SECURITIES AND EXCHANGE COMMISSION
(Release No. 34-82611; File No. SR-Phlx-2017-103)

February 1, 2018

Self-Regulatory Organizations; Nasdaq PHLX LLC; Order Approving a Proposed Rule Change to Expand the Short Term Option Series Program to Allow Monday Expirations for SPY Options

I. Introduction

On December 6, 2017, the Nasdaq PHLX LLC (“Phlx” or “Exchange”) filed with the Securities and Exchange Commission (“Commission”), pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 (“Act”)\(^1\) and Rule 19b-4 thereunder,\(^2\) a proposed rule change to amend Rule 1000 and Commentary .11 to Rule 1012 to expand the Short Term Option Series Program to permit listing and trading of options on the SPDR S&P 500 ETF Trust (“SPY”) with Monday expirations. The proposed rule change was published for comment in the Federal Register on December 26, 2017.\(^3\) The Commission received no comments on the proposal. This order approves the proposed rule change.

II. Description of the Proposal

Under the terms of the current Short Term Option Series Program, after an option class has been approved for listing and trading on the Exchange, the Exchange may open for trading on any Thursday or Friday that is a business day series of options on that class that expire on each of the next five Fridays, provided that such Friday is not a Friday in which monthly options series or Quarterly Options Series expire.\(^4\) In addition, the Exchange may open for trading on

\(^4\) See Commentary .11 to Phlx Rule 1012.
any Tuesday or Wednesday that is a business day series of options on SPY to expire on up to five consecutive Wednesdays, provided that each such Wednesday is a business day and is not a Wednesday in which Quarterly Options Series expire.  

The Exchange proposes to expand the Short Term Option Series to permit Phlx to open for trading, on any Monday or Friday that is a business day, series of options on SPY that expire on any Monday of the month that is a business day and is not a Monday in which Quarterly Options Series expires (“Monday SPY Expirations”). In the case of a series that is listed on a Friday and expires on a Monday, it must be listed one business week and one business day prior to that Monday expiration. If the Monday SPY Expirations falls on a Monday that is not a business day, the series shall expire on the first business day immediately following that Monday. The Exchange also proposes to amend Commentary .11 to Phlx Rule 1012 state that it may list up to five consecutive Monday SPY Expirations at one time, and may have no more than a total of five Monday SPY Expirations (in addition to a maximum of five Short Term Option Series for SPY expiring on Friday and five Wednesday SPY Expirations). In addition, like Wednesday SPY Expirations and unlike other option series in the Short Term Option Series program, Monday SPY Expirations could expire in the same week in which monthly option

5 See id.
6 Under the proposal, the Exchange would expand the definition of “Short Term Option Series” in Phlx Rule 1044(b)(44) and add a description of Monday SPY Expirations to Commentary .11 to Phlx Rule 1012. See Notice, supra note 3, at 61048.
7 See proposed Commentary .11 to Phlx Rule 1012.
8 See proposed Phlx Rule 1000(b)(44).
series in the same class expire.\(^9\) Otherwise, Monday SPY Expirations are subject to the same rules as standard Short Term Option Series.\(^{10}\)

### III. Discussion and Commission’s Findings

The Commission has carefully reviewed the proposed rule change and finds that it is consistent with the requirements of the Act and the rules and regulations thereunder applicable to a national securities exchange and, in particular, the requirements of Section 6(b) of the Act.\(^{11}\) Specifically, the Commission finds that the proposal is consistent with the requirements of Sections 6(b)(5) of the Act,\(^{12}\) which requires, among other things, that a national securities exchange have rules designed to prevent fraudulent and manipulative acts and practices, to promote just and equitable principles of trade, to foster cooperation and coordination with persons engaged in regulating, clearing, settling, processing information with respect to, and facilitating transactions in securities, to remove impediments to and perfect the mechanism of a free and open market and a national market system, and in general, to protect investors and the public interest. The Commission believes that the proposed rule change may provide the investing public and other market participants more flexibility to closely tailor their investment and hedging decisions in SPY options, thus allowing them to better manage their risk exposure.

In approving the proposal, the Commission notes that the Exchange has represented that it has an adequate surveillance program in place to detect manipulative trading in Monday SPY

\(^9\) See proposed Commentary .11 to Phlx Rule 1012.

\(^{10}\) For example, Monday SPY Expirations would be subject to the same series limitations and strike interval rules as standard Short Term Option Series. See Notice, supra note 3, at 61048.

\(^{11}\) 15 U.S.C. 78f. In approving this proposed rule change, the Commission has considered the proposed rule change’s impact on efficiency, competition, and capital formation. See 15 U.S.C. 78c(f).

Expirations. The Exchange further states that it has the necessary systems capacity to support the new options series.

IV. Conclusion

IT IS THEREFORE ORDERED THAT pursuant to Section 19(b)(2) of the Act that the proposed rule change (SR-Phlx-2017-103) be, and hereby is, approved.

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

Eduardo A. Aleman
Assistant Secretary

---

13 See Notice, supra note 3, at 61049.
14 Id.