

SECURITIES AND EXCHANGE COMMISSION
(Release No. 34-63603; File No. SR-Phlx-2010-180)

December 22, 2010

Self-Regulatory Organizations; NASDAQ OMX PHLX LLC; Notice of Filing and Immediate Effectiveness of Proposed Rule Change Revising Floor Qualification Examination

Pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 ("Act")¹, and Rule 19b-4² thereunder, notice is hereby given that on December 10, 2010, NASDAQ OMX PHLX LLC ("Phlx" or "Exchange") filed with the Securities and Exchange Commission ("SEC" or "Commission") the proposed rule change, and an amendment thereto on December 15, 2010, as described in Items I, II, and III, below, which Items have been prepared by the Exchange. The Commission is publishing this notice to solicit comments on the proposed rule change, as amended, from interested persons.³

I. Self-Regulatory Organization's Statement of the Terms of Substance of the Proposed Rule Change

The Exchange proposes to revise its floor qualification examination. Specifically, the Exchange proposes to delete obsolete questions, revise outdated questions and add several new questions, as described further below.

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

In its filing with the Commission, the Exchange included statements concerning the purpose of and basis for the proposed rule change and discussed any comments it received on the proposed rule change. The text of these statements may be examined at the places specified in

¹ 15 U.S.C. 78s(b)(1).

² 17 CFR 240.19b-4.

³ See Amendment No. 1.

Item IV below. The Exchange has prepared summaries, set forth in sections A, B, and C below, of the most significant aspects of such statements.

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

1. Purpose

The purpose of the proposed rule change is to improve the Exchange's program for qualification of members by updating its floor qualification examination. The Exchange has employed a written floor qualification examination, which is required for persons seek to act as members on the trading floor,⁴ for many years. The examination, which has not been substantively amended for many years,⁵ covers many areas of the Exchange's rules.

At this time, the Exchange proposes to update the exam in a variety of ways. The exam would continue to be comprised of 100 questions, randomly and electronically selected from a question bank of approximately 148 questions. The floor qualification examination is administered by the Exchange's membership department, and requires a passing score of 70 during a 75 minute testing period.

In terms of outdated questions, the Exchange proposes to delete about 31 obsolete questions, mostly pertaining to: (i) the "Wheel," an obsolete method of allocating trades among specialist and Registered Options Traders ("ROTs"); (ii) "AUTO-X" functionality and specialists manually conducting an opening and executing trades, which have been replaced by the current trading system, Phlx XL II; and (iii) the "ten-up" guarantees that preceded displayed size for options and the application of the Quote Rule to options.⁶

⁴ See Rules 620(a) and 901(c). See also Rule 1061 applicable to Floor Brokers.

⁵ Securities Exchange Act Release No. 33304 (December 9, 1993), 58 FR 65613 (December 15, 1993)(SR-Phlx-92-34).

⁶ For current requirements, see e.g., Rules 1080 and 1082.

The Exchange also proposes to eliminate the foreign currency options qualification examination, because there have been no foreign currency options participants for many years.⁷ In addition, the Exchange no longer offers the foreign currency options products that were the subject of this examination, but rather now offers a U.S. dollar-settled foreign currency option,⁸ which trades pursuant to the Exchange's options trading rules that are covered on the floor qualification exam.

The Exchange proposes to modify approximately 17 questions pertaining to electronic quoting, various changes in priority rules and to reflect the existence of Options Exchange Officials ("OEOs"), who replaced Floor Officials, as well as make various minor corrections reflecting rule changes over time. Similarly, the Exchange proposes to add approximately 46 new questions reflecting trade reporting, disputes and OEO rulings, priority and trade allocation, spreads, openings, halts and reopening, quoting obligations, order types, Floor Broker obligations and Rule 703.

2. Statutory Basis

The Exchange believes that its proposal is consistent with Section 6(b) of the Act⁹ in general, and furthers the objectives of Section 6(b)(5) of the Act¹⁰ in particular, in that it is designed to prevent fraudulent and manipulative acts and practices, promote just and equitable principles of trade, to remove impediments to and perfect the mechanism of a free and open market and a national market system, and, in general to protect investors and the public interest.

⁷ The Exchange intends to separately delete "foreign currency options participant" and related terms from its rules.

⁸ See Securities Exchange Act Release No. 54989 (December 21, 2006), 71 FR 78506 (December 29, 2006)(SR-Phlx-2006-34).

⁹ 15 U.S.C. 78f(b).

¹⁰ 15 U.S.C. 78f(b)(5).

In addition, the Exchange believes that the proposed rule change is consistent with Section 6(c)(3)(B) of the Act,¹¹ which authorizes exchanges to prescribe standards of training, experience and competence for persons associated with exchange members, and gives exchanges the authority to bar a natural person from becoming a member or a person associated with a member, if the person does not meet the standards of training, experience and competence prescribed in the rules of the exchange. The Exchange believes that revising its floor member qualification examination should better test the knowledge of its floor members, and thereby enhance the Exchange's standards for training, experience and competence.

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

The Exchange does not believe that the proposed rule change will impose any burden on competition not necessary or appropriate in furtherance of the purposes of the Act.

C. Self-Regulatory Organization's Statement on Comments on the Proposed Rule Change Received from Members, Participants, or Others

No written comments were either solicited or received.

III. Date of Effectiveness of the Proposed Rule Change and Timing for Commission Action

Pursuant to Section 19(b)(3)(A) of the Act¹² and Rule 19b-4(f)(1)¹³ thereunder, the Exchange has designated this proposal as one that constitutes a stated policy, practice or interpretation with respect to the meaning, administration, or enforcement of an existing rule of the SRO, and therefore has become effective.

At any time within 60 days of the filing of the proposed rule change, the Commission summarily may temporarily suspend such rule change if it appears to the Commission that such

¹¹ 15 U.S.C. 78f(c)(3)(B).

¹² 15 U.S.C. 78s(b)(3)(A).

¹³ 17 CFR 240.19b-4(f)(1).

action is necessary or appropriate in the public interest, for the protection of investors, or otherwise in furtherance of the purposes of the Act.

IV. Solicitation of Comments

Interested persons are invited to submit written data, views, and arguments concerning the foregoing, including whether the proposed rule change is consistent with the Act. Comments may be submitted by any of the following methods:

Electronic comments:

- Use the Commission's Internet comment form (<http://www.sec.gov/rules/sro.shtml>); or
- Send an e-mail to rule-comments@sec.gov. Please include File Number SR-PHLX-2010-180 on the subject line.

Paper comments:

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

All submissions should refer to File Number SR-PHLX-2010-180. This file number should be included on the subject line if e-mail is used. To help the Commission process and review your comments more efficiently, please use only one method. The Commission will post all comments on the Commission's Internet website (<http://www.sec.gov/rules/sro.shtml>). Copies of the submission, all subsequent amendments, all written statements with respect to the proposed rule change that are filed with the Commission, and all written communications relating to the proposed rule change between the Commission and any person, other than those that may be withheld from the public in accordance with the provisions of 5 U.S.C. 552, will be available for website viewing and printing in the Commission's Public Reference Room, 100 F Street, NE, Washington, DC 20549, on official business days between the hours of 10:00 a.m.

and 3:00 p.m. Copies of such filing also will be available for inspection and copying at the principal office of the Exchange. All comments received will be posted without change; the Commission does not edit personal identifying information from submissions. You should submit only information that you wish to make publicly available. All submissions should refer to File Number SR-PHLX-2010-180 and should be submitted on or before [insert date 21 days from publication in the Federal Register].

For the Commission, by the Division of Trading and Markets, pursuant to delegated authority.¹⁴

Florence E. Harmon
Deputy Secretary

¹⁴ 17 CFR 200.30-3(a)(12).