro Index Options (XND) (as long as QQQ options ("QQQ") participate in the Penny Interval Program) shall have a minimum increment of $.01.

.0[4]5 All options on Alpha Indexes shall have a minimum increment of $.01 if options on either component of the index have a minimum increment of $.01.

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Section 7. Types of Orders and Order and Quote Protocols

The Exchange may determine to make certain order types and time-in-force, respectively, available on a class or System basis. Orders may not be unbundled, nor may a firm solicit a customer to unbundle an order for this purpose.

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[(10) **Legging Order**. A Legging Order is a Limit Order on the regular order book in an individual series that represents one leg of a two-legged Complex Order (which improves the cPBBO) that is to buy or sell an equal quantity of two options series resting on the CBOOK. Legging Orders are firm orders that are included in the Exchange's displayed best bid or offer. Legging Orders are not routable and are Limit Orders with a time-in-force of DAY, as they represent an individual component of a Complex Order.

> (A) A Legging Order may be automatically generated for one leg of a Complex Order at a price: (i) that matches or improves upon the best Phlx displayed bid or offer; and (ii) at which the net price can be achieved when the other leg is executed against the best displayed bid or offer (other than Legging Orders). Legging Orders will not be generated if the Exchange or a particular option has not opened, is halted or is otherwise not available for trading. Similarly, the particular Complex Order Strategy must be available for trading.
>
> (B) A Legging Order will not be created: (i) at a price that locks or crosses the best bid or offer of another exchange, (ii) if there is an auction on either side or a Posting Period under Options 3, Section 15 regarding Acceptable Trade Range on the same side in progress in the series, (iii) the price of the Complex Order is outside of the ACE Parameter of paragraph (i), (iv) if there is already a Legging Order in that series on the same side of the market at the same price (unless it has priority based on the participant type, under existing Exchange rules), or (v) for a Complex Order if the generated

Legging Order would immediately cause resting Legging Orders to be removed pursuant to section (f)(iii)(C)(4)(ix) below. Legging Orders may be generated and executed in an increment other than the minimum increment for that series and will be ranked on the order book at its generated price and displayed at a price that is rounded to the nearest minimum increment for that series. Two Legging Orders relating to the same Complex Order can be generated, but only one of those can execute as part of the execution of a particular Complex Order.

(C) A Legging Order is executed only after all other executable orders (including any non-displayed size) and quotes at the same price are executed in full. When a Legging Order is executed, the other leg of the Complex Order will be automatically executed against the displayed best bid or offer on the Exchange and any other Legging Order based on that Complex Order will be removed.

(D) A Legging Order is automatically removed from the regular order book: (i) if the price of the Legging Order is no longer at the Exchange's displayed best bid or offer on the regular Limit Order book, (ii) if execution of the Legging Order would no longer achieve the net price of the Complex Order when the other leg is executed against the Exchange's best displayed bid or offer on the regular Limit Order book (other than another Legging Order), (iii) if the Complex Order is executed in full or in part, (iv) if the Complex Order is cancelled or modified, (v) if the price of the Complex Order is outside the ACE Parameter of paragraph (i), (vi) upon receipt of a Qualified Contingent Cross Order which includes a component in which there is a Legging Order, an order that will trigger an auction under Exchange rules in a component in which there is a Legging Order (whether a buy order or a sell order), or pursuant to Options 3, Section 13(f) a PIXL Order for the account of a public customer paired with an order for the account of a public customer, (vii) if a Legging Order is generated by a different Complex Order in the same leg at a better price or the same price for a participant with a higher priority, (viii) if a Complex Order is marketable against the cPBBO where a Legging Order is present and has more than one leg in common with the existing Complex Order that generated the Legging Order, (ix) if a Complex Order becomes marketable against multiple Legging Orders, (x) if a Complex Order consisting of an unequal quantity of components is marketable against the cPBBO where a Legging Order is present but cannot be executed due to insufficient size in at least one of the components in the cPBBO, or (xi) when the Legging Order is on the book at a price which is not at the minimum price increment and which is more aggressive than the same side PBBO, and an away market moves to lock the PBBO (which is also the NBBO).]

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[(12) **Complex Orders**. A Complex Order is as described in Options 3, Section 14(a)(i).]

[(13) **Stock-Option Order**. A Stock-Option Order is as described in Options 3, Section 14(a)(i).]

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(k) **Legging Orders**. A Legging Order is a Limit Order on the single-leg limit order book in an individual series that represents one leg of a two-legged Complex Options Order that is to buy or sell an equal quantity of two options series resting on the Exchange’s Complex Order Book. Legging Orders are firm orders that are included in the Exchange's displayed best bid or offer. Legging Orders are not routable and have a TIF of Day.

The System will evaluate whether Legging Orders may be generated (1) when a Complex Options Order enters the Complex Order Book, and (2) after a time interval (to be determined by the Exchange, not to exceed 1 second) when the NBBO or Exchange best bid or offer in any component of a Complex Options Order changes. The Exchange may determine to limit the number of Legging Orders generated on an objective basis and may determine to remove existing Legging Orders in order to maintain a fair and orderly market in times of extreme volatility or uncertainty. Legging Orders are treated as having no Public Customer capacity on the single-leg order book, regardless of being generated from Public Customer Complex Options Orders.

(1) *Generation of Legging Orders*. A Legging Order may be automatically generated for one or both leg(s) of a Complex Options Order resting on top of the Complex Order Book at a price: (i) that matches or improves upon the best displayed bid or offer on the single-leg limit order book; and (ii) at which the net price can be achieved when the other leg is executed against the best displayed bid or offer on the single-leg limit order book, excluding other Legging Orders. Legging Orders will be generated and executed in the minimum increment for that options series.

(2) *When Legging Orders Will Not Be Generated*. A Legging Order will not be generated: (i) at a price that locks or crosses the best bid or offer of another exchange, (ii) if there is a complex auction on either side in the Complex Options Strategy, or a single-leg auction on either side in any component of the Complex Options Strategy, or a Posting Period in progress on the same side in the series, pursuant to Options 3, Section 15 regarding Acceptable Trade Range; (iii) if the price of the leg(s) of a Complex Options Order is outside of the price limits described in Options 3, Section 16(a); (iv) if there is already a Legging Order in that options series on the same side of the market at the same price; (v) for Complex Orders with 2 option legs, where both legs are buying or both legs are selling and both legs are calls or both legs are puts, as described in Options 3, Section 14(d)(3)(A); (vi) if the Exchange has not opened; or a particular option series has not opened or such options series is halted.

(3) *Execution of Legging Orders*. A Legging Order is executed only after all other executable orders (including any non-displayed size) and quotes at the same price are executed in full. When a Legging Order is executed, the other leg of the Complex Options Order will be automatically executed against the displayed best bid or offer on the Exchange and any other Legging Order not executed as part of the Complex Options Order will be removed. Two Legging Orders related to the same Complex Options Order can be generated, and both can execute as part of the execution of a particular Complex Options Order.

(4) *Removal of Generated Legging Orders*. A Legging Order is automatically removed from the single-leg limit order book if: (i) the price of the Legging Order is no longer at the displayed best bid or offer on the single-leg limit order book or is at a price that locks or crosses the best bid or offer of another exchange, (ii) execution of the Legging Order would no longer achieve the net price of the Complex Options Order when the other leg is executed against the best displayed bid or offer on the single-leg limit order book, excluding other Legging Orders, (iii) the Complex Options Order is executed in full or in part on the Complex Order Book, (iv) the Complex Options Order is cancelled or modified, (v) the price of the leg(s) of a Complex Options Order is outside of the price limits described in Options 3, Section 16(a), (vi) the System initiates a complex auction on either side in the Complex Options Strategy, or the System initiates a single-leg auction on either side in any component of the Complex Options Strategy, or (vii) a Legging Order is generated by a different Complex Order in the same leg at a better price or the same price for a participant with a higher price priority.

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.02 **Time in Force**. The term "Time in Force" or "TIF" shall mean the period of time that the System will hold an order for potential execution, and shall include:

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(d) **Immediate-or-Cancel**. An order entered with a TIF of "IOC" that is to be executed in whole or in part upon receipt. Any portion not so executed is to be treated as cancelled.

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(2) IOC orders may be entered through FIX or SQF, provided that an IOC order entered by a Market Maker through the SQF protocol will not be subject to the (A) Order Price Protection, Market Order Spread Protection, and Size Limitation Protection as defined in Options 3, Section 15(a)(1), (a)(2), and (b)(2) respectively, for single leg orders[.], or (B) Complex Order Price Protection as defined in Options 3, Section 16(c)(1) for Complex Orders.

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Section 9. Trading Halts

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(d) Capitalized terms used in this paragraph shall have the same meaning as provided for in the Plan to Address Extraordinary Market Volatility Pursuant to Rule 608 of Regulation NMS, as it may be amended from time to time ("LULD Plan"). During a Limit State and Straddle State in the Underlying NMS stock:

(1) The Exchange will not open an affected option.

(2) After the opening, the Exchange shall reject Market Orders, as defined in Options 8, Section 32(a) (including Market Complex Orders, as defined in Options 3, Section 14(b), and shall notify [Participants]members and member organizations of the reason for such rejection. The Exchange shall cancel Market Complex Orders [that are Market Orders] residing in the System, if [they are about to be executed by the System] the Market Complex Order becomes marketable while the affected underlying is in a Limit or Straddle State. Market Complex Orders exposed for price improvement pursuant to Supplementary Material .01 to Options 3, Section 14, pending in the System will continue to be processed. If at the end of the exposure period the affected underlying is in a Limit or Straddle State, the Market Complex Order will be cancelled. If the affected underlying is no longer in a Limit or Straddle State after the exposure period, the Market Complex Order will be processed with normal handling.

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Section 14. Complex Orders

[(a) Definitions

(i) Complex Order. For purposes of the electronic trading of Complex Orders, 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.

A Complex Order can also be a stock-option order, which is an order to buy or sell a stated number of units of an underlying security (stock or Exchange Traded Fund Share ("ETF")) coupled with the purchase or sale of options contract(s). The underlying security must be the deliverable for the options component of that Complex Order and represent exactly 100 shares per option for regular way delivery. Stock-option orders can only be executed against other stock-option orders and cannot be executed by the System against orders for the individual components. member organization organizations may only submit Complex Orders with a stock/ETF component if such orders comply with the Qualified Contingent Trade Exemption from Rule 611(a) of Regulation NMS. member organization organizations submitting such Complex Orders with a stock/ETF component represent that such orders comply with the Qualified Contingent Trade Exemption. member organizations of FINRA or The Nasdaq Stock Market ("Nasdaq") are required to have a Uniform Service Bureau/Executing Broker Agreement ("AGU") with Nasdaq Execution Services, LLC ("NES") in order to trade Complex Orders containing a stock/ETF component; firms that are not members of FINRA or Nasdaq are required to have a Qualified Special Representative ("QSR") arrangement with NES in order to trade Complex Orders containing a stock/ETF component.

The maximum number of components of a Complex Order is six. A stock-option order may include up to five options components (legs).

(ii) Complex Order Strategy. The term "Complex Order Strategy" means a particular combination of components of a Complex Order and their ratios to one another. The Exchange will calculate both a bid price and an offer price for each Complex Order Strategy based on the current PBBO (as defined below) for each component of the Complex Order. Each Complex Order Strategy will be assigned a strategy identifier by the System.

(iii) PBBO. The term "PBBO" means the Phlx Best Bid and/or Offer for individual option series.

(iv) cPBBO. The term "cPBBO" means the best net debit or credit price for a Complex Order Strategy based on the PBBO for the individual options components of such Complex Order Strategy, and, where the underlying security is a component of the Complex Order, the National Best Bid and/or Offer for the underlying security.

(v) NBBO. The term "NBBO" means the National Best Bid and/or Offer for an individual option series.

(vi) cNBBO. The term "cNBBO" means the best net debit or credit price for a Complex Order Strategy based on the NBBO for the individual options components of a Complex Order Strategy, and, where the underlying security is a component of the Complex Order, the National Best Bid and/or Offer for the underlying security.

(vii) Participant, Phlx market maker and Phlx electronic market maker. The term "participant" means SQTs, RSQTs, Floor Market Makers, Lead Market Makers and non-Phlx market makers on another exchange; Public Customers, Professionals, Firms and non-market-maker off-floor broker-dealers; and Floor Brokers using the Options Floor Based Management System. The term "Phlx market maker" means SQTs, RSQTs, Lead Market Makers and Floor Market Maker. The term "Phlx electronic market maker" means SQTs, RSQTs and Lead Market Makers.

(viii) Do Not Auction. The term "Do Not Auction" means that this Complex Order is not "COLA-eligible," as defined in (d)(ii)(B) below and thus prevents it from triggering a Complex Order Live Auction, pursuant to paragraph (e) below, or joining one that is in progress.

(A) DNA Orders received prior to the opening or when the Complex Order Strategy is not available for trading will be cancelled.

(B) DNA Orders are cancelled if not immediately executed.

(C) DNA Orders will initially only be available for Complex Orders consisting of more than two options components or where the underlying security is a component; once the Exchange has fully rolled out its enhanced Complex Order System, which will be announced in an Options Trader Alert, DNA Orders will also become available for Complex Orders consisting of two options components.

(ix) Conforming ratio. The term "conforming ratio" is where the ratio between the sizes of the options components of a Complex Order is equal to or greater than one-to-three (.333) and less than or equal to three-to-one (3.00). For example, a one-to-two (.5) ratio, a two-to-three (.667) ratio, or a two-to-one (2.00) ratio is a conforming ratio, whereas a one-to-four (.25) ratio or a four-to-one (4.0) ratio is not; where one component of the Complex Order is the underlying security, the ratio between any options component and the underlying security component must be less than or equal to eight contracts to 100 shares of the underlying security.

(x) Firm. The term "Firm" means a broker-dealer trading for its own (proprietary) account that is: a member of The Options Clearing Corporation ("OCC") or maintains a Joint Back Office ("JBO") arrangement with an OCC member. Unless otherwise specified, Firms are included in the category of non-market-maker off-floor broker-dealer.

(b) Complex orders may be entered in increments of $0.01 with certain "time in force" designations and as certain order types with certain contingencies as follows:

(i) Public Customers and Professionals and non-market maker off-floor broker-dealers may enter the Complex Orders listed in paragraph (a) above as Day, Good Til Cancel[led] ("GTC") or Immediate or Cancel ("IOC") as those terms are defined in Options 3, Section 7(c).

(ii) SQTs, RSQTs, Floor Market Makers, Lead Market Makers and non-Phlx market makers on another exchange may enter the Complex Orders listed in paragraph (a) above as IOC only. In addition, for Complex Orders consisting of more than two options components or where the underlying security is a component, SQTs, RSQTs, non- SQT Market Makers, Lead Market Makers and non-Phlx market makers on another exchange may enter the Complex Orders listed in paragraph (a) above as Day orders; once the Exchange has fully rolled out its enhanced Complex Order System, which will be announced in an Options Trader Alert, Day orders will also become available for Complex Orders consisting of two options components.

(iii) Floor Brokers using the Options Floor Based Management System may enter the Complex Orders listed in paragraph (a) above as Day, GTC or IOC on behalf of Public Customers, Professionals and non-market-maker off-floor broker-dealers, and as IOC only on behalf of SQTs, RSQTs, Floor Market Makers, Lead Market Makers, non- Phlx market makers on another exchange and Firms.

(iv) member organization organizations must mark the stock/ETF component of a Complex Order "long,""short," or "short exempt" in compliance with Regulation SHO under the Exchange Act.

(v) Complex Orders may be submitted as: All-or-None Orders, Cancel-Replacement Orders, Directed Orders, Limit Orders or Market Orders as those terms are defined in Options 3, Section 7(b).

(c)(i) A Complex Order is eligible to trade on the System only when each options component of the Complex Order is open for trading on the Exchange, and where the underlying security is a component of the Complex Order, such underlying security is open for trading on its primary market. Complex Orders may be executed against the Complex Order Book (as defined below) or placed on the Complex Order Book. Certain Complex Orders will be entered into a Complex Order Live Auction (as defined below) either following a Complex Order Opening Process (as defined below) or when a Complex Order improves the cPBBO.

(ii) Complex Orders will not trade on the System under the following conditions:

(A) the Complex Order is received prior to the opening on the Exchange of any options component of the Complex Order;

(B) during an opening rotation for any options component of the Complex Order;

(C) during a trading halt for any options component of the Complex Order;

(D) Reserved.

(E) when an automatic removal of quotes occurs in any options component of the Complex Order that represents all or a portion of the PBBO; or

(F) when the Exchange's market for any options component of the Complex Order is disseminated pursuant to Options 3, Section 6(a)(ii)(B).

Once the condition(s) set forth in sub-paragraphs (A) - (F) above have terminated, the System will begin a Complex Order Opening Process.

(iii) Spread Priority. (A) Complex Orders consisting of a conforming ratio may be executed at a total credit or debit price without giving priority to individual bids or offers established in the marketplace that are not better than the bids or offers comprising such total credit or debit, provided that if any of the bids or offers established in the marketplace consist of a Public Customer order, at least one option leg is executed at a better price than the established bid or offer for that option contract by the minimum trading increment and no option leg is executed at a price outside of the established bid or offer for that option contract.

(B) Where a Complex Order in a conforming ratio consists of the underlying security (stock or ETF) and one options leg, such options leg has priority over bids or offers established in the marketplace, except over bids or offers established by Public Customer orders. However, where a Complex Order in a conforming ratio consists of the underlying stock or ETF and more than one options leg, the options legs have priority over bids and offers established in the marketplace, including Public Customer orders, if at least one options leg improves the existing market for that option.

(C) Options 5, Section 2 shall apply to all Complex Order executions. Accordingly, Complex Orders with conforming ratios are eligible for the exception contained in Options 5, Section 2(b)(viii) and therefore may trade through the NBBO for that option.

(D) This paragraph (c) shall apply to all Complex Order executions, whether executed in a Complex Order Live Auction or otherwise.

(d) Complex Order Opening Process ("COOP").

(i) The System will accept pre-opening Complex Orders, and will accept Complex Orders prior to re-opening following a halt in trading on the Exchange. Complex Orders received prior to the opening or during a trading halt will reside on the CBOOK (as defined below). There will be one such COOP per Complex Order Strategy.

(ii) Once trading in each option component of a Complex Order Strategy has opened or reopened following a trading halt for a certain configurable time not to exceed 60 seconds (and none of the conditions described in paragraph (c)(ii) above exist), the System will initiate the COOP for that Complex Order Strategy, provided that a COOP will only be conducted for any Complex Order Strategy that has a Complex Order received before the opening of that Complex Order Strategy, unless that Complex Order Strategy is already open as a result of another electronic auction process or another electronic auction involving the same Complex Order Strategy is in progress. Following a trading halt, a COOP will be conducted for any Complex Order Strategy that has a Complex Order present or had previously opened prior to the trading halt. The COOP will be conducted in two phases, the "COOP Timer" (as defined below) and the "COOP Evaluation" (as defined below).

(A) COOP Timer.

(1) The Exchange will send a broadcast message indicating that a COOP has been initiated for that Complex Order Strategy. The broadcast message will identify the Complex Order Strategy, the opening price (based on the maximum number of contracts that can be executed at one particular price, except if there is no price at which any orders can be executed), and the imbalance side and volume, if any ("Complex Order Opening Auction Notification").

The Complex Order Opening Auction Notification starts a COOP Timer ("COOP Timer"), which will begin counting a number of seconds during which the Complex Order, if any, may not be traded. The COOP Timer is configurable to a period ranging from 0 to 600 seconds as determined by the Exchange and communicated to Exchange membership on the Exchange's website. The COOP Timer will be configured for the same number of seconds for all options trading on the Exchange. Participants can submit responses to the Complex Order Opening Auction Notification pursuant to subparagraph (B) below.

(2) Reserved.

(3) Complex Orders in such a Complex Order Strategy that are received during the COOP Timer and COOP Evaluation (as described below) will reside on the CBOOK (as defined below).

(4) Complex Orders received prior to the COOP Timer and Complex Orders received during the COOP Timer (other than COOP Sweeps and Complex Order Responses marked as a response) will be visible to participants upon receipt.

(5) Complex Orders in a Complex Order Strategy marked as IOC received during a COOP will join the COOP and be treated like any other Complex Order, except such orders will be cancelled at the end of the COOP Timer if not executed. DNA Orders received during a COOP will be cancelled and will not participate in the COOP. Complex Orders marked as IOC and DNA Orders received before the initiation of the COOP in that Complex Order Strategy will be cancelled and will not participate in the COOP; however, a COOP will occur in that Complex Order Strategy.

(B) Responses. In response to a Complex Order Opening Auction Notification, participants may bid and/or offer on either or both side(s) of the market during the COOP Timer by submitting one or more Complex Orders in increments of $0.01 ("Complex Order Response").

Phlx electronic market makers may also bid and/or offer on either or both side(s) of the market during the COOP Timer by submitting one or more bids and/or offers known as COOP Sweeps. A COOP Sweep is a one-sided electronic order (IOC) entered by a Lead Market Maker or Market Maker through SQF at a particular price submitted for execution against opening trading interest in a particular Complex Order Strategy.

(1) A Phlx electronic market maker may submit multiple COOP Sweeps at different prices (but not multiple COOP Sweeps at the same price, except as provided in subparagraph (2) below) in increments of $0.01 in response to a Complex Order Opening Auction Notification, regardless of the minimum trading increment applicable to the specific series.

(2) Phlx electronic market makers may change the size of a previously submitted COOP Sweep during the COOP Timer. The System will use the Phlx electronic market maker's most recently submitted COOP Sweep at each price level as that market maker's response at that price level, unless the COOP Sweep has a size of zero. A COOP Sweep with a size of zero will remove a Phlx electronic market maker's COOP Sweep from that COOP at that price level.

(3) COOP Sweeps and Complex Order Responses marked as a response will not be visible to any participant and will not be disseminated by the Exchange. Any COOP Sweeps which remain unexecuted at the end of the COOP Timer once all executions are complete will expire. A Complex Order Response will expire if unexecuted at the end of the COOP Timer once all executions are complete, but a Complex Order submitted during the COOP Timer which is not marked as a response will be available to be traded after the opening of a Complex Order Strategy unless it is marked IOC. Such Complex Order will be placed on the CBOOK if not executed during the opening.

(C) COOP Evaluation. Upon expiration of the COOP Timer, the System will conduct a COOP Evaluation to determine, for a Complex Order Strategy, the price at which the maximum number of contracts can trade, taking into account Complex Orders marked All-or-None (which will be executed if possible) unless the maximum number of contracts can only trade without including All-or-None Orderss. The Exchange will open the Complex Order Strategy at that price, executing marketable trading interest, in the following order: first, to Public Customers in time priority; next to Phlx electronic market makers on a pro rata basis; and then to all other participants on a pro rata basis. The imbalance of Complex Orders that are unexecutable at that price are placed on the CBOOK.

(1) No trade possible. If at the end of the COOP Timer the System determines that no market or marketable limit Complex Orders or COOP Sweeps, Complex Orders or COOP Sweeps that are equal to or improve the cPBBO, and/or Complex Orders or COOP Sweeps that cross within the cPBBO exist in the System, all Complex Orders received during the COOP Timer will be placed on the CBOOK, as described in paragraph (f) below.

(2) Trade is possible. If at the end of the COOP Timer the System determines that there are market or marketable limit Complex Orders or COOP Sweeps, Complex Orders or COOP Sweeps that are equal to or improve the cPBBO, and/or Complex Orders or COOP Sweeps that cross within the cPBBO in the System, the System will do the following: if such interest crosses and does not match in size, the execution price is based on the highest (lowest) executable offer (bid) price when the larger sized interest is offering (bidding), provided, however, that if there is more than one price at which the interest may execute, the execution price when the larger sized interest is offering (bidding) is the midpoint of the highest (lowest) executable offer (bid) price and the next available executable offer (bid) price rounded, if necessary, down (up) to the closest minimum trading increment. If the crossing interest is equal in size, the execution price is the midpoint of lowest executable bid price and the highest executable offer price, rounded, if necessary, up to the closest minimum trading increment. Executable bids/offers include any interest which could be executed at the net price without trading through residual interest or the cPBBO or without trading at the cPBBO where there is Public Customer interest at the best bid or offer for any leg, consistent with paragraph (c)(iii).

If there is any remaining interest and there is no component that consists of the underlying security and provided that the order is not marked all-or-none, such interest may "leg" whereby each options component may trade at the PBBO with existing quotes and/or Limit Orders on the Limit Order book for the individual components of the Complex Order; provided that remaining interest may execute against any eligible Complex Orders received before legging occurs. If the remaining interest has a component that consists of the underlying security, such Complex Order will be placed on the CBOOK (as defined below).

(3) The Complex Order Strategy will be open after the COOP even if no executions occur.

(f) Complex Limit Order Book ("CBOOK")

(i) Complex Orders must be entered onto the CBOOK in increments of $0.01. The individual components of a Complex Order may be executed in minimum increments of $0.01, regardless of the minimum increments applicable to such components. Such orders will be placed on the CBOOK by the System when the following conditions exist:

(A) When the Complex Order does not price-improve upon the cPBBO upon receipt;

(B) When the order is received before the expiration of the Complex Order Opening Process;

(C) When the Complex Order is received during a trading halt on the Exchange for any component of the Complex Order;

(D) When the Complex Order is received while the Exchange's automated execution System is disengaged for any options component of such Complex Order;

(E) When any options component of the Complex Order is a pre-opening order; or

(F) When the Complex Order is received during the final configurable number of seconds of the trading session after any marketable portion of the Complex Order is executed.

(ii) Phlx electronic market makers may submit one or more bids and/or offers known as Sweeps. A Sweep is a one-sided electronic order entered by a Lead Market Maker or Market Maker through SQF at a particular price submitted for execution against existing interest in a particular Complex Order Strategy, including against interest on the CBOOK ("CBOOK Sweep"). Any CBOOK Sweeps which do not execute immediately will expire.

(iii) Execution of Complex Orders in the CBOOK. Complex orders in the CBOOK will be executed without consideration of any prices that might be available on other exchanges trading the same contracts.

(A) A Complex Order resting on the CBOOK will execute automatically against: (1) quotes, orders on the Limit Order book for the individual options components of the order, or sweeps, except if any of the components is the underlying security or if the Complex Order is marked all-or-none, and provided that the Complex Order can be executed in full or in a permissible ratio by such quotes or orders (allocated in accordance with Options 3, Section 10)); or (2) an incoming marketable Complex Order(s) that do(es) not trigger a COLA Timer, whichever arrives first.

(B) An incoming marketable Complex Order that does not trigger a COLA Timer will execute in the following order:

(1) First, against quotes or orders on the Limit Order book for the individual components of the order (provided that the Complex Order can be executed in full or in a permissible ratio by such quotes or orders), except if any of the components is the underlying security. Trades pursuant to this subparagraph (B)(1) will be allocated in accordance with Options 3, Section 10; and

(2) Second, against Public Customer Complex Orders and nonmarket maker broker-dealer Complex Orders resting in the CBOOK in price priority and, at the same price, against (i) non-broker-dealer customer Complex Orders in the order in which they were received; (ii) SQTs, RSQTs, Floor Market Makers, Lead Market Makers and non-Phlx market makers on another exchange on a size pro rata basis; and (iii) non-market-maker, broker-dealer and Professional Complex Orders on a size pro rata basis, provided that any execution pursuant to this paragraph (f)(iii)(B)(2) complies with the requirements of subparagraph (c)(iii) above.

(3) A Public Customer Complex Order will have priority over Lead Market Makers, SQTs and RSQTs, Professionals and off-floor broker-dealers bidding for and/or offering any options component(s) of the Complex Order Strategy at the same price, but not over Public Customer orders representing any options component(s) of the Complex Order Strategy at the same price.]

(a) Definitions.

(1) *Complex Options Strategy*. A Complex Options Strategy is the simultaneous purchase and/or sale of two or more different options series in the same underlying security, for the same account, in a ratio that is equal to or greater than one-to-three (.333) and less than or equal to three-to-one (3.00) and for the purpose of executing a particular investment strategy. Only those Complex Options Strategies with no more than the applicable number of legs, as determined by the Exchange on a class-by-class basis, are eligible for processing.

(2) *Stock-Option Strategy*. A Stock-Option Strategy is the purchase or sale of a stated number of units of an underlying stock or a security convertible into the underlying stock ("convertible security") coupled with the purchase or sale of options contract(s) on the opposite side of the market representing either (A) the same number of units of the underlying stock or convertible security, or (B) the number of units of the underlying stock

necessary to create a delta neutral position, but in no case in a ratio greater than eight-to-one (8.00), where the ratio represents the total number of units of the underlying stock or convertible security in the option leg to the total number of units of the underlying stock or convertible security in the stock leg.

(3) *Stock-Complex Strategy*. A Stock-Complex Strategy is the purchase or sale of a stated number of units of an underlying stock or a security convertible into the underlying stock ("convertible security") coupled with the purchase or sale of a Complex Options Strategy on the opposite side of the market representing either (A) the same number of units of the underlying stock or convertible security, or (B) the number of units of the underlying stock necessary to create a delta neutral position, but in no case in a ratio greater than eight-to-one (8.00), where the ratio represents the total number of units of the underlying stock or convertible security in the option legs to the total number of units of the underlying stock or convertible security in the stock leg. Only those Stock-Complex Strategies with no more than the applicable number of legs, as determined by the Exchange on a class-by-class basis, are eligible for processing.

(4) The term "complex strategy" includes Complex Options Strategies, Stock-Option Strategies, and Stock-Complex Strategies.

(5) The terms "Complex Options Order," "Stock-Option Order," and "Stock-Complex Order" refer to orders for a Complex Options Strategy, Stock-Option Strategy, and Stock-Complex Strategy, respectively. The term "Complex Order" includes Complex Options Orders, Stock-Option Orders, and Stock-Complex Orders.

(b) *Types of Complex Orders*. Unless otherwise specified, the definitions used below have the same meaning contained in Options 3, Section 7. The Exchange may determine to make certain order types and/or times-in-force available on a class or System basis. Complex Orders may be entered using the following orders or designations:

(1) Market Complex Order. A Market Complex Order is a Complex Order to buy or sell a complex strategy that is to be executed at the best price obtainable. If not executable upon entry, such orders will rest on the Complex Order Book unless designated as fill-or-kill or immediate-or-cancel.

(2) Limit Complex Order. A Limit Complex Order is a Complex Order to buy or sell a complex strategy that is entered with a limit price expressed as a net purchase or sale price for the components of the order.

(3) All-Or-None Complex Order. A Complex Order may be designated as an All-or-None Order that is to be executed in its entirety or not at all. An All-Or-None Order may only be entered as an Immediate-or-Cancel Order.

(4) Attributable Complex Order. A Market or Limit Complex Order may be designated as an Attributable Order as provided in Options 3, Section 7(h).

(5) Complex Customer Cross Order. A Complex Customer Cross Order is comprised of a Public Customer Complex Order to buy and a Public Customer Complex Order to sell at the same price and for the same quantity. Such orders will trade in accordance with Options 3, Section 12(b).

(6) Qualified Contingent Cross Complex Order. A Complex Options Order may be entered as a Qualified Contingent Cross Order, as defined in Options 3, Section 7(j). Qualified Contingent Cross Complex Orders will trade in accordance with Options 3, Section 12(d).

(7) Day Complex Order. A Complex Order may be designated as a Day Order that if not executed, expires at the end of the day on which it was entered.

(8) Fill-or-Kill Complex Orders. A Complex Order may be designated as a Fill-or-Kill Order that is to be executed in its entirety as soon as it is received and, if not so executed, cancelled.

(9) Immediate-or-Cancel Complex Orders. A Complex Order may be designated as an Immediate-or-Cancel Order that is to be executed in whole or in part upon receipt. Any portion not so executed is cancelled.

(10) Opening Only Complex Order. An Opening Only Complex Order is a Complex Order that may be entered for execution during the Complex Opening Process described in Supplementary Material .04 to Options 3, Section 14. Any portion of the order that is not executed during the Complex Opening Process is cancelled.

(11) Good-Till-Date Complex Order. A Good-Till-Date Complex Order is an order to buy or sell which, if not executed, will be cancelled at the sooner of the end of the expiration date assigned to the Complex Order, or the expiration of any individual series comprising the order.

(12) Good-Till-Cancel Complex Order. A Good-Till-Cancel Complex Order is an order to buy or sell that remains in force until the order is filled, canceled or any series of the order expires; provided, however, that a Good-Till-Cancel Complex Order will be cancelled in the event of a corporate action that results in an adjustment to the terms of any series underlying the Complex Order.

(13) Exposure Complex Order. An Exposure Complex Order is an order that will be exposed upon entry as provided in Supplementary Material .01 to this Rule if eligible, or entered on the Complex Order Book if not eligible. Any unexecuted balance of an Exposure Complex Order remaining upon the completion of the exposure process will be entered on the Complex Order Book.

(14) Exposure Only Complex Order. An Exposure Only Complex Order is an order that will be exposed upon entry as provided in Supplementary Material .01 to this Rule if eligible, or cancelled if not eligible. Any unexecuted balance of an Exposure Only Complex Order remaining upon the completion of the exposure process will be cancelled.

(15) Cancel-Replacement Complex Order. Cancel-Replacement Complex Orders shall mean a single message for the immediate cancellation of a previously received Complex Order and the replacement of that Complex Order with a new Complex Order. If the previously placed Complex order is already filled partially or in its entirety, the replacement Complex Order is automatically canceled or reduced by the number of contracts that were executed. The replacement Complex Order will retain the priority of the cancelled Complex order, if the order posts to the Complex Order Book, provided the price is not amended or size is not increased.

(16) Reserved.

(17) Reserved.

(18) Complex PIXL Order. A Complex PIXL Order is an order entered into the Complex Price Improvement Mechanism as described in Options 3, Section 13.

(19) Complex Directed Order. A Complex Directed Order is a Complex Order for which a member organization has designated a Directed Market Maker as described in Options 2, Section 10. The component leg(s) of a Complex Order with a Directed Order instruction may allocate pursuant to Options 3, Section 10(a)(1)(C) when the Complex Directed Order legs into the single-leg market provided that the Directed Market Maker is quoting at the better of the internal BBO or the NBBO for a component leg(s) of the Complex Directed Order at the time the Complex Directed Order is received. A Directed Market Maker will not receive an allocation pursuant to Options 3, Section 10(a)(1)(C) for a component leg(s) of a Complex Directed Order if the Directed Market Maker is not quoting at the better of the internal BBO or the NBBO for that leg at the time the Complex Directed Order is received.

(c) *Applicability of Exchange Rules*. Except as otherwise provided in this Rule, complex strategies shall be subject to all other Exchange Rules that pertain to orders and quotes generally.

(1) *Minimum Increments*. Bids and offers for Complex Options Strategies may be expressed in one cent ($0.01) increments, and the options leg of Complex Options Strategies may be executed in one cent ($0.01) increments, regardless of the minimum increments otherwise applicable to the individual options legs of the order. Bids and offers for Stock-Option Strategies or Stock-Complex Strategies may be expressed in any decimal price determined by the Exchange, and the stock leg of a Stock-Option Strategy or Stock-Complex Strategy may be executed in any decimal price permitted in the equity market. The options leg of a Stock-Option Strategy or Stock-Complex Strategy may be executed in one cent ($0.01) increments, regardless of the minimum increments otherwise applicable to the individual options legs of the order.

(2) *Complex Order*. Complex strategies will not be executed at prices inferior to the best net price achievable from the best Exchange bids and offers for the individual legs. Notwithstanding the provisions of Options 3, Section 10:

(i) a Complex Options Strategies may be executed at a total credit or debit price with one other member organization without giving priority to bids or offers established on the Exchange that are no better than the bids or offers in the individual options series comprising such total credit or debit; provided, however, that if any of the bids or offers established on the Exchange consist of a Public Customer Order, the price of at least one leg of the complex strategy must trade at a price that is better than the corresponding bid or offer on the Exchange by at least one minimum trading increment for the series as defined in Options 3, Section 3.

(ii) The option leg of a Stock-Option Strategy has priority over bids and offers for the individual options series established on the Exchange by Professional Orders and market maker quotes that are no better than the price of the options leg, but not over such bids and offers established by Public Customer Orders.

(iii) The options legs of a Stock-Complex Strategy are executed in accordance with subparagraph (c)(2)(i) above.

(3) Internalization. Complex Orders represented as agent may be executed (i) as principal as provided in Options 3, Section 22(b), or (ii) against orders solicited from member organizations and non-member organization broker-dealers as provided in Options 3, Section 22(c). The exposure requirements of Options 3, Section 22(b) or (c) must be met on the Complex Order Book unless the order is executed in one of the mechanisms described in Options 3, Sections 12 and 13.

(d) *Execution of Complex Strategies*. Complex strategies will be executed without consideration of any prices that might be available on other exchanges trading the same options contracts. Complex strategies are not executable unless all of the terms of the strategy can be satisfied and the options legs can be executed at prices that comply with the provisions of paragraph (c)(2) above. Complex strategies, other than those that are executed as crossing transactions pursuant to Options 3, Sections 12 and 13, are automatically executed as follows:

(1) Each Complex Order must specify upon entry whether it should be exposed upon entry if eligible, or whether such Complex Order should be processed without being exposed. Eligible incoming Complex Orders that are designated for exposure will be exposed for price improvement pursuant to Supplementary Material .01 to this Rule.

(2) Complex Options Orders will be executed at the best net price available from Complex Order Exposure pursuant to Supplementary Material .01 to this Rule, executable Complex Orders on the Complex Order Book, and bids and offers for the individual options series; provided that at each price, executable Complex Options Orders will be automatically executed first against executable bids and offers on the Complex Order book prior to legging in the single leg order book. Notwithstanding the foregoing, executable Complex Options Orders will execute against Public Customer interest on the single leg book at the same price before executing against the Complex Order Book. Thus, Public Customer Orders on the single leg order book shall retain priority and will execute prior to any other Complex Order or non-Public Customer single leg interest at the same price. Stock Option

Orders and Stock Complex Orders will be executed at the best net price available from Complex Order Exposure pursuant to Supplementary Material .01 to this Rule and executable Complex Orders on the Complex Order Book. The Exchange may designate on a class basis whether bids and offers at the same price on the Complex Order Book will be executed:

(i) in time priority; or

(ii) pro-rata based on size according to Options 3, Section 10(a)(1)(E) and (F).

(3) If there is no executable contra-side complex interest on the Complex Order Book at a particular price, executable Complex Options Orders up to a maximum number of legs (determined by the Exchange on a class basis as either two legs, three legs or four legs) may be automatically executed against bids and offers on the Exchange for the individual options series provided the Complex Order can be executed in full or in a permissible ratio by such bids and offers. Legging orders may be automatically generated on behalf of Complex Options Orders so that they are represented at the best bid and/or offer on the Exchange for the individual legs of the Complex Options Order as provided in Options 3, Section 7(k). Notwithstanding the foregoing:

(A) Complex Orders with 2 option legs where both legs are buying or both legs are selling and both legs are calls or both legs are puts may only trade against other Complex Orders in the Complex Order Book. The System will not generate legging orders for these Complex Orders.

(B) Complex Orders with 3 or 4 option legs where all legs are buying or all legs are selling may only trade against other Complex Orders in the Complex Order Book.

(4) Complex strategies that are not executable may rest on the Complex Order Book until they become executable.

Supplementary Material to Options 3, Section 14

.01 **Complex Order Exposure**. If designated by a member organization for exposure, eligible Complex Orders are exposed upon entry for a period of up to one (1) second pursuant to subparagraph (d)(1) as follows:

(a) A Complex Order that improves upon the best price for the same complex strategy on the Complex Order Book (i.e., a limit order to buy priced higher than the best bid, a limit order to sell priced lower than the best offer, and a market order to buy or sell) is eligible to be exposed upon entry for a period of up to one (1) second as provided in Supplementary Material .01 to this Rule. Incoming orders will not be eligible to be exposed if there are market orders on the Complex Order Book on the same side of the market for the same complex strategy.

(b) Upon entry of an eligible Complex Order, a broadcast message that includes net price or at market, size, and side will be sent and member organizations will be given an opportunity to enter Responses with the prices and sizes at which they are willing to participate in the execution of the Complex Order.

(i) Responses are only executable against the Complex Order with respect to which they are entered, can be modified or withdrawn at any time prior to the end of the exposure period, and will be considered up to the size of the Complex Order being exposed. During the exposure period, the Exchange will broadcast the best Response price, and the aggregate size of Responses available at that price. At the conclusion of the exposure period, any unexecuted balance of a Response is automatically cancelled.

(ii) The exposure period for a Complex Order will end immediately: (A) upon the receipt of a Complex Order for the same complex strategy on either side of the market that is marketable against the Complex Order Book or bids and offers for the individual legs; (B) upon the receipt of a non-marketable Complex Order for the same complex strategy on the same side of the market that would cause the price of the exposed Complex Order to be outside of the best bid or offer for the same complex strategy on the Complex Order Book; or (C) when a resting Complex Order for the same complex strategy on either side of the market becomes marketable against interest on the Complex Order book or bids and offers for same individual legs of the complex strategy.

(c) At the end of the exposure period, if the Complex Order still improves upon the best price for the complex strategy on the same side of the market, it is automatically executed to the greatest extent possible pursuant to subparagraph (d)(2)-(3), taking into consideration: (i) bids and offers on the Complex Order Book (including interest received during the exposure period), (ii) bids and offers on the Exchange for the individual options series (including interest received during the exposure period), and (iii) Responses received during the exposure period, provided that when allocating pursuant to subparagraph (d)(2)(ii), Responses are allocated pro-rata based on size. Thereafter, any unexecuted balance will be placed on the Complex Order Book (or cancelled in the case of an Exposure Only Complex Order). Notwithstanding the foregoing, Supplementary Material .01(b)(ii) to this Rule shall not be applicable with respect to Stock Option Orders and Stock Complex Orders.

(d) If a trading halt is initiated during the exposure period in any series underlying the Complex Order, the Complex Order exposure process will be automatically terminated without execution.

.02 **Stock-Option and Stock-Complex Orders**. The Exchange will electronically communicate the stock leg of an executable Stock-Option Order and Stock-Complex Order to NES for execution. To execute Stock-Option Orders and Stock-Complex Orders on the Exchange, member organizations must enter into a brokerage agreement with NES. The Exchange will automatically transmit the stock leg of a trade to NES.

.03 Reserved.

.04 **Complex Opening Process**. After each of the individual component legs have opened, or reopened following a trading halt, Complex Options Strategies, Stock-Option Strategies and Stock-Complex Strategies will be opened pursuant to the Complex Opening Price Determination described in Supplementary Material .05 to this Rule.

.05 **Complex Opening Price Determination**.

(a) *Definitions*.

(1) "Boundary Price" is described herein in paragraph (d)(1).

(2) "Opening Price" is described herein in paragraph (d)(3).

(3) "Potential Opening Price" is described herein in paragraph (d)(3).

(b) *Eligible Interest*. Eligible interest during the Complex Opening Price Determination includes Complex Orders on the Complex Order Book. Bids and offers for the individual legs of the complex strategy are not eligible to participate in the Complex Opening Price Determination.

(c) If the best bid for a complex strategy does not lock or cross the best offer, there will be no trade in the Complex Opening Price Determination and the complex strategy will open pursuant to the Complex Uncrossing Process described in Supplementary Material .06(b) to this Rule.

(d) If the best bid for a complex strategy locks or crosses the best offer, the System will open the complex strategy as follows:

(1) *Boundary Prices*. The System calculates Boundary Prices at or within which Complex Orders may be executed during the Complex Opening Price Determination based on the NBBO for the individual legs; provided that, if the NBBO for any leg includes a Public Customer Order on the Exchange, the System adjusts the Boundary Prices according to subparagraph (c)(2).

(2) *Potential Opening Price*. The System will calculate the Potential Opening Price by identifying the price(s) at which the maximum number of contracts can trade ("maximum quantity criterion") taking into consideration all eligible interest pursuant to Supplementary Material .05(b) to this Rule.

(3) Opening Price Determination. When interest crosses and does not match in size, the System will calculate the Potential Opening Price based on the highest (lowest) executable offer (bid) price when the larger sized interest is offering (bidding), provided, however, that if there is more than one price at which the interest may execute, the Potential Opening Price when the larger sized interest is offering (bidding) shall be the mid-point of the highest (lowest) executable offer (bid) price and the next available

executable offer (bid) price rounded, if necessary, down (up) to the closest minimum trading increment; or

When interest crosses and is equal in size, the System will calculate the Potential Opening Price based on the mid-point of lowest executable bid price and the highest executable offer price, rounded, if necessary, up to the closest minimum trading increment.

(A) Executable bids/offers include any interest which could be executed at the Potential Opening Price without trading through residual interest or the Boundary Price or without trading at the Boundary Price where there is Public Customer interest at the best bid or offer for any leg, consistent with paragraph Options 3, Section 14(c)(2).

(B) Executable bids/offers will be bounded by the Boundary Price on the contra-side of the interest, for determination of the Potential Opening Price described above.

(4) *Opening Price*. If the Potential Opening Price is at or within the Boundary Prices, the Potential Opening Price becomes the Opening Price and the complex strategy will open pursuant to Supplementary Material .05(d)(5) to this Rule. If the bid Boundary Price is higher than the offer Boundary Price, or if no valid Potential Opening Price can be found at or within the Boundary Prices, there will be no trade in the Complex Opening Price Determination and the complex strategy will open pursuant to the Complex Uncrossing Process described in Supplementary Material .06(b) to this Rule.

(5) *Allocation*. During the Complex Opening Price Determination, where there is an execution possible, the System will give priority to Market Complex Orders first, then to resting Limit Complex Orders on the Complex Order Book. The allocation provisions of subparagraph (d)(2) apply with respect to Complex Orders with the same price with priority given first to better priced interest.

(6) *Uncrossing*. If the Complex Order Book remains locked or crossed following paragraphs (d)(1) - (5), the System will process any remaining Complex Orders, including Opening Only Complex Orders in accordance with the Complex Uncrossing Process described in Supplementary Material .06(b) to this Rule. Bids and offers for the individual legs of the Complex Option Order will also be eligible to trade in the Complex Uncrossing Process.

.06 **Complex Uncrossing Process**.

(a) The Complex Order Book will be uncrossed using the Complex Uncrossing Process described in paragraph (b) below if a resting Complex Order that is locked or crossed with other interest becomes executable during regular trading or as part of the Complex Opening Process.

(b) Complex Strategies are uncrossed using the following procedure:

(1) The System identifies the oldest Complex Order among the best priced bids and offers on the Complex Order Book. A Complex Order entered with an instruction that it must be executed at a price that is equal to or better than the national best bid or offer pursuant to paragraph (a) above is considered based on its actual limit or market price and not the price of the national best bid or offer for the component legs.

(2) The selected Complex Order is matched pursuant to subparagraph (d)(2)-(3) with resting contra-side interest on the Complex Order Book and, for Complex Option Orders, bids and offers for the individual legs of the complex strategy.

(3) The process described in (1) through (2) is repeated until the Complex Order Book is no longer executable.

.07 **Qualified Contingent Trade Exemption**. Members and member organizations may only submit Complex Orders in Stock-Option Strategies and Stock-Complex Strategies if such Complex Orders comply with the Qualified Contingent Trade Exemption from Rule 611(a) of Regulation NMS under the Exchange Act. Members and member organizations submitting Complex Orders in Stock-Option Strategies and Stock-Complex Strategies represent that they comply with the Qualified Contingent Trade Exemption. Member organizations of FINRA or The Nasdaq Stock Market (“Nasdaq”) are required to have a Uniform Service Bureau/Executing Broker Agreement (“AGU”) with Nasdaq Execution Services, LLC (“NES”) in order to trade Complex Orders in Stock-Option Strategies and Stock-Complex Strategies; firms that are not members of FINRA or Nasdaq are required to have a Qualified Special Representative (“QSR”) arrangement with NES in order to trade Complex Orders in Stock-Option Strategies and Stock-Complex Strategies. In addition, the stock leg of a stock-option order must be marked "buy," "sell," "sell short," or "sell short exempt" in compliance with Regulation SHO under the Exchange Act.

Section 15. Simple Order Risk Protections

The following order protections apply to Simple Orders.

(a) The following are order protections on Phlx:

* * * * *

(3) **Market Wide Risk Protection**. All member organizations must provide parameters for the order entry and execution rate protections described in this Rule. The Exchange will also establish default values for each of these parameters that apply to member organizations that do not submit the required parameters, and will announce these default values in an Options Trader Alert to be distributed to member organizations. The System will maintain one or more counting programs for each member organization that count orders entered and contracts traded on Phlx. Member organizations can use multiple counting programs to separate risk protections for different groups established within the member organizations. The counting programs will maintain separate counts, over rolling

time periods specified by the member organization for each count, of: (1) the total number of orders entered in the regular order book[.]; (2) the total number of Complex Option Orders entered in the complex order book; (3) the total number of Stock-Option and Stock-Complex Orders entered into the complex order book; (4) the total number of contracts traded in regular orders; (5) the total number of contracts traded in Complex Options Orders; and (6) the total number of contracts traded in Stock-Option and Stock-Complex Orders entered into the complex order book. The minimum and maximum duration of the applicable time period will be established by the Exchange and announced via an Options Trader Alert.

* * * * *

Section 16. Complex Order Risk Protections

[(a) **Strategy Price Protection ("SPP").** SPP is a feature of the System that prevents certain Complex Order Strategies from trading at prices outside of pre-set standard limits. SPP will apply only to Vertical Spreads (defined below) and Time Spreads (defined below).

(i) **Vertical Spread**. A Vertical Spread is a Complex Order Strategy consisting of the purchase of one call (put) option and the sale of another call (put) option overlying the same security that have the same expiration but different strike prices.

(A) The SPP will calculate the maximum possible value of a Vertical Spread by subtracting the value of the lower strike price from the value of the higher strike price as between the two components. For example, a Vertical Spread consisting of the purchase of one January 30 call and the sale of one January 35 call would have a maximum value of $5.00. The minimum possible value of a Vertical Spread is always zero.

(B) The SPP will ensure that a Vertical Spread will not trade at a net price of less than the minimum possible value (minus a pre-set value setting an acceptable range) or greater than the maximum possible value (plus a pre-set value setting an acceptable range).

(C) The pre-set value and acceptable range will be uniform for all options traded on the Exchange as determined by the Exchange and communicated to membership on the Exchange's website.

(ii) **Time Spread**. A Time Spread is a Complex Order Strategy consisting of the purchase of one call (put) option and the sale of another call (put) option overlying the same security that have different expirations but the same strike price.

(A) The maximum possible value of a Time Spread is unlimited. The minimum possible value of a Time Spread is zero.

(B) The SPP will ensure that a Time Spread will not trade at a price of less than zero (minus a pre-set value setting an acceptable range).

(iii) **Protection**. If the limits (on either side of the market) set forth in sub-paragraphs (i)(B) and (ii)(B) above would be violated by an execution, the System will cancel the order.

(b) Where one component of a Complex Order is the underlying security, the Exchange shall electronically communicate the underlying security component of a Complex Order to Nasdaq Execution Services, LLC ("NES"), its designated broker dealer, for immediate execution. Such execution and reporting will occur otherwise than on the Exchange and will be handled by NES pursuant to applicable rules regarding equity trading. The execution price must be within the high-low range for the day in that stock at the time the Complex Order is processed and within a certain price from the current market, which the Exchange will establish in an Options Trader Alert. If the stock price is not within these parameters, the Complex Order is not executable.

When the short sale price test in Rule 201 of Regulation SHO is triggered for a covered security, NES will not execute a short sale order in the underlying covered security component of a Complex Order if the price is equal to or below the current national best bid. However, NES will execute a short sale order in the underlying covered security component of a Complex Order if such order is marked "short exempt," regardless of whether it is at a price that is equal to or below the current national best bid. If NES cannot execute the underlying covered security component of a Complex Order in accordance with Rule 201 of Regulation SHO, the Exchange will cancel back the Complex Order to the entering member organization. For purposes of this paragraph, the term "covered security" shall have the same meaning as in Rule 201(a)(1) of Regulation SHO.

(i) **Acceptable Complex Execution ("ACE") Parameter**. The ACE Parameter defines a price range outside of which a Complex Order will not be executed. The ACE Parameter is either a percentage or number defined by the Exchange and may be set at a different percentage or number for Complex Orders where one of the components is the underlying security. The ACE Parameter price range is based on the cNBBO at the time an order would be executed. A Complex Order to sell will not be executed at a price that is lower than the cNBBO bid by more than the ACE Parameter. A Complex Order to buy will not be executed at a price that is higher than the cNBBO offer by more than the ACE Parameter. A Complex Order or a portion of a Complex Order that cannot be executed within the ACE Parameter pursuant to this rule will be placed on the CBOOK. The Exchange will issue an Options Trader Alert ("OTA") to membership indicating the issue-by-issue ACE Parameters. The Exchange will also maintain a list of ACE Parameters on its website.

(c) **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 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 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 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.

(d) **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 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.

(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 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 premarket, during the Opening Process and during Halts.]

The following are Complex Order risk protections on Phlx:

(a) **Price limits for Complex Orders**. As provided in Options 3, Section 14(d)(2), the legs of a complex strategy may be executed at prices that are inferior to the prices available on other exchanges trading the same options series. Notwithstanding, the System will not permit any leg of a complex strategy to trade through the NBBO for the series or any stock component by a configurable amount calculated as the lesser of (i) an absolute amount not to exceed $0.10, and

(ii) a percentage of the NBBO not to exceed 500%, as determined by the Exchange on a class, series or underlying basis. A member organization can also include an instruction on a Complex Order that each leg of the Complex Order is to be executed only at a price that is equal to or better than the NBBO on the opposite side for the options series or any stock component, as applicable ("Do-Not-Trade-Through" or "DNTT").

(1) The System will reject orders for a complex strategy where all legs are to buy if entered at a price that is less than the minimum net price, which is calculated as the sum of the ratio on each leg relative to the other legs of the complex strategy multiplied by the minimum increment applicable to that leg pursuant to Options 3, Section 14(c)(1).

(b) **Strategy Protections**. The following protections will apply throughout the trading day, including pre-market, during the Opening Process and during a trading halt. The protections will not apply to Complex Orders being auctioned and auction responses in the Price Improvement Mechanism within Options 3, Section 13. Additionally, the following protections will not apply when a Complex Order includes at least one P.M.-settled leg and at least one A.M.-settled leg.

(1) **Vertical Spread Protection**. The Vertical Spread Protection will apply to a vertical spread. A vertical spread is an order to buy a call (put) option and to sell another call (put) option in the same security with the same expiration but at a higher (lower) strike price).

(A) The System will reject a Vertical Spread order when entered with a net price of less than zero (minus a pre-set value), and will prevent the execution of a Vertical Spread order at a price that is less than zero (minus a pre-set value) when entered as a Market Order to sell. The Exchange will set a pre-set value not to exceed $1.00 to be applied uniformly across all classes. The Exchange may amend the pre-set value uniformly across all classes.

(B) The System will reject a Vertical Spread order when entered with a net price greater than the value of the higher strike price minus the lower strike price (plus a pre-set value), and will prevent the execution of a Vertical Spread order at a price that is greater than the value of the higher strike price minus the lower strike price (plus a pre-set value) when entered as a Market Order to buy. The pre-set value used by the vertical spread check will be the lesser of (1) an absolute amount not to exceed $1.00 and (2) a percentage of the difference between the strike prices not to exceed 10% to be applied uniformly across all classes. The Exchange may amend the pre-set value uniformly across all classes.

(2) **Calendar Spread Protection**. The Calendar Spread Protection will apply to a Calendar Spread. A calendar spread is an order to buy a call (put) option with a longer expiration and to sell another call (put) option with a shorter expiration in the same security at the same strike price.

(A) The System will reject a Calendar Spread order when entered with a net price of less than zero (minus a preset value), and will prevent the execution of a Calendar Spread order at a price that is less than zero (minus a pre-set value) when entered as a Market

Complex Order to sell. The Exchange will set a pre-set value not to exceed $1.00 to be applied uniformly across all classes. The Exchange may amend the pre-set value uniformly across all classes.

(3) **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.

(A) A Butterfly Spread Limit Order that is priced higher than the Maximum Value or lower than the Minimum Value will be rejected. A Butterfly Spread Market Order (or Butterfly Spread Limit Order entered with a net price inside the Butterfly Spread Protection Range) to buy (sell) will be restricted from executing by legging into the single leg market with a net price higher (lower) than the Maximum (Minimum) Value. The Butterfly Spread Protection Range is the absolute difference between the Minimum Value and the Maximum Value.

(i) 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 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 member organizations. The Maximum Value is calculated by adding the Initial Maximum Value and Maximum Value Buffer.

(ii) 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 member organizations. The Minimum Value is calculated by subtracting the Minimum Value Buffer from the Initial Minimum Value of zero.

(4) **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.

(A) A Box Spread Limit Order that is priced higher than the Maximum Value or lower than the Minimum Value will be rejected. A Box Spread Market Order (or Box Spread Limit Order entered with a net price inside the Box Spread Protection Range) to buy (sell) will be restricted from executing by legging into the single leg market with a net price higher (lower) than the Maximum (Minimum) Value. The Box Spread Protection Range is the absolute difference between the Minimum Value and the Maximum Value.

(i) 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 member organizations. The Maximum Value is calculated by adding the Initial Maximum Value and Maximum Value Buffer.

(ii) 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 member organizations. The Minimum Value is calculated by subtracting the Minimum Value Buffer from the Initial Minimum Value of zero.

(c) Other Price Protections which apply to Complex Orders.

(1) **Complex Order Price Protection**. There is a limit on the amount by which the net price of an incoming Limit Complex Order to buy may exceed the net price available from the individual options series on the Exchange and the national best bid or offer for any stock leg, and by which the net price of an incoming Limit Complex Order to sell may be below the net price available from the individual options series on the Exchange and the national best bid or offer for any stock leg. Limit Complex Orders that exceed the pricing limit are rejected. The limit is established by the Exchange from time-to-time for Limit Complex Orders to buy (sell) as the net price available from the individual options series on the Exchange and the national best bid or offer for any stock leg plus (minus) the greater of: (i) an absolute amount not to exceed $2.00, or (ii) a percentage of the net price available from the individual options series on the Exchange and the national best bid or offer for any stock leg not to exceed 10%.

(2) **Size Limitation**. There is a limit on the number of contracts (and shares in the case of a Stock-Option Strategy or Stock-Complex Strategy) any single leg of an incoming Complex Order may specify. Orders that exceed the maximum number of contracts (or shares) are rejected. The maximum number of contracts (or shares), which shall not be less than 10,000 (or 100,000 shares), is established by the Exchange from time-to-time.

(3) **Price Level Protection**. There is a limit on the number of price levels at which an incoming Complex Order to sell (buy) will be executed automatically with the bids or offers of each component leg when there are no bids (offers) from other exchanges at any price for the options series. Complex Orders are executed at each successive price level until the maximum number of price levels is reached on any component leg where the protection has been triggered, and any balance is canceled. The number of price levels for the component leg, which may be from one (1) to ten (10), is determined by the Exchange from time-to-time on a class-by-class basis.

(d) **Stock-Tied NBBO**. For Complex Orders in Stock-Option Strategies and Stock-Complex Strategies, the Exchange shall electronically communicate the underlying security component of a Complex Order to Nasdaq Execution Services, LLC ("NES"), its designated broker dealer, for immediate execution. Such execution and reporting will not occur on the Exchange and will be handled by NES pursuant to applicable rules regarding equity trading. NES will ensure that the execution price is within the high-low range for the day in that stock at the time the Complex Order is processed and within a certain price from the current market pursuant to Options 3, Section 16(a). If the stock price is not within these parameters, the Complex Order is not executable and the Exchange will hold the Complex Order on the Order Book, if consistent with member organization instructions.

(e) **Stock-Tied Reg SHO**. When the short sale price test in Rule 201 of Regulation SHO is triggered for a covered security, NES will not execute a short sale order in the underlying covered security component of a Complex Order if the price is equal to or below the current national best bid. However, NES will execute a short sale order in the underlying covered security component of a Complex Order if such order is marked “short exempt,” regardless of whether it is at a price that is equal to or below the current national best bid. If NES cannot execute the underlying covered security component of a Complex Order in accordance with Rule 201 of Regulation SHO, the Exchange will hold the Complex Order on the Complex Order Book, if consistent with member organization instructions. The order may execute at a price that is not equal to or below the current national best bid. For purposes of this paragraph, the term “covered security” shall have the same meaning as in Rule 201(a)(1) of Regulation SHO.

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Options 4C U.S. Dollar-Settled Foreign Currency Options

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Section 2. Definitions

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(b) Definitions. The following terms as used in the Rules shall, unless the context otherwise indicates, have the meanings herein specified:

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(2) The term "foreign currency" is as defined within Options 1, Section 1(b)([23]24).

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Section 5. Series of U.S. Dollar-Settled Foreign Currency Options Contracts Open for Trading

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(b) **Exercise Price.** The exercise price of each series of foreign currency options opened for trading on the Exchange normally shall be fixed at a price per unit which is reasonably close to the current Exchange Spot Price per unit of the underlying foreign currency in the foreign exchange market at or before the time such series of options is first opened for trading on the Exchange, as determined by finding the arithmetic mean of Exchange Spot Prices as defined in

Options 1, Section 1(b)([17]18) at or about such time. The Exchange may initially list exercise strike prices for each expiration of U.S. dollar-settled options on currencies within a 40 percent band around the current Exchange Spot Price at fifty cent ($.50) intervals. Thus, if the Exchange Spot Price of the Euro were at $100.00, the Exchange would list strikes in $.50 intervals up to $120.00 and down to $80.00, for a total of eighty-one strike prices available for trading. As the Exchange Spot Price for U.S. dollar-settled FCOs moves, the Exchange may list new strike prices that, at the time of listing, do not exceed the Exchange Spot Price by more than 20 percent and are not less than the Exchange Spot Price by more than 20 percent. For example, if at the time of initial listing, the Exchange Spot Price of the Euro is at $100.00, the strike prices the Exchange will list will be $80.00 to $120.00. If the Exchange Spot Price then moves to $105.00, the Exchange may list additional strikes at the following prices: $105.50 to $126.00.

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Options 5 Order Protection; Locked and Crossed Markets Definitions

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Section 4. Order Routing

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(i) **Priority of Routed Orders**. Orders sent to other markets do not retain time priority with respect to other orders in the System and the System shall continue to execute other orders while routed orders are away at another market center. Once routed by the System, an order becomes subject to the rules and procedures of the destination market including, but not limited to, order cancellation. A routed order can be for less than the original incoming order's size. If a routed order is subsequently returned, in whole or in part, that routed order, or its remainder, shall receive a new time stamp reflecting the time of its return to the System, unless any portion of the original order remains on the System, in which case the routed order shall retain its timestamp and its priority.

(ii) Entering member organizations whose orders are routed to away markets shall be obligated to honor such trades that are executed on away markets to the same extent they would be obligated to honor a trade executed on the Exchange.

(A) The Exchange shall route orders in options via Nasdaq Execution Services, LLC ("NES"), a broker-dealer that is a member of an unaffiliated SRO which is the designated examining authority for the broker-dealer. NES serves as the Routing Facility of the Exchange (the “Routing Facility”). The sole use of the Routing Facility by the System will be to route orders in options listed and open for trading on the System to away markets either directly or through one or more third-party unaffiliated routing broker-dealers pursuant to Exchange rules on behalf of the Exchange[and, in addition, where one component of a Complex Order is the underlying security, to execute and report such component otherwise than on the Exchange, pursuant to Rule Options 3, Section 14(h)]. The Routing Facility is subject to regulation as a facility of the Exchange, including the requirement to file proposed rule changes under Section 19 of the Exchange Act, as amended.

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Options 7 Pricing Schedule

Section 1 General Provisions

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(c) For purposes of assessing options fees and paying rebates, the following references should serve as guidance.

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The term **"Market Maker"** is defined in Options 1, Section 1(b)([28]29) as a member of the Exchange who is registered as an options Market Maker pursuant to Options 2, Section 12(a). A Market Maker includes SQTs and RSQTs as well as Floor Market Makers.

* * * * *

The term **"Streaming Quote Trader"** is defined in Options 1, Section 1(b)([55]54) as a Market Maker who has received permission from the Exchange to generate and submit option quotations electronically in options to which such SQT is assigned.

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Options 8 Floor Trading

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Section 24. Bids And Offers-Premium

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(j) *Spread Type Priority*. Through FBMS, Spread Type Orders consisting of a conforming ratio, as that term is defined in Options 1, Section 1(b)(13), may be executed at a total credit or debit price with priority over individual bids or offers established in the marketplace (including Public Customers) that are not better than the bids or offers comprising such total credit or debit, provided that at least one option leg is executed at a better price than the established bid or offer for that option contract and no option leg is executed at a price outside of the established bid or offer for that option contract.

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Section 32. Types of Floor-Based (Non-System) Orders

The Exchange may determine to make certain order types and time-in-force, respectively, available on a class or System basis.

(a) These order types are eligible for entry by a member for execution through the Options Floor Based Management System ("FBMS").

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(3) *Complex [Orders]Options Strategy*. A Complex [Order]Options Strategy is as described in Options 3, Section 14(a)([i]1).

(4) *Stock-Option [Order]Strategy*. A Stock-Option [Order]Strategy is as described in Options 3, Section 14(a)([i]2).

(5) *Stock-Complex Strategy.* A Stock-Complex Strategy is as described in Options 3, Section 14(a)(3).

([5]6) *Contingency Order*. A contingency order is a Limit or Market Order to buy or sell that is contingent upon a condition being satisfied while the order is at the post.

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(b) *Time in Force* or "*TIF*." The term "Time in Force" shall mean the period of time that the System will hold an order for potential execution, and shall include:

> (1) **Immediate or Cancel Order**. An Immediate-or-Cancel ("IOC") order is a Limit Order that is to be executed in whole or in part upon receipt. Any portion not so executed shall be cancelled. IOC Orders are not routable and shall not be subject to any routing process described in these Rules. A Complex Order may be designated as an Immediate-or-Cancel Order that is to be executed in whole or in part upon receipt. Any portion not so executed is cancelled.
>
> (2) **Day**. If not executed, an order entered with a TIF of "Day" expires at the end of the day on which it was entered. All orders by their terms are Day Orders unless otherwise specified. Day orders may be entered through FIX. A Complex Order may be designated as a Day Order that if not executed, expires at the end of the day on which it was entered.

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(f) *Multi-leg Orders*. A multi-leg order is any spread type order (including a spread, straddle and combination order) for the same account or tied hedge order as defined below:

* * * * *

(7) *Complex Order.* A Complex Order is a type of [M]multi-[L]leg order that meets the definition of Complex Options Strategy in Options 3, Section 14(a)(1), Stock-Option Strategy in Options 3, Section 14(a)(2) or Stock-Complex Strategy in Options 3, Section 14(a)(3)[Complex Order in Options 3, Section 16(a)(i)].

[(8) *DNA Order.* A DNA Order is an order submitted through FBMS that meets the definition of DNA Order in Rule Options 3, Section 16(a)(viii).]

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