

Nasdaq PHLX Rules, Regulation, Section 1. Arbitration

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The rules contained in The Nasdaq Stock Market LLC General 6, as such rules may be in effect from time to time (the "General 6 Rules"), are hereby incorporated by reference into this Nasdaq PHLX LLC General 6, and are thus Nasdaq PHLX Rules and thereby applicable to Nasdaq PHLX Members. Nasdaq PHLX Members shall comply with the General 6 Rules as though such rules were fully set forth herein. All defined terms, including any variations thereof, contained in the General 6 Rules shall be read to refer to the Nasdaq PHLX related meaning of such term.

General 6 Rules

Adopted Oct. 9, 2018 (SR-Phlx-2018-62), operative Nov. 9, 2018.

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Nasdaq Stock Market Rules, Regulation, Section 1., Nasdaq, Consolidated Audit Trail - Definitions

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For purposes of the General 7 Sections:

(a) "Account Effective Date" means:

(1) with regard to those circumstances in which an Industry Member has established a trading relationship with an institution but has not established an account with that institution:

(A) when the trading relationship was established prior to November 15, 2018 for Industry Members other than Small Industry Members, or prior to November 15, 2019 for Small Industry Members, either

(i) the date the relationship identifier was established within the Industry Member;

(ii) the date when trading began (i.e., the date the first order was received) using the relevant relationship identifier; or

(iii) if both dates are available, the earlier date will be used to the extent that the dates differ; or

(B) when the trading relationship was established on or after November 15, 2018 for Industry Members other than Small Industry Members, or on or after November 15, 2019 for Small Industry Members, the date the Industry Member established the relationship identifier, which would be no later than the date the first order was received;

(2) where an Industry Member changes back office providers or clearing firms prior to November 15, 2018 for Industry Members other than Small Industry Members, or prior to November 15, 2019 for Small Industry Members, the date an account was established at the relevant Industry Member, either directly or via transfer;

(3) where an Industry Member acquires another Industry Member prior to November 15, 2018 for Industry Members other than Small Industry Members, or prior to November 15, 2019 for Small Industry Members, the date an account was established at the relevant Industry Member, either directly or via transfer;

(4) where there are multiple dates associated with an account established prior to November 15, 2018 for Industry Members other than Small Industry Members, or prior to November 15, 2019 for Small Industry Members, the earliest available date;

(5) with regard to Industry Member proprietary accounts established prior to November 15, 2018 for Industry Members other than Small Industry Members, or prior to November 15, 2019 for Small Industry Members:

(A) the date established for the account in the Industry Member or in a system of the Industry Member or

(B) the date when proprietary trading began in the account (i.e., the date on which the first orders were submitted from the account).

With regard to paragraphs (2) - (5), the Account Effective Date will be no later than the date trading occurs at the Industry Member or in the Industry Member's system.

- (b)** "Active Accounts" means an account that has had activity in Eligible Securities within the last six months.
- (c)** "Allocation Report" means a report made to the Central Repository by an Industry Member that identifies the Firm Designated ID for any account(s), including subaccount(s), to which executed shares are allocated and provides the security that has been allocated, the identifier of the firm reporting the allocation, the price per share of shares allocated, the side of shares allocated, the number of shares allocated to each account, and the time of the allocation; provided, for the avoidance of doubt, any such Allocation Report shall not be required to be linked to particular orders or executions.
- (d)** "Business Clock" means a clock used to record the date and time of any Reportable Event required to be reported under this General 7.
- (e)** "CAT" means the consolidated audit trail contemplated by SEC Rule 613.
- (f)** "CAT NMS Plan" means the National Market System Plan Governing the Consolidated Audit Trail, as amended from time to time.
- (g)** "CAT-Order-ID" means a unique order identifier or series of unique order identifiers that allows the Central Repository to efficiently and accurately link all Reportable Events for an order, and all orders that result from the aggregation or disaggregation of such order.
- (h)** "CAT Reporting Agent" means a Data Submitter that is a third party that enters into an agreement with an Industry Member pursuant to which the CAT Reporting Agent agrees to fulfill such Industry Member's reporting obligations under this General 7.
- (i)** "Central Repository" means the repository responsible for the receipt, consolidation, and retention of all information reported to the CAT pursuant to SEC Rule 613 and the CAT NMS Plan.
- (j)** "Compliance Threshold" has the meaning set forth in General 7, Section 11(d).
- (k)** "Customer" means:
- (1)** the account holder(s) of the account at an Industry Member originating the order; and
 - (2)** any person from whom the Industry Member is authorized to accept trading instructions for such account, if different from the account holder(s).
- (l)** "Customer Account Information" shall include, but not be limited to, account number, account type, customer type, date account opened, and large trader identifier (if applicable); except, however, that:
- (1)** in those circumstances in which an Industry Member has established a trading relationship with an institution but has not established an account with that institution, the Industry Member will:
 - (A)** provide the Account Effective Date in lieu of the "date account opened";
 - (B)** provide the relationship identifier in lieu of the "account number"; and
 - (C)** identify the "account type" as a "relationship";
 - (2)** in those circumstances in which the relevant account was established prior to November 15, 2018 for Industry Members other than Small Industry Members, or prior to November 15, 2019 for Small Industry Members, and no "date account opened" is available for the account, the Industry Member will provide the Account Effective Date in the following circumstances:
 - (A)** where an Industry Member changes back office providers or clearing firms and the date account

opened is changed to the date the account was opened on the new back office/clearing firm system;

(B) where an Industry Member acquires another Industry Member and the date account opened is changed to the date the account was opened on the post-merger back office/clearing firm system;

(C) where there are multiple dates associated with an account in an Industry Member's system, and the parameters of each date are determined by the individual Industry Member; and

(D) where the relevant account is an Industry Member proprietary account.

(m) "Customer Identifying Information" means information of sufficient detail to identify a Customer, including, but not limited to:

(1) with respect to individuals: name, address, date of birth, individual tax payer identification number ("ITIN")/social security number ("SSN"), individual's role in the account (e.g., primary holder, joint holder, guardian, trustee, person with the power of attorney); and

(2) with respect to legal entities: name, address, Employer Identification Number ("EIN")/Legal Entity Identifier ("LEI") or other comparable common entity identifier, if applicable; provided, however, that an Industry Member that has an LEI for a Customer must submit the Customer's LEI in addition to other information of sufficient detail to identify a Customer.

(n) "Data Submitter" means any person that reports data to the Central Repository, including national securities exchanges, national securities associations, broker-dealers, the SIPs for the CQS, CTA, UTP and Plan for Reporting of Consolidated Options Last Sale Reports and Quotation Information ("OPRA") Plans, and certain other vendors or third parties that may submit data to the Central Repository on behalf of Industry Members.

(o) "Eligible Security" includes (1) all NMS Securities and (2) all OTC Equity Securities.

(p) "Error Rate" means the percentage of Reportable Events collected by the Central Repository in which the data reported does not fully and accurately reflect the order event that occurred in the market.

(q) "Firm Designated ID" means a unique identifier for each trading account designated by Industry Members for purposes of providing data to the Central Repository, where each such identifier is unique among all identifiers from any given Industry Member for each business date.

(r) "Industry Member" means a member of a national securities exchange or a member of a national securities association.

(s) "Industry Member Data" has the meaning set forth in General 7, Section 3(a)(2).

(t) "Initial Plan Processor" means the first Plan Processor selected by the Operating Committee in accordance with SEC Rule 613, Section 6.1 of the CAT NMS Plan and the National Market System Plan Governing the Process for Selecting a Plan Processor and Developing a Plan for the Consolidated Audit Trail.

(u) "Listed Option" or "Option" have the meaning set forth in Rule 600(b)(35) of Regulation NMS.

(v) "Manual Order Event" means a non-electronic communication of order-related information for which Industry Members must record and report the time of the event.

(w) "Material Terms of the Order" includes: the NMS Security or OTC Equity Security symbol; security type; price (if applicable); size (displayed and non-displayed); side (buy/sell); order type; if a sell order, whether the

order is long, short, short exempt; open/close indicator (except on transactions in equities); time in force (if applicable); if the order is for a Listed Option, option type (put/call), option symbol or root symbol, underlying symbol, strike price, expiration date, and open/close (except on market maker quotations); and any special handling instructions.

(x) "NMS Security" means any security or class of securities for which transaction reports are collected, processed, and made available pursuant to an effective transaction reporting plan, or an effective national market system plan for reporting transactions in Listed Options.

(y) "NMS Stock" means any NMS Security other than an option.

(z) "Operating Committee" means the governing body of the CAT NMS, LLC designated as such and described in Article IV of the CAT NMS Plan.

(aa) "Options Market Maker" means a broker-dealer registered with an exchange for the purpose of making markets in options contracts traded on the exchange.

(bb) "Order" or "order", with respect to Eligible Securities, shall include:

- (1)** Any order received by an Industry Member from any person;
- (2)** Any order originated by an Industry Member; or
- (3)** Any bid or offer.

(cc) "OTC Equity Security" means any equity security, other than an NMS Security, subject to prompt last sale reporting rules of a registered national securities association and reported to one of such association's equity trade reporting facilities.

(dd) "Participant" means each Person identified as such in Exhibit A of the CAT NMS Plan, as amended, in such Person's capacity as a Participant in CAT NMS, LLC.

(ee) "Person" means any individual, partnership, limited liability company, corporation, joint venture, trust, business trust, cooperative or association and any heirs, executors, administrators, legal representatives, successors and assigns of such Person where the context so permits.

(ff) "Plan Processor" means the Initial Plan Processor or any other Person selected by the Operating Committee pursuant to SEC Rule 613 and Sections 4.3(b)(i) and 6.1 of the CAT NMS Plan, and with regard to the Initial Plan Processor, the National Market System Plan Governing the Process for Selecting a Plan Processor and Developing a Plan for the Consolidated Audit Trail, to perform the CAT processing functions required by SEC Rule 613 and set forth in the CAT NMS Plan.

(gg) "Received Industry Member Data" has the meaning set forth in General 7, Section 3(a)(2).

(hh) "Recorded Industry Member Data" has the meaning set forth in General 7, Section 3(a)(1).

(ii) "Reportable Event" includes, but is not limited to, the original receipt or origination, modification, cancellation, routing, execution (in whole or in part) and allocation of an order, and receipt of a routed order.

(jj) "SRO" means any self-regulatory organization within the meaning of Section 3(a)(26) of the Exchange Act.

(kk) "SRO-Assigned Market Participant Identifier" means an identifier assigned to an Industry Member by an SRO, or an identifier used by a Participant.

(ll) "Small Industry Member" means an Industry Member that qualifies as a small broker-dealer as defined in

Rule 0-10(c) under the Securities Exchange Act of 1934, as amended.

(mm) "Trading Day" shall have the meaning as is determined by the Operating Committee. For the avoidance of doubt, the Operating Committee may establish different Trading Days for NMS Stocks (as defined in SEC Rule 600(b)(47)), Listed Options, OTC Equity Securities, and any other securities that are included as Eligible Securities from time to time.

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Nasdaq Stock Market Rules, Regulation, Section 2., Nasdaq, Consolidated Audit Trail - Clock Synchronization

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(a) Clock Synchronization

- (1) Each Industry Member shall synchronize its Business Clocks, other than such Business Clocks used solely for Manual Order Events or used solely for the time of allocation on Allocation Reports, at a minimum to within a fifty (50) millisecond tolerance of the time maintained by the atomic clock of the National Institute of Standards and Technology ("NIST"), and maintain such synchronization.
- (2) Each Industry Member shall synchronize (A) its Business Clocks used solely for Manual Order Events and (B) its Business Clocks used solely for the time of allocation on Allocation Reports at a minimum to within a one second tolerance of the time maintained by the NIST atomic clock, and maintain such synchronization.
- (3) The tolerance for paragraphs (a)(1) and (2) of this Section includes all of the following:
 - (A) The difference between the NIST atomic clock and the Industry Member's Business Clock;
 - (B) The transmission delay from the source; and
 - (C) The amount of drift of the Industry Member's Business Clock.
- (4) Business Clocks must be synchronized every business day before market open to ensure that timestamps for Reportable Events are accurate. To maintain clock synchronization, Business Clocks must be checked against the NIST atomic clock and resynchronized, as necessary, throughout the day.

(b) Documentation

Industry Members must document and maintain their synchronization procedures for Business Clocks. Industry Members must keep a log of the times when they synchronize their Business Clocks and the results of the synchronization process. This log should include notice of any time a Business Clock drifts more than the applicable tolerance specified in paragraph (a) of this Section. Such log must include results for a period of not less than five years ending on the then current date, or for the entire period for which the Industry Member has been required to comply with this Section if less than five years.

(c) Certification

Each Industry Member shall certify to the Exchange that its Business Clocks satisfy the synchronization requirements set forth in paragraph (a) of this Section periodically in accordance with the certification schedule established by the Operating Committee pursuant to the CAT NMS Plan.

(d) Violation Reporting

Each Industry Member with Business Clocks must report to the Plan Processor and the Exchange violations of paragraph (a) of this Section pursuant to the thresholds set by the Operating Committee pursuant to the CAT NMS Plan.

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Nasdaq Stock Market Rules, Regulation, Section 3., Nasdaq, Consolidated Audit Trail - Industry Member Data Reporting

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(a) Recording and Reporting Industry Member Data

(1) Subject to paragraph (3) below, each Industry Member shall record and electronically report to the Central Repository the following details for each order and each Reportable Event, as applicable ("Recorded Industry Member Data") in the manner prescribed by the Operating Committee pursuant to the CAT NMS Plan:

(A) for original receipt or origination of an order:

- (i) Firm Designated ID(s) for each Customer;
- (ii) CAT-Order-ID;
- (iii) SRO-Assigned Market Participant Identifier of the Industry Member receiving or originating the order;
- (iv) date of order receipt or origination;
- (v) time of order receipt or origination (using timestamps pursuant to General 7, Section 6); and
- (vi) Material Terms of the Order;

(B) for the routing of an order:

- (i) CAT-Order-ID;
- (ii) date on which the order is routed;
- (iii) time at which the order is routed (using timestamps pursuant to General 7, Section 6);
- (iv) SRO-Assigned Market Participant Identifier of the Industry Member routing the order;
- (v) SRO-Assigned Market Participant Identifier of the Industry Member or Participant to which the order is being routed;
- (vi) if routed internally at the Industry Member, the identity and nature of the department or desk to which the order is routed; and
- (vii) Material Terms of the Order;

(C) for the receipt of an order that has been routed, the following information:

- (i) CAT-Order-ID;
- (ii) date on which the order is received;
- (iii) time at which the order is received (using timestamps pursuant to General 7, Section 6);
- (iv) SRO-Assigned Market Participant Identifier of the Industry Member receiving the order;

(v) SRO-Assigned Market Participant Identifier of the Industry Member or Participant routing the order; and

(vi) Material Terms of the Order;

(D) if the order is modified or cancelled:

(i) CAT-Order-ID;

(ii) date the modification or cancellation is received or originated;

(iii) time at which the modification or cancellation is received or originated (using timestamps pursuant to General 7, Section 6);

(iv) price and remaining size of the order, if modified;

(v) other changes in the Material Terms of the Order, if modified; and

(vi) whether the modification or cancellation instruction was given by the Customer or was initiated by the Industry Member;

(E) if the order is executed, in whole or in part:

(i) CAT-Order-ID;

(ii) date of execution;

(iii) time of execution (using timestamps pursuant to General 7, Section 6);

(iv) execution capacity (principal, agency or riskless principal);

(v) execution price and size;

(vi) SRO-Assigned Market Participant Identifier of the Industry Member executing the order;

(vii) whether the execution was reported pursuant to an effective transaction reporting plan or the Plan for Reporting of Consolidated Options Last Sale Reports and Quotation Information; and

(F) other information or additional events as may be prescribed pursuant to the CAT NMS Plan.

(2) Subject to paragraph (3) below, each Industry Member shall record and report to the Central Repository the following, as applicable ("Received Industry Member Data" and collectively with the information referred to in General 7, Section 3(a)(1) "Industry Member Data")) in the manner prescribed by the Operating Committee pursuant to the CAT NMS Plan:

(A) if the order is executed, in whole or in part:

(i) An Allocation Report;

(ii) SRO-Assigned Market Participant Identifier of the clearing broker or prime broker, if applicable; and

(iii) CAT-Order-ID of any contra-side order(s);

(B) if the trade is cancelled, a cancelled trade indicator; and

(C) for original receipt or origination of an order, the Firm Designated ID for the relevant Customer, and in accordance with General 7, Section 4, Customer Account Information and Customer Identifying Information for the relevant Customer.

(3) Each Industry Member that is an Options Market Maker is not required to report to the Central Repository the Industry Member Data regarding the routing, modification or cancellation of its quotes in Listed Options. Each Industry Member that is an Options Market Maker shall report to the Exchange the time at which its quote in a Listed Option is sent to the Exchange (and, if applicable, any subsequent quote modification time and/or cancellation time when such modification or cancellation is originated by the Options Market Maker).

(b) Timing of Recording and Reporting

(1) Each Industry Member shall record Recorded Industry Member Data contemporaneously with the applicable Reportable Event.

(2) Each Industry Member shall report:

(A) Recorded Industry Member Data to the Central Repository by 8:00 a.m. Eastern Time on the Trading Day following the day the Industry Member records such Recorded Industry Member Data; and

(B) Received Industry Member Data to the Central Repository by 8:00 a.m. Eastern Time on the Trading Day following the day the Industry Member receives such Received Industry Member Data.

(3) Industry Members may, but are not required to, voluntarily report Industry Member Data prior to the applicable 8:00 a.m. Eastern Time deadline.

(c) Applicable Securities

(1) Each Industry Member shall record and report to the Central Repository the Industry Member Data as set forth in paragraph (a) of this Section for each NMS Security registered or listed for trading on such exchange or admitted to unlisted trading privileges on such exchange.

(2) Each Industry Member shall record and report to the Central Repository the Industry Member Data as set forth in this paragraph (a) of this Section for each Eligible Security for which transaction reports are required to be submitted to FINRA.

(d) Security Symbology

(1) For each exchange-listed Eligible Security, each Industry Member shall report Industry Member Data to the Central Repository using the symbology format of the exchange listing the security.

(2) For each Eligible Security that is not exchange-listed, each Industry Member shall report Industry Member Data to the Central Repository using such symbology format as approved by the Operating Committee pursuant to the CAT NMS Plan.

(e) Error Correction

For each Industry Member for which errors in Industry Member Data submitted to the Central Repository

have been identified by the Plan Processor or otherwise, such Industry Member shall submit corrected Industry Member Data to the Central Repository by 8:00 a.m. Eastern Time on T+3.

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Nasdaq Stock Market Rules, Regulation, Section 4., Nasdaq, Consolidated Audit Trail - Customer Information Reporting

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(a) Initial Set of Customer Information

Each Industry Member shall submit to the Central Repository the Firm Designated ID, Customer Account Information and Customer Identifying Information for each of its Customers with an Active Account prior to such Industry Member's commencement of reporting to the Central Repository and in accordance with the deadlines set forth in General 7, Section 9.

(b) Daily Updates to Customer Information

Each Industry Member shall submit to the Central Repository any updates, additions or other changes to the Firm Designated ID, Customer Account Information and Customer Identifying Information for each of its Customers with an Active Account on a daily basis.

(c) Periodic Updates to Complete Set of Customer Information

On a periodic basis as designated by the Plan Processor and approved by the Operating Committee, each Industry Member shall submit to the Central Repository a complete set of Firm Designated IDs, Customer Account Information and Customer Identifying Information for each of its Customers with an Active Account.

(d) Error Correction

For each Industry Member for which errors in Firm Designated ID, Customer Account Information and Customer Identifying Information for each of its Customers with an Active Account submitted to the Central Repository have been identified by the Plan Processor or otherwise, such Industry Member shall submit corrected data to the Central Repository by 5:00 p.m. on T+3.

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Nasdaq Stock Market Rules, Regulation, Section 5., Nasdaq, Consolidated Audit Trail - Industry Member Information Reporting

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Each Industry Member shall submit to the Central Repository information sufficient to identify such Industry Member, including CRD number and LEI, if such LEI has been obtained, prior to such Industry Member's commencement of reporting to the Central Repository and in accordance with the deadlines set forth in General 7, Section 9, and keep such information up to date as necessary.

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Nasdaq Stock Market Rules, Regulation, Section 6., Nasdaq, Consolidated Audit Trail - Time Stamps

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(a) Millisecond Time Stamps

(1) Subject to paragraphs (a)(2) and (b), each Industry Member shall record and report Industry Member Data to the Central Repository with time stamps in milliseconds.

(2) Subject to paragraph (b), to the extent that any Industry Member's order handling or execution systems utilize time stamps in increments finer than milliseconds, such Industry Member shall record and report Industry Member Data to the Central Repository with time stamps in such finer increment.

(b) One Second Time Stamps/Electronic Order Capture

(i) Each Industry Member may record and report Manual Order Events to the Central Repository in increments up to and including one second, provided that each Industry Member shall record and report the time when a Manual Order Event has been captured electronically in an order handling and execution system of such Industry Member ("Electronic Capture Time") in milliseconds; and

(ii) Each Industry Member may record and report the time of Allocation Reports in increments up to and including one second.

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Nasdaq Stock Market Rules, Regulation, Section 7., Nasdaq, Consolidated Audit Trail - Clock Synchronization Rule Violation

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An Industry Member that engages in a pattern or practice of reporting Reportable Events outside of the required clock synchronization time period as set forth in this General 7 without reasonable justification or exceptional circumstances may be considered in violation of this Section.

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Nasdaq Stock Market Rules, Regulation, Section 8., Nasdaq, Consolidated Audit Trail - Connectivity and Data Transmission

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(a) Data Transmission

Each Industry Member shall transmit data as required under the CAT NMS Plan to the Central Repository utilizing such format(s) as may be provided by the Plan Processor and approved by the Operating Committee.

(b) Connectivity

Each Industry Member shall connect to the Central Repository using a secure method(s), including but not limited to private line(s) and virtual private network connection(s).

(c) CAT Reporting Agents

(1) Any Industry Member may enter into an agreement with a CAT Reporting Agent pursuant to which the CAT Reporting Agent agrees to fulfill the reporting obligations of such Industry Member under this General 7. Any such agreement shall be evidenced in writing, which shall specify the respective functions and responsibilities of each party to the agreement that are required to effect full compliance with the requirements of this General 7.

(2) All written documents evidencing an agreement described in subparagraph (1) shall be maintained by each party to the agreement.

(3) Each Industry Member remains primarily responsible for compliance with the requirements of this General 7, notwithstanding the existence of an agreement described in this paragraph.

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Nasdaq Stock Market Rules, Regulation, Section 9., Nasdaq, Consolidated Audit Trail - Development and Testing

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(a) Development

(1) Connectivity and Acceptance Testing

(i) Industry Members (other than Small Industry Members) shall begin connectivity and acceptance testing with the Central Repository no later than August 15, 2018.

(ii) Small Industry Members shall begin connectivity and acceptance testing with the Central Repository no later than August 15, 2019.

(2) Reporting Customer and Industry Member Information

(i) Industry Members (other than Small Industry Members) shall begin reporting Customer and Industry Member information, as required by General 7, Sections 4(a) and 5, respectively, to the Central Repository for processing no later than October 15, 2018.

(ii) Small Industry Members shall begin reporting Customer and Industry Member information, as required by General 7, Sections 4(a) and 5, respectively, to the Central Repository for processing no later than October 15, 2019.

(3) Submission of Order Data

(i) Industry Members (other than Small Industry Members)

(A) Industry Members (other than Small Industry Members) are permitted, but not required, to submit order data for testing purposes beginning no later than May 15, 2018.

(B) Industry Members (other than Small Industry Members) shall participate in the coordinated and structured testing of order submission, which will begin no later than August 15, 2018.

(ii) Small Industry Members

(A) Small Industry Members are permitted, but not required, to submit order data for testing purposes beginning no later than May 15, 2019.

(B) Small Industry Members shall participate in the coordinated and structured testing of order submission, which will begin no later than August 15, 2019.

(4) Submission of Options Market Maker Quote. Industry Members are permitted, but not required to, submit Quote Sent Time on Options Market Maker quotes, beginning no later than October 15, 2018.

(b) Testing

Each Industry Member shall participate in testing related to the Central Repository, including any industry-wide disaster recovery testing, pursuant to the schedule established pursuant to the CAT NMS Plan.

Adopted Jan. 29, 2018 (SR-NASDAQ-2018-007).

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Nasdaq Stock Market Rules, Regulation, Section 10., Nasdaq, Consolidated Audit Trail - Recordkeeping

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Each Industry Member shall maintain and preserve records of the information required to be recorded under this General 7 for the period of time and accessibility specified in SEC Rule 17a-4(b). The records required to be maintained and preserved under this Section may be immediately produced or reproduced on "micrographic media" as defined in SEC Rule 17a-4(f)(1)(i) or by means of "electronic storage media" as defined in SEA Rule 17a-4(f)(1)(ii) that meet the conditions set forth in SEC Rule 17a-4(f) and be maintained and preserved for the required time in that form.

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Nasdaq Stock Market Rules, Regulation, Section 11., Nasdaq, Consolidated Audit Trail - Timely, Accurate and Complete Data

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(a) General

Industry Members are required to record and report data to the Central Repository as required by this General 7 in a manner that ensures the timeliness, accuracy, integrity and completeness of such data.

(b) LEIs

Without limiting the requirement set forth in paragraph (a), Industry Members are required to accurately provide the LEIs in their records as required by this General 7 and may not knowingly submit inaccurate LEIs to the Central Repository; provided, however, that this requirement does not impose any additional due diligence obligations on Industry Members with regard to LEIs for CAT purposes.

(c) Compliance with Error Rate

If an Industry Member reports data to the Central Repository with errors such that the error percentage exceeds the maximum Error Rate established by the Operating Committee pursuant to the CAT NMS Plan, then such Industry Member would not be in compliance with the General 7.

(d) Compliance Thresholds

Each Industry Member shall be required to meet a separate compliance threshold which will be an Industry Member-specific rate that may be used as the basis for further review or investigation into the Industry Member's performance with regard to the CAT (the "Compliance Thresholds"). Compliance Thresholds will compare an Industry Member's error rate to the aggregate Error Rate over a period of time to be defined by the Operating Committee. An Industry Member's performance with respect to its Compliance Threshold will not signify, as a matter of law, that such Industry Member has violated this General 7.

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Nasdaq Stock Market Rules, Regulation, Section 12., Nasdaq, Consolidated Audit Trail - Compliance Dates

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(a) General

Except as set forth in paragraphs (b) and (c) of this Section or otherwise set forth in this General 7, these rules are fully effective and members must comply with their terms.

(b) Clock Synchronization

(1) Each Industry Member shall comply with General 7, Section 2 with regard to Business Clocks that capture time in milliseconds commencing on or before March 15, 2017.

(2) Each Industry Member shall comply with General 7, Section 2 with regard to Business Clocks that do not capture time in milliseconds commencing on or before February 19, 2018 (pending approval of exemptive relief regarding the compliance date for Business Clocks that do not capture time in milliseconds.)

(c) CAT Data Reporting

(1) Each Industry Member (other than a Small Industry Member) shall record and report the Industry Member Data to the Central Repository by November 15, 2018.

(2) Each Industry Member that is a Small Industry Member shall record and report the Industry Member Data to the Central Repository by November 15, 2019.

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Nasdaq Stock Market Rules, Regulation, Section 13., Nasdaq, Consolidated Audit Trail - Fee Dispute Resolution

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(a) Definitions.

(1) For purposes of this Section, the terms "CAT NMS Plan", "Industry Member", "Operating Committee", and "Participant" are defined as set forth in the General 7, Section 1 (Consolidated Audit Trail - Definitions).

(2) "Subcommittee" means a subcommittee designated by the Operating Committee pursuant to the CAT NMS Plan.

(3) "CAT Fee" means any fees contemplated by the CAT NMS Plan and imposed on Industry Members pursuant to Exchange Rules.

(b) Fee Dispute Resolution.

Disputes initiated by an Industry Member with respect to CAT Fees charged to such Industry Member, including disputes related to the designated tier and the fee calculated pursuant to such tier, shall be resolved by the Operating Committee, or a Subcommittee designated by the Operating Committee, of the CAT NMS Plan, pursuant to the Fee Dispute Resolution Procedures adopted pursuant to the CAT NMS Plan and set forth in paragraph (c) of this Section. Decisions on such matters shall be binding on Industry Members, without prejudice to the rights of any such Industry Member to seek redress from the SEC or in any other appropriate forum.

(c) Fee Dispute Resolution Procedures under the CAT NMS Plan.

(1) Scope of Procedures

These Fee Dispute Resolution Procedures provide the procedure for Industry Members that dispute CAT Fees charged to such Industry Member, including disputes related to the designated tier and the fee calculated pursuant to such tier, to apply for an opportunity to be heard and to have the CAT Fees charged to such Industry Member reviewed.

(2) Submission and Time Limitation on Application to CAT NMS, LLC ("Company")

An Industry Member that disputes CAT Fees charged to such Industry Member and that desires to have an opportunity to be heard with respect to such disputed CAT Fees shall file a written application with the Company within 15 business days after being notified of such disputed CAT Fees. The application shall identify the disputed CAT Fees, state the specific reasons why the applicant takes exception to such CAT Fees, and set forth the relief sought. In addition, if the applicant intends to submit any additional documents, statements, arguments or other material in support of the application, the same should be so stated and identified.

(3) Procedure Following Applications for Hearing

(A) Fee Review Subcommittee

The Company will refer applications for hearing and review promptly to the Subcommittee designated by the Operating Committee pursuant to Section 4.12 of the CAT NMS Plan with responsibility for conducting the reviews of CAT Fee disputes pursuant to these Fee Dispute Resolution Procedures. This Subcommittee will be referred to as the Fee Review Subcommittee. The members of the Fee Review Subcommittee will be subject to the provisions of Section 4.3(d) of the CAT NMS Plan

regarding recusal and Conflicts of Interest.

(B) Record

The Fee Review Subcommittee will keep a record of the proceedings.

(C) Hearings and Documents

The Fee Review Subcommittee will hold hearings promptly. The Fee Review Subcommittee will set a hearing date. The parties to the hearing (as described in paragraph (4)(A) below) shall furnish the Fee Review Subcommittee with all materials relevant to the proceedings at least 72 hours prior to the date of the hearing. Each party shall have the right to inspect and copy the other party's materials prior to the hearing.

(4) Hearing and Decision

(A) Parties

The parties to the hearing shall consist of the applicant and a representative of the Company who shall present the reasons for the action taken by the Company that allegedly aggrieved the applicant.

(B) Counsel

The applicant is entitled to be accompanied, represented and advised by counsel at all stages of the proceedings.

(C) Conduct of Hearing

The Fee Review Subcommittee shall determine all questions concerning the admissibility of evidence and shall otherwise regulate the conduct of the hearing. Each of the parties shall be permitted to make an opening statement, present witnesses and documentary evidence, cross examine opposing witnesses and present closing arguments orally or in writing as determined by the Fee Review Subcommittee. The Fee Review Subcommittee also shall have the right to question all parties and witnesses to the proceeding. The Fee Review Subcommittee shall keep a record of the hearing. The formal rules of evidence shall not apply.

(D) Decision

The Fee Review Subcommittee shall set forth its decision in writing and send the written decision to the parties to the proceeding. Such decisions shall contain the reasons supporting the conclusions of the Fee Review Subcommittee.

(5) Review

(A) Petition

The decision of the Fee Review Subcommittee shall be subject to review by the Operating Committee either on its own motion within 20 business days after issuance of the decision or upon written request submitted by the applicant within 15 business days after issuance of the decision. The applicant's petition shall be in writing and specify the findings and conclusions to which the applicant objects, together with the reasons for such objections. Any objection to a decision not specified in writing shall be considered to have been abandoned and may be disregarded. Parties may petition to submit a written argument to the Operating Committee and may request an opportunity to make an oral argument before the Operating Committee. The Operating Committee shall have sole discretion to grant or deny either request.

(B) Conduct of Review

The Operating Committee shall conduct the review. The review shall be made upon the record and shall be made after such further proceedings, if any, as the Operating Committee may order. Based upon such record, the Operating Committee may affirm, reverse or modify, in whole or in part, the decision of the Fee Review Subcommittee. The decision of the Operating Committee shall be in writing, shall be sent to the parties to the proceeding and shall be final.

(6) Time Limit for Review

A final decision regarding the disputed CAT Fees by the Operating Committee, or the Fee Review Subcommittee (if there is no review by the Operating Committee), must be provided within 90 days of the date on which the Industry Member filed a written application regarding disputed CAT Fees with the Company pursuant to Paragraph (2) of these Fee Dispute Resolution Procedures. The Operating Committee may extend the 90-day time limit under this Paragraph (6) at its discretion.

(7) Miscellaneous Provisions

(A) Service of Notice

Any notices or other documents may be served upon the applicant either personally or by leaving the same at its, his or her place of business or by deposit in the United States post office, postage prepaid, by registered or certified mail, addressed to the applicant at its, his or her last known business or residence address.

(B) Extension of Certain Time Limits

Any time limits imposed under these Fee Dispute Resolution Procedures for the submission of answers, petitions or other materials may be extended by permission of the Operating Committee. All papers and documents relating to review by the Fee Review Subcommittee or the Operating Committee must be submitted to the Fee Review Subcommittee or Operating Committee, as applicable.

(8) Agency Review

Decisions on such CAT Fee disputes made pursuant to these Fee Dispute Resolution Procedures shall be binding on Industry Members, without prejudice to the rights of any such Industry Member to seek redress from the SEC or in any other appropriate forum.

(9) Payment of Disputed CAT Fees

(A) Timing of Fee Payment

An Industry Member that files a written application with the Company regarding disputed CAT Fees in accordance with these Fee Dispute Resolution Procedures is not required to pay such disputed CAT Fees until the dispute is resolved in accordance with these Fee Dispute Resolution Procedures, including any review pursuant to Paragraph (8). For the purposes of this Paragraph (9), the disputed CAT Fees means the amount of the invoiced CAT Fees that the Industry Member has asserted pursuant to these Fee Dispute Resolution Procedures that such Industry Member does not owe to the Company. The Industry Member must pay any invoiced CAT Fees that are not disputed CAT Fees when due as set forth in the original invoice.

(B) Interest on Unpaid CAT Fees

Once the dispute regarding CAT Fees is resolved pursuant to these Fee Dispute Resolution Procedures, if it is determined that the Industry Member owes any of the disputed CAT Fees, then the Industry Member must pay such disputed CAT Fees that are owed as well as interest on such disputed CAT Fees from the original due date (that is, 30 days after receipt of the original invoice of such CAT Fees) until such disputed CAT Fees are paid at a per annum rate equal to the lesser of (i) the Prime

Rate plus 300 basis points, or (ii) the maximum rate permitted by applicable law.

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Nasdaq Stock Market Rules, Regulation, Section 1., Nasdaq, Co-Location Services

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The following charges are assessed for co-location services: ¹

(a) Cabinets

Cabinet with Power

Description	Installation Fee	Ongoing Monthly Fee
Super High Density Cabinet (>10kW – <=17.3kW)	\$4,500***	\$8,000**
High Density Cabinet (>7kW - <10kW)	\$3,500	\$4,500**
Medium-High Density Cabinet (>5kW - <=7kW)	\$3,500	\$3,500**
Medium Density Cabinet (>2.88kW - <=5kW)	\$3,500	\$2,500**
Low Density Cabinet (<=2.88kW)	\$3,500	\$2,000**
Half Cabinet*		\$2,000

*Not available to new subscribers.

**Discount of 15% of fee available to users of 25 or more full cabinets who commit to a 3 year term; Discount of 10% of fee available to users of 25 or more full cabinets who commit to a 2 year term.

***Includes larger cabinet (30" W x 48" D x 96" H). Standard installation fee of \$3,500 would apply if smaller cabinet (24"W x 42"D x 84"H) is requested.

Note: Cabinet power cap is based on the available power at 80% of the breaker capacity of all circuit pairs within a cabinet (where a primary/redundant circuit pair is considered a single circuit).

Shared Cabinet Space

Description	Installation Fee	Ongoing Monthly Fee
4U Block of Cabinet Space including up to 500W of power*	\$150 per hour	\$600

*No more than 2 4U Blocks. Access restricted to Exchange personnel.

Specialty Cabinet Charge

Description	Ongoing Monthly Fee
Additional Charge per Cabinet for cabinet > 24"W for each 6"W increment greater than 24"W - 2x the ongoing cabinet fee if the cabinet is >=48"W	\$500 per 6" or 2x the Ongoing Cabinet fee

Multi-Firm Cabinet Charge

Description	Ongoing Monthly Fee
Additional Charge per Cabinet per firm for each cabinet that supports a firm other than the firm contracted to receive the cabinet by Nasdaq Technology Services	\$500

(b) Connectivity

External Telco /Inter-Cabinet Connectivity

Description	Installation Fee	Ongoing Monthly Fee
Category 6 Cable patch	\$300	\$350*
DS-3 Connection	\$500	\$350*
Fiber	\$500	\$350*
POTS Line	\$0	\$50
One-Time Telco Connectivity Expedite Fee	\$1,400	\$0
Inter-Cabinet Telco connection outside Nasdaq space		\$1,000
100MB Connectivity – Metro NY/NJ Area Destination	\$1,165**	\$1,650**
1G Connectivity – Metro NY/NJ Area Destination	\$2,150**	\$2,150**
10G Connectivity – Metro NY/NJ Area Destination	\$5,000**	\$5,000**
100MB Connectivity – Toronto Area Destination	\$4,850**	\$4,100**
1G Connectivity – Toronto Area Destination	\$7,700**	\$9,850**
10G Connectivity – Toronto Area Destination	\$14,200**	\$28,400**
100MB Connectivity – Chicago Area Destination	\$3,500**	\$7,350**
1G Connectivity – Chicago Area Destination	\$4,900**	\$12,800**
10G Connectivity – Chicago Area Destination	\$10,650**	\$26,900**

* Requesting party only. Not applicable to inter-cabinet connections among the same customer.

** Includes fiber telco cross connect within Nasdaq data center.

Connectivity to the Exchange

Description	Installation Fee	Ongoing Monthly Fee
Fiber Connection to the Exchange (10Gb)	\$1,000	\$10,000
Fiber Connection to the Exchange (10Gb Ultra)	\$1,500	\$15,000
Fiber Connection to the Exchange (40Gb)	\$1,500	\$20,000
Fiber Connection to the Exchange (1Gb Ultra)	\$1,500	\$2,500
Fiber Connection to the Exchange	\$1,000	\$2,500

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(1Gb)

1Gb Copper Connection to the Exchange	\$1,000	\$2,500
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Connectivity to Third Party Services

Description	Installation Fee	Ongoing Monthly Fee
Third Party Services Fiber Connection (10Gb Ultra)	\$1,500*	\$5,000*
Third Party Services Fiber Connection (1Gb Ultra)	\$1,500*	\$2,000*
Third Party Services Fiber Connection (1Gb Ultra or 10Gb Ultra for UTP only)	\$100*	\$100*

*Waived for two connections per client to UTP SIP feeds only (UQDF and UTDF).

Market Data Connectivity*

The following Market Data feeds are delivered to the Nasdaq Data Center via a fiber optic network:

Description	Installation Fee	Ongoing Monthly Fee
Nasdaq	\$1,000	\$0
SIAC	\$1,000	
CTS/CQS		\$1,412
OpenBook Realtime		\$2,500
OpenBook Ultra		\$2,500
NYSE Alerts		\$200
NYSE Trades		\$100
Arca Trades		\$100
ArcaBook Multicast		\$1,500
Arca BBO		\$125
AMEX- Ultra/Trades/Alerts/LRP		\$100
OPRA		\$6,000
CME	\$1,000	\$3,500
Access Fee per location device/user		\$65
CBOE	\$1,000	
BZX Depth		\$4,000
BYX Depth		\$1,500
EDGA Depth		\$2,500
EDGX Depth		\$2,500
TSX/TSXV	\$1,000	
TSX and TSXV Level 1 Feed		\$300

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TSX and TSXV Level 2 Feed	\$1,000
TSX Quantum Level 1 Feed	\$100
TSX Quantum Level 2 Feed	\$300

*Pricing is for connectivity only and is similar to connectivity fees imposed by other vendors. The fees are generally based on the amount of bandwidth needed to accommodate a particular feed and the Exchange is not the exclusive method to get market data connectivity. Market data fees are charged independently by the Exchange and other exchanges.

The following multicast Market Data feeds are delivered to the Nasdaq Data Center via a wireless network (microwave or millimeter wave):

Description	Installation Fee	Recurring Monthly Fee*
NYSE Equities (Arca Integrated)	\$5,000	\$10,000
NYSE Equities (NYSE Integrated)	\$5,000	\$10,000
BATS Multicast PITCH (BZX and BYX)	\$2,500	\$7,500
Direct EDGE Depth of Book (EDGA, EDGX)	\$2,500	\$7,500
CME Multicast Total	\$5,000	\$23,500
CME Equities Futures Data Only		\$10,000
CME Fixed Income Futures Data Only		\$10,000
CME Metals Futures Data Only		\$3,500

*Subscribers with three to five microwave or millimeter wave wireless subscriptions under General 8, Section 1(b) (and/or any other provision of these Rules that provides for such subscriptions, as may exist, from time to time) receive a 5% discount on all such subscriptions; subscribers with six to ten microwave or millimeter wave wireless subscriptions under the Rules receive a 10% discount on all such subscriptions; subscribers with eleven to fourteen microwave or millimeter wave wireless subscriptions under the Rules receive a 15% discount on all such subscriptions; and subscribers with fifteen or more microwave or millimeter wave wireless subscriptions under the Rules receive a 20% discount on all such subscriptions.

(c) Power

Cabinet Power

Description	Installation Fee	Ongoing Monthly Fee
2x20 amp 110 volt	\$2,000	\$0
2x30 amp 110 volt	\$2,000	\$0
2x20 amp 208 volt	\$2,000	\$0
2x30 amp 208 volt	\$2,000	\$0
Phase 3 2x 20 amp 208 volt	\$3,000	\$0
Phase 3 2x 30 amp 208 volt	\$3,000	\$0

2x60 amp 208 volt	\$3,000	\$0
Phase 3 2x 40 amp 208 volt	\$3,000	\$0
Phase 3 2x 50 amp 208 volt	\$3,000	\$0
Phase 3 2x 60 amp 208 volt	\$3,000	\$0
2x30 amp 48 volt DC	\$3,000	\$0

(d) Additional Charges/Services

Additional Items

Description	Installation Fee	Ongoing Monthly Fee
Cooling (Door) Fans	\$1,500	\$0
Perforated Floor Tiles	\$250	\$0
Cabinet Extension	\$500	\$0
Super High Density Cabinet Kit	\$4,500	\$0
Additional Cabinet Shelves	\$200	\$0
Single Master Key Locks	\$175	\$0
Cable Downspouts	\$750	\$0
Cabinet Caging	Installation Specific	\$3,000
Custom Installation	Installation Specific	\$0
Cabinet Equipment Storage	\$0	\$500
Copper Patch Cords	\$4.50 +\$0.50 per foot	\$0
Fiber Patch Cords – Multi-mode	\$20 +\$1.50 per meter	\$0
Fiber Patch Cords – Single-mode	\$24 +\$0.75 per meter	\$0
Twinax Patch Cords	\$34 +\$10 per meter	\$0
Power Cords - 5-15P to C13 – 2 to 4 feet	\$5	\$0
Power Cords - C14 to C19 – 2 to 4 feet	\$10	\$0
Equipment Storage	\$0	\$100
Internet Bandwidth - 1Mb	\$0	\$300
Internet Bandwidth - 2Mb	\$0	\$500
Internet Bandwidth - 3Mb	\$0	\$700
Internet Bandwidth - 4Mb	\$0	\$900
Internet Bandwidth - 5Mb	\$0	\$1,100
GPS Antenna	Installation Specific	\$200
Cabinet Proximity Option Fee	\$0	\$1,000 per medium or low density cabinet, or \$1,500 per medium/high or high density cabinet

Services

Description	Rate
Power Consulting Service (billed in hourly increments)	\$250/hr plus materials if necessary
Remote Hands Service	\$150/hr

¹Co-location services provided by Nasdaq Technology Services LLC.

Adopted June 5, 2018 (SR-NASDAQ-2018-045); amended Oct. 29, 2018 (SR-NASDAQ-2018-086).

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Nasdaq Stock Market Rules, Regulation, Section 2., Nasdaq, Direct Connectivity

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Direct Connectivity services are provided by Nasdaq Technology Services, LLC.

(a) Direct Circuit Connection to the Exchange

Description	Installation Fee	Ongoing Monthly Fee
Direct Circuit Connection to the Exchange (10Gb)	\$1,500	\$7,500
Direct Circuit Connection to the Exchange (supports up to 1Gb)	\$1,500	\$2,500
Direct Circuit Connection to the Exchange (1Gb Ultra)	\$1,500	\$2,500
Optional Cable Router	\$925	
Per U of Cabinet Space*		\$150

*Fees are based on a height unit of approximately 1.75 inches high, commonly called a "U" space and a maximum power of 125 Watts per U space.

(b) Direct Circuit Connection to Third Party Services

Description	Installation Fee	Ongoing Monthly Fee
Third Party Services Direct Connection (10Gb Ultra)	\$1,500*	\$5,000*
Third Party Services Direct Connection (1Gb Ultra)	\$1,500*	\$2,000*
Third Party Services Direct Connection (1Gb Ultra or 10Gb Ultra for UTP only)	\$100*	\$100*
Optional Cable Router	\$925	
Per U of Cabinet Space**		\$150

*Waived for two connections per client to UTP SIP feeds only (UQDF and UTDF).

**Fees are based on a height unit of approximately 1.75 inches high, commonly called a "U" space and a maximum power of 125 Watts per U space.

(c) Point of Presence (POP) Connectivity

Description	Installation Fee	Ongoing Monthly Fee
POP Connection to the Exchange (10Gb)	\$1,500	\$7,500
POP Connection to the Exchange (1Gb Ultra)	\$1,500	\$2,500

Adopted June 5, 2018 (SR-NASDAQ-2018-045); amended Oct. 29, 2018 (SR-NASDAQ-2018-086).

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Nasdaq PHLX Rules, Regulation, Section 1, General Provisions

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(a) The exchange calculates fees on a trade date basis.

Policy for amending billing information: corrections submitted after trade date and prior to the issuance of an invoice by the exchange must be submitted to the Exchange in writing and must be accompanied by supporting documentation. Only members may submit trade corrections.

All billing disputes must be submitted to the Exchange in writing and must be accompanied by supporting documentation. All disputes must be submitted no later than sixty (60) days after receipt of a billing invoice, except for disputes concerning Nasdaq PSX fees and proprietary data feed fees. The Exchange calculates fees on a trade date basis. Only members may submit billing disputes.

(b) For PSX Equities: For purposes of determining average daily volume or volume-based pricing hereunder, any day that the market is not open for the entire trading day will be excluded from such calculation.

Amended Jan. 20, 2016 (SR-Phlx-2016-09); amended Feb. 26, 2016 (SR-Phlx-2016-30); amended Apr. 1, 2016 (SR-Phlx-2016-45), operative May 1, 2016; amended October 18, 2018 (SR-Phlx-2018-66).

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Nasdaq PHLX Rules, Regulation, Section 2, Collection of Exchange Fees and Other Claims

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(a) Each member organization, and all applicants for registration as such shall be required to provide a clearing account number for an account at the National Securities Clearing Corporation ("NSCC") for purposes of permitting the Exchange to debit any undisputed or final fees, fines, charges and/or other monetary sanctions or other monies due and owing to the Exchange or other charges related to Rule 924. If a member disputes an invoice, the Exchange will not include the disputed amount in the debit if the member has disputed the amount in writing to the Exchange's designated staff by the 15th of the month, or the following business day if the 15th is not a business day, and the amount in dispute is at least \$10,000 or greater.

Adopted January 16, 2004 (03-73). Amended February 3, 2004 (04-06); amended May 14, 2009 (09-23); amended January 21, 2010 (09-101); amended October 18, 2018 (18-66).

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Nasdaq PHLX Rules, Regulation, Section 3, Nasdaq PSX Fees

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Port Fees[†]

The following charges are assessed by the Exchange for ports to establish connectivity to the Nasdaq PSX market, as well as ports to receive data from the Nasdaq PSX market:

Port Type	Production
OUCH	\$400/port/month
FIX Trading Port (FIX and FIX Lite (FLITE))	\$400/port/month
RASH	\$400/port/month
Port Type	Production
Multicast TotalView-ITCH (software-based)	\$1,000/port/month
TCP ITCH data feed	\$400/port/month
DROP	\$400/port/month
Trading Ports used in Test Mode	\$100/port/month
Data Retransmission Port	No charge
Disaster recovery port (OUCH, FIX Trading Port, RASH, and DROP)	\$25/port/month
Disaster recovery port (all other ports)	No charge

The maximum monthly fee assessed to a PSX Participant for the above listed Port Fees will be \$30,000 per month.

New PSX Participants will not be assessed the above listed Port Fees through December 31, 2018. A New PSX Participant will be defined as a PSX Participant that was not a PSX Participant before September 1, 2017.

Order Execution and Routing

(a) The following charges and credits shall apply to the use of the order execution and routing services of the Nasdaq PSX System by member organizations for all securities that it trades priced at \$1 or more per share:

(1) Fees for Execution of Quotes/Orders in Nasdaq-Listed Securities, Securities Listed on the New York Stock Exchange ("NYSE") and Securities Listed on Exchanges other than Nasdaq and NYSE. As used in this rule, the term "Consolidated Volume" shall mean the total consolidated volume reported to all consolidated transaction reporting plans by all exchanges and trade reporting facilities during a month in equity securities, excluding executed orders with a size of less than one round lot. For purposes of calculating Consolidated Volume and the extent of a member's trading activity the date of the annual reconstitution of the Russell Investments Indexes shall be excluded from both total Consolidated Volume and the member's trading activity.

Charge to member organization entering order that executes in Nasdaq PSX:	\$0.0029 per share executed in Nasdaq-Listed Securities entered by a member organization that accesses 0.065% or more of Consolidated Volume during the month
	\$0.0028 per share executed in NYSE-Listed Securities entered by a member organization that accesses 0.065% or more of Consolidated Volume during the month
	\$0.0028 per share executed in Securities Listed on Exchanges other than Nasdaq and NYSE entered by a member organization that accesses

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	0.065% or more of Consolidated Volume during the month
	\$0.0030 per share executed for all other member organizations
Credit to member organization providing liquidity through the Nasdaq PSX System:	
Displayed Quote/Order:	\$0.0030 per share executed for Quotes/Orders entered by a member organization that provides and accesses 0.20% or more of Consolidated Volume during the month
	\$0.0027 per share executed for Quotes/Orders entered by a member organization that provides and accesses 0.15% or more of Consolidated Volume during the month
	\$0.0027 per share executed for Quotes/Orders entered in Securities Listed on Exchanges other than Nasdaq or NYSE by a member organization that (1) provides a minimum of 1 million shares a day on average in Securities Listed on Exchanges other than Nasdaq or NYSE and (2) doubles the daily average share volume provided in Securities Listed on Exchanges other than Nasdaq or NYSE during the month versus the member organization's daily average share volume provided in Securities Listed on Exchanges other than Nasdaq or NYSE in February 2017. If a member had no activity in February 2017 in Securities Listed on Exchanges other than Nasdaq or NYSE or became a member after February 2017, its February 2017 daily average share volume in Securities Listed on Exchanges other than Nasdaq or NYSE would be zero for purposes of determining that member's eligibility for the credit in subsequent months.
	\$0.0025 per share executed for Quotes/Orders entered by a member organization that provides and accesses 0.05% or more of Consolidated Volume during the month
	\$0.0023 per share executed for all other Quotes/Orders
Non-Displayed Order Charges and Credits:	\$0.0023 per share executed credit for all orders with midpoint pegging that provide liquidity
	\$0.0000 per share executed credit for other non-displayed orders that provide liquidity

(2) Fees for Routing of Orders in All Securities

Charge to member organization entering PSTG or PSCN order that executes in a venue other than the Nasdaq PSX System: \$0.0030 per share executed at NYSE

\$0.0000 per share executed at Nasdaq BX
\$0.0030 per share executed in other venues

Charge to member organization entering PMOP order that executes in a venue other than the Nasdaq PSX System: \$0.0035 per share executed at NYSE

	\$0.0035 per share executed at venues other than NYSE
Charge to member organization entering PTFY order that executes in a venue other than the Nasdaq PSX System:	\$0.0030 per share executed at NYSE
	\$0.0007 per share executed at venues other than NYSE, Nasdaq or Nasdaq BX
	\$0.0030 per share executed at Nasdaq
	\$0.0000 per share executed at Nasdaq BX
Charge to member organization entering PCRT order that executes in a venue other than the Nasdaq PSX System:	\$0.0030 per share executed at Nasdaq
	\$0.0000 per share executed at Nasdaq BX
Charge to member organization entering XDRK order that executes in a venue other than the Nasdaq PSX System:	\$0.0007 per share executed
Charge to member organization entering XCST order that executes in a venue other than the Nasdaq PSX System:	\$0.0000 per share executed at Nasdaq BX
	\$0.0007 per share for shares executed at a venue other than Nasdaq BX

(b) The following charges and credits shall apply to the use of the order execution and routing services of the Nasdaq PSX System by member organizations for all securities that it trades priced at less than \$1 per share:

Charge to member organization entering order that executes in Nasdaq PSX:	0.20% of the total transaction cost
Credit to member organization providing liquidity through the Nasdaq PSX System:	\$0
Charge to member organization entering order that executes in a venue other than the Nasdaq PSX System:	0.3% of the total transaction cost

Testing Facilities

The Exchange operates a test environment located in Carteret, New Jersey.

(a) Subscribers that conduct tests of their PSX access protocols connection or market data vendor feeds through the Exchange's Testing Facility (Testing Facility) shall pay \$300 per port, per month.

(b) Subscribers to the Testing Facility shall pay a fee of \$1,000 per hand-off, per month for connection to the Testing Facility. The hand-off fee includes either a 1Gb or 10Gb switch port and a cross connect to the Testing Facility. Subscribers shall also pay a onetime installation fee of \$1,000 per hand-off.

The connectivity provided under this rule also provides connectivity to the other test environments of The Nasdaq Stock Market LLC, Nasdaq BX, Inc., Nasdaq ISE, LLC, Nasdaq MRX, LLC, and Nasdaq GEMX, LLC.

TradeInfo PSX

- TradeInfo PSX is available to PSX Participants for a fee of \$95 per user per month.

Weblink ACT PSX

- Weblink ACT PSX is available to PSX Participants free of charge.

PSX Managed Data Solutions Fees.

(a) Distributors and Subscribers of Managed Data Solutions products containing PSX TotalView data (non-display use only) shall pay the following fees:

Fee schedule for Managed Data Solutions	Price
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Managed Data Solutions Administration Fee (for the right to offer Managed Data Solutions to client organizations)	\$1,500/mo Per Distributor
PSX Depth Data Professional Managed Data Solutions Subscriber Fee (Internal Use Only and includes PSX TotalView)	\$150/mo Per Subscriber
PSX Depth Data Managed Data Solutions Non-Professional Subscriber Fee (Internal Use Only and includes PSX TotalView)	\$20/mo Per Subscriber

Fees are per month for all or any portion of the month in which the MDS products are accessed

(b) For purposes of PSX Managed Data Solutions fees, the terms "Non-Professional", "Distributor", "Subscriber", and "PSX TotalView" shall have the same meaning as set forth in this Equity 7, Section 3 of the PSX Pricing Schedule.

Market Data Distributor Fees

(a) The charge to be paid by Distributors of the following real time data feeds of the Exchange shall be:

	Monthly Direct Access Fee	Monthly Internal Distributor Fee	Monthly External Distributor Fee
PSX TotalView	\$ 1,000	\$ 500	\$ 1,250

(b) A "distributor" of Exchange data is any entity that receives a feed or data file of Exchange data directly from the Exchange or indirectly through another entity and then distributes it either internally (within that entity) or externally (outside that entity). All distributors shall execute an Exchange distributor agreement. The Exchange itself is a vendor of its data feed(s) and has executed an Exchange distributor agreement and pays the distributor charge.

(c) "Direct Access" means a telecommunications interface with the Exchange for receiving Exchange data, or receiving an Exchange data feed within the Exchange co-location facility, or receiving Exchange data via an extranet access provider.

Access and Redistribution Fee

(a) Definitions: For purposes of this Equity 7, Section 3:

- (1) The term "Equipment Configuration" shall mean any line, circuit, router package, or other technical configuration used to provide a connection to the Exchange market data feeds.
- (2) The term "Extranet Provider" shall mean any entity that has signed the Nasdaq Extranet Connection Agreement and that establishes a telecommunications connection in the Exchange's co-location facility.
- (3) The term "Distributor" shall have the meaning set forth in Options 7, Section 10 of the Pricing Schedule.

(b) Extranet Providers that establish a connection with the Exchange to offer direct access connectivity to market data feeds shall be assessed a monthly access and redistribution fee of \$1,000 per Equipment Configuration. If an Extranet Provider uses multiple Equipment Configurations to provide market data feeds to recipients, the access and redistribution fee shall apply to each such Equipment Configuration. Extranet Providers that use the same Equipment Configuration for the receipt of equities and options Exchange market data feeds will be assessed a single fee for that Equipment Configuration.

(c) Distributors (other than Extranet Providers) that utilize a Direct Circuit Connection to the Exchange pursuant to General 8, Section 2 to receive Exchange market data feeds shall be assessed a monthly access and redistribution fee of \$1,000 per Direct Circuit Connection. If a Distributor (other than an Extranet Provider) uses multiple Direct Circuit Connections to receive market data feeds, the monthly fee shall apply to each. Distributors

that use the same Direct Circuit Connection for the receipt of equities and options Exchange market data feeds will be assessed a single fee for that Direct Circuit Connection.

(d) The access and redistribution fees set forth above will not be charged for connectivity to market data feeds containing only consolidated data. For purposes of this rule, consolidated data includes data disseminated by the Securities Information Processor for the Consolidated Tape Association Plan.

Administrative Reports

Administrative Reports \$25 per user, per month

Monthly Administrative Fee

The Monthly Administrative Fee shall be assessed to market data distributors that receive any proprietary Exchange data feed product. Each such distributor shall, on a monthly basis, be assessed the higher of the applicable Monthly Administrative Fees:

Delayed distributor	\$50
Real-Time distributor (includes delayed fee, if applicable)	\$100

The Exchange may waive the foregoing fee for colleges and universities for devices used by students and professors in performing university or college research or classroom-related activities.

PSX TotalView

(a) PSX TotalView Entitlement

The PSX TotalView entitlement allows a subscriber to see all individual Nasdaq PSX participant orders displayed in Nasdaq PSX, the aggregate size of such orders at each price level, and the trade data for executions that occur within Nasdaq PSX.

(1) Except as provided elsewhere in this rule, for the PSX TotalView entitlement there will be a \$40 monthly charge for each Subscriber for display usage or for nondisplay usage not based upon Direct Access.

(2) Distributors shall pay a monthly fee of \$50 for each Professional Subscriber for nondisplay usage of PSX TotalView based upon Direct Access.

(3) As an alternative to (a)(2), a market participant may purchase an enterprise license at a rate of \$17,000 per month for internal use of non-display data, based upon Direct Access. The enterprise license entitles a distributor to provide PSX TotalView to an unlimited number of non-display devices within its firm.

(b) Non-Professional Services

(1) The charge to be paid by non-professional Subscribers for access to PSX TotalView Service through an authorized vendor shall be \$1.00 per Subscriber per month.

(2) A "non-professional" is a natural person who is neither:

- (A) registered or qualified in any capacity with the Commission, the Commodities Futures Trading Commission, any state securities agency, any securities exchange or association, or any commodities or futures contract market or association;
- (B) engaged as an "investment adviser" as that term is defined in Section 202(a)(11) of the Investment Advisors Act of 1940 (whether or not registered or qualified under that Act); nor
- (C) employed by a bank or other organization exempt from registration under federal or state securities laws to perform functions that would require registration or qualification if such functions were performed for an organization not so exempt.

(c) Free-Trial Offers

(1) For the period ending on the last day of the twelfth full calendar month following the launch of Nasdaq PSX, the Exchange will waive Subscriber fees, enterprise license fees, Direct Access fees, and Distributor fees (but not the Annual Administrative fee) for PSX TotalView.

(2) After the period of one year from the launch of Nasdaq PSX, the Exchange will allow distributors to provide PSX TotalView to new Subscribers receiving PSX TotalView for the first time free of charge for an individual one-month trial period. This fee waiver will be applied to the first full month of charges following the date on which a new individual Subscriber or potential individual Subscriber is first entitled by a distributor to receive access to PSX TotalView. A distributor may only provide this waiver to a specific individual Subscriber once. For the period of any waiver, the PSX TotalView fees of \$40 or \$50 per Subscriber per month, as applicable, (professional) or \$1 per Subscriber per month (non-professional) will be waived.

In addition, a market participant opting to receive an enterprise license at a rate of \$17,000 per month will have that fee waived for the first full month of charges following the date on which the market participant first receives access to PSX TotalView.

(d) A "Subscriber" is any access that a distributor of the data entitlement package(s) provides to: (1) access the information in the data entitlement package(s); or (2) communicate with the distributor so as to cause the distributor to access the information in the data entitlement package(s). If a Subscriber is part of an electronic network between computers used for investment, trading or order routing activities, the burden shall be on the distributor to demonstrate that the particular Subscriber should not have to pay for an entitlement. For example, in some display systems the distributor gives the Subscriber a choice to see the data or not; a Subscriber that chooses not to see the data would not be charged. Similarly, in a non-display system, Subscribers may have a choice of basic or advanced computerized trading or order routing services, where only the advanced version uses the information. Subscribers of the basic service then would be excluded from the entitlement requirement.

Aggregation of Activity of Affiliated Member Organizations

(a) For purposes of applying any PSX charge or credit where the charge assessed, or credit provided, by the Exchange depends upon the volume of a member organization's activity, a member organization may request that the Exchange aggregate its activity with the activity of its affiliates.

- (1) A member organization requesting aggregation of affiliate activity shall be required to certify to the Exchange the affiliate status of entities whose activity it seeks to aggregate prior to receiving approval for aggregation, and shall be required to inform the Exchange immediately of any event that causes an entity to cease to be an affiliate. The Exchange shall review available information regarding the entities, and reserves the right to request additional information to verify the affiliate status of an entity. The Exchange shall approve a request unless it determines that the certification is not accurate.
- (2) If two or more member organizations become affiliated on or prior to the sixteenth day of a month, and submit the required request for aggregation on or prior to the twenty-second day of the month, an approval of the request by the Exchange shall be deemed to be effective as of the first day of that month. If two or more members become affiliated after the sixteenth day of a month, or submit a request for aggregation after the twenty-second day of the month, an approval of the request by the Exchange shall be deemed to be effective as of the first day of the next calendar month.

(b) For purposes of applying any PSX charge or credit where the charge assessed, or credit provided, by the Exchange depends upon the volume of a member organization's activity, references to an entity (including references to a "member organization" or a "participant") shall be deemed to include the entity and its affiliates that have been approved for aggregation.

(c) For purposes of this provision, the term "affiliate" of a member organization shall mean any member organization under 75% common ownership or control of that member organization.

Installation, Removal or Relocation

Upon installation, removal, relocation of terminal and related equipment, or combination thereof, the subscriber shall pay charges incurred by the Exchange, on behalf of the subscriber for the work being performed by the maintenance organization retained by the Exchange.

Other Requests for Data

The Exchange may impose and collect compensatory charges for data the Exchange supplied upon request, where there is no provision elsewhere in the Pricing Schedule for charges for such service or sale.

Partial Month Charges

Distributors may elect to have the charges for the month of commencement or termination of service be billed on a full month basis or prorated based on the number of trade days in that month.

PSX Last Sale and Nasdaq Last Sale Plus Data Feeds

(a) PSX Last Sale. The Exchange shall offer proprietary data feeds containing real-time last sale information for trades executed on the Exchange. There shall be no fee for PSX Last Sale Data Feeds.

- (1) "PSX Last Sale for Nasdaq" shall contain all transaction reports for Nasdaq-listed securities; and
- (2) "PSX Last Sale for NYSE/NYSEAmex" shall contain all such transaction reports for securities listed on NYSE, NYSE Amex, and other exchanges.

(b) Nasdaq Last Sale Plus ("NLS Plus"). NLS Plus is a comprehensive data feed produced by Nasdaq Information LLC. It provides last sale data as well as consolidated volume of Nasdaq U.S. equity markets (PSX, The Nasdaq Stock Market ("Nasdaq"), and Nasdaq BX ("BX")) and the FINRA/Nasdaq Trade Reporting Facility ("TRF"). NLS Plus also reflects cumulative volume real-time trading activity across all U.S. exchanges for Tape C securities.

NLS Plus also contains: Trade Price, Trade Size, Sale Condition Modifiers, Cumulative Consolidated Market Volume, End of Day Trade Summary, Adjusted Closing Price, IPO Information, and Bloomberg ID. Additionally, pertinent regulatory information such as Market Wide Circuit Breaker, Reg SHO Short Sale Price Test Restricted Indicator, Trading Action, and Symbol Directory are included. NLS Plus may be received by itself or in combination with Nasdaq Basic. Additionally, NLS Plus reflects cumulative volume real-time trading activity across all U.S. exchanges for Tape A securities and Tape B securities.

- (1) Firms that receive NLS Plus shall pay the monthly administrative fees for NLS, BX Last Sale, and PSX Last Sale. Additionally, Internal Distributors or External Distributors shall pay a data consolidation fee of \$350 per month. "Internal Distributors" are Distributors that receive NLS Plus data and then distribute that data to one or more Subscribers within the Distributor's own entity. "External Distributors" are Distributors that receive NLS Plus data and then distribute that data to one or more Subscribers outside the Distributor's own entity.
- (2) Firms that receive NLS Plus would either be liable for NLS fees or Nasdaq Basic fees.
- (3) In the event that Nasdaq BX and/or Nasdaq PHLX adopt user fees for BX Last Sale and/or PSX Last Sale, firms that receive NLS Plus would also be liable for such fees.
- (4) Firms that purchase a market data enterprise license for display usage under Nasdaq Rule 7032 shall not pay monthly administrative fees for NLS, BX Last Sale and PSX Last Sale, a data consolidation fee for Internal or External Distributors, or user fees for BX Last Sale and/or PSX Last Sale, in the event that such fees are adopted.

PSX BBO Feeds

The Exchange shall offer proprietary data feeds containing real-time market information from PSX. There shall be no fee for PSX BBO Feeds.

- (a) "PSX BBO for Nasdaq" shall contain PSX's best bid and offer for Nasdaq-listed securities;
- (b) "PSX BBO for NYSE" shall contain PSX's best bid and offer for NYSE-listed securities; and
- (c) "PSX BBO for NYSE Amex" shall contain PSX's best bid and offer for NYSE Amex-listed securities.

PSX Ouch BBO Feed

The Exchange shall offer a proprietary data feed containing real-time information concerning the Exchange's internal view of the national best bid and offer at that time, containing the expected bid price and ask price for each security traded on PSX. There shall be no fee for the PSX Ouch BBO Feed.

PSX Trading and Compliance Data Package

PSX Participants shall be entitled to receive the PSX Trading and Compliance Data Package via NasdaqTrader.com. The PSX Trading and Compliance Data Package provides historical data reports containing trading reporting information about the Participant's own activity in PSX, for delivery on an end-of-day or T+1 basis.

The Exchange may modify the contents of the PSX Trading and Compliance Data Package from time to time based on subscriber interest. There shall be no fee for the PSX Trading and Compliance Data Package.

QView

QView is a web-based tool designed to give a subscribing member the ability to track its order flow on PSX, and create both real-time and historical reports of such order flow. Members may subscribe to QView for a fee of \$100 per month, per member firm.

Short Sale Monitor

(a) The Short Sale Monitor is a real-time surveillance and alert tool that assists member firms with monitoring and post trade analysis of their short sale and short sale exempt trades reported to the FINRA/Nasdaq Trade Reporting Facility (TRF), which includes real-time alerts of covered securities subject to the restrictions of SEC Rule 201, reports of a member firm's trades marked as "short" that are subject to the restrictions of SEC Rule 201, and reports of a member firm's trades marked as "short exempt."

The Short Sale Monitor is available to each member firm at no cost for a trial period ending March 31, 2011, and for a fee of \$750 per MPID, per month thereafter.

(b) The PSX Data Add-On service provides an MPID subscribed to the Short Sale Monitor subscription with a record of trades in covered securities executed on PSX that are marked "short exempt." The PSX Data Add-On service is available at no cost for a trial period ending March 31, 2011, and for a fee of \$50 per MPID, per month. An MPID subscribed to the Short Sale Monitor of Nasdaq or Nasdaq BX need not subscribe additionally to the PSX Short Sale Monitor to subscribe to the PSX Data Add-On service.

PSX Pre-Trade Risk Management

(a) Users of PSX Pre-trade Risk Management ("PRM") will be assessed a monthly fee based on the following table, and such fees will not exceed \$25,000 per member firm, per month:

Port Tiers	Number of PRM-Enabled Ports	Monthly Fee
Tier 1	50 or more	\$400 per port, per month
Tier 2	20 to 49	\$500 per port, per month
Tier 3	5 to 19	\$550 per port, per month
Tier 4	1 to 4	\$600 per port, per month

(b) Users of PRM services specified below will be assessed the following charges in addition to the applicable PRM-enabled port charges:

PRM Modules	No charge
Aggregate Total Checks	No charge
PRM Workstation Add-ons to an existing Workstation or WeblinkACT 2.0	\$100 per each PRM Workstation Add-on per month

Amended Feb. 27, 2012 (SR-Phlx-2012-25), operative Mar. 1, 2012; amended Apr. 26, 2012 (SR-Phlx-2012-56), operative May 1, 2012; amended May 11, 2012 (SR-Phlx-2012-64), operative June 1, 2012; amended May 24, 2012 (SR-Phlx-2012-72), operative July 2, 2012; amended June 25, 2012 (SR-Phlx-2012-85), operative July 2, 2012; amended June 27, 2012 (SR-Phlx-2012-87), operative

July 2, 2012; amended July 31, 2012 (SR-Phlx-2012-102), operative Aug. 1, 2012; amended Sep. 21, 2012 (SR-Phlx-2012-114); amended Oct. 1, 2012 (SR-Phlx-2012-119); amended Oct. 9, 2012 (SR-Phlx-2012-123), operative Oct. 15, 2012; amended Feb. 27, 2013 (SR-Phlx-2013-19); amended Mar. 13, 2013 (SR-Phlx-2013-28); amended May 3, 2013 (SR-Phlx-2013-51); amended May 31, 2013 (SR-Phlx-2013-60), operative Jun. 3, 2013; amended June 25, 2013 (SR-Phlx-2013-70), operative July 1, 2013; amended July 26, 2013 (SR-Phlx-2013-80), operative Aug. 1, 2013; amended Sep. 10, 2013 (SR-Phlx-2013-93); amended Oct. 31, 2013 (SR-Phlx-2013-111), operative Nov. 1, 2013; amended Nov. 27, 2013 (SR-Phlx-2013-116); amended Jan. 2, 2014 (SR-Phlx-2014-01); amended Dec. 23, 2013 (SR-Phlx-2013-128); amended Jan. 31, 2014 (SR-Phlx-2014-09), operative Feb. 3, 2014; amended June 27, 2014 (SR-Phlx-2014-43), operative July 1, 2014. amended June 23, 2014 (SR-Phlx-2014-40), operative July 23, 2014; amended Aug. 20, 2014 (SR-Phlx-2014-56), operative Dec. 1, 2014; amended Aug. 20, 2014 (SR-Phlx-2014-57), operative Dec. 1, 2014; amended Sep. 5, 2014 (SR-Phlx-2014-60), operative Sep. 2, 2014; amended Oct. 24, 2014 (SR-Phlx-2014-70), operative Nov. 3, 2014; amended Nov. 12, 2014 (SR-Phlx-2014-74); amended Dec. 23, 2014 (SR-Phlx-2014-81), operative Jan. 2, 2015; amended Jan. 16, 2015 (SR-Phlx-2015-08); amended Feb. 3, 2015 (SR-Phlx-2015-14), operative Feb. 2, 2015; amended May 18, 2015 (SR-Phlx-2015-45), operative May 1, 2015; amended June 1, 2015 (SR-Phlx-2015-48); amended June 30, 2015 (SR-Phlx-2015-58), operative July 1, 2015; amended Aug. 18, 2015 (SR-Phlx-2015-72); amended Aug. 28, 2015 (SR-Phlx-2015-76); amended Sep. 1, 2015 (SR-Phlx-2015-78); amended Oct. 27, 2015 (SR-Phlx-2015-87); operative Oct. 16, 2015; amended Nov. 30, 2015 (SR-Phlx-2015-98), operative Dec. 1, 2015; amended Dec. 17, 2015 (SR-Phlx-2015-110); amended Dec. 18, 2015 (SR-Phlx-2015-112), operative Jan. 1, 2016; amended Dec. 29, 2015 (SR-Phlx-2015-115); amended Feb. 23, 2016 (SR-Phlx-2016-31), operative Feb. 1, 2016; amended Feb. 26, 2016 (SR-Phlx-2016-30); amended May 31, 2016 (SR-Phlx-2016-64), operative June 1, 2016; amended Aug. 12, 2016 (SR-Phlx-2016-85), operative Aug. 1, 2016; amended Aug. 31, 2016 (SR-Phlx-2016-91); amended Dec. 14, 2016 (SR-Phlx-2016-122), operative Jan. 1, 2017; amended Feb. 15, 2017 (SR-Phlx-2017-17); amended Apr. 3, 2017 (SR-Phlx-2017-28); amended Apr. 10, 2017 (SR-Phlx-2017-31); amended June 1, 2017 (SR-Phlx-2017-44); amended Sept. 29, 2017 (SR-Phlx-2017-76); amended Oct. 2, 2017 (SR-Phlx-2017-77); amended Oct. 2, 2017 (SR-Phlx-2017-78); amended Oct. 12, 2017 (SR-Phlx-2017-80); amended Oct. 18, 2017 (SR-Phlx-2017-82); amended Oct. 25, 2017 (SR-Phlx-2017-84); amended Nov. 1, 2017 (SR-Phlx-2017-90); amended Nov. 29, 2017 (SR-Phlx-2017-100), operative Dec. 1, 2017; amended Dec. 20, 2017 (SR-Phlx-2017-106), operative Jan. 1, 2018; amended Jan. 3, 2018 (SR-Phlx-2018-04); amended Jan. 16, 2018 (SR-Phlx-2018-10); amended Mar. 1, 2018 (SR-Phlx-2018-21); amended Mar. 27, 2018 (SR-Phlx-2018-26); amended June 5, 2018 (SR-Phlx-2018-46); amended July 3, 2018 (SR-Phlx-2018-51); amended July 17, 2018 (SR-Phlx-2018-52); amended July 27, 2018 (SR-Phlx-2018-53); amended October 18, 2018 (SR-Phlx-2018-66); amended Dec. 20, 2018 (SR-Phlx-2018-83), operative Jan. 2, 2019.

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Footnotes

† Fees are assessed in full month increments under this section, and thus are not prorated.

Nasdaq PHLX Rules, Regulation, Section 4, Membership Fees

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A. Permit and Registration Fees

PSX Only Permit Fees:

Members and member organizations: \$4,000 in a given month, unless the member or member organization averages at least 1,000 shares executed per day in a given month, or the extent of the member's or member organization's business on PSX is limited to clearing-only, in which case the Permit Fee will be \$0.00. The business of a member or member organization is considering "clearing-only" if it does not execute any trades on PSX throughout a given month, it maintains no active connections to do so (either under its own MPID or through a sponsored access relationship on behalf of another member or member organization), and it maintains PSX membership for the sole purpose of clearing trades on behalf of another member or member organization that is actively trading on PSX.

Application Fee* \$350

Application Fee for Lapsed Applications* \$350

An applicant will be assessed the Application Fee each time an applicant applies for membership, notwithstanding the fact that the applicant may have been a former permit holder.

Transfer of Affiliation Fee \$350

The Exchange will not assess the Initiation Fee on a permit holder who applies to transfer affiliation from one member organization to another member organization if the permit holder continuously held his or her permit without any lapse in membership.

Account Fee* \$50.00 monthly

Initiation Fee* \$1,500

* *Applicants that apply for membership solely to participate in the Nasdaq PSX equities market are not assessed an Application Fee, Initiation Fee, or Account Fee. Should such approved member or member organization subsequently elect to engage in business on the Exchange's options platform, the Initiation Fee and Account Fee will apply.*

• **Permit Fees:** The Exchange has established the date of notification of termination of a permit as the date that permit fee billing will cease. The Exchange will not bill a member organization for more than one monthly permit fee if the member organization transfers an existing permit to another valid permit holder that is primarily affiliated with the member organization, as set forth in Rules 908(f) and 910, provided that the transfer from one permit holder to another occurs within the same business day. Additionally, a permit holder will be billed only one monthly permit fee if the holder transfers from one member organization to another previously unrelated member organization as a result of a merger, partial sale or other business combination during a monthly permit fee period in order to avoid double billing in the month the merger or business combination occurred.

• The Initiation Fee is imposed on a new member upon the issuance of a permit, notwithstanding the fact that the new member may have been a former permit holder.

Amended Jan. 9, 2012 (SR-Phlx-2012-02); amended Apr. 18, 2012 (SR-Phlx-2012-52), operative May 1, 2012; amended Apr. 25, 2012 (SR-Phlx-2012-53), operative May 1, 2012; amended May 16, 2012 (SR-Phlx-2012-70); amended Nov. 30, 2012 (SR-Phlx-2012-135), operative Dec. 3, 2012; amended Dec. 12, 2012 (SR-Phlx-2012-140), operative Jan. 2, 2013; amended Jan. 25, 2013 (SR-Phlx-2013-10), operative Feb. 1, 2013; amended Feb. 1, 2013 (SR-Phlx-2013-13); amended Apr. 24, 2013 (SR-Phlx-2013-43); amended Apr. 29, 2013 (SR-Phlx-2013-44); amended May 21, 2013 (SR-Phlx-2013-58), operative Jun. 3, 2013; amended Aug. 1, 2014 (SR-Phlx-2014-45); amended Nov. 14, 2014 (SR-Phlx-2014-75), operative Dec. 14, 2014; amended Apr. 20, 2015 (SR-Phlx-2015-36), operative May 1, 2015; amended Dec. 30, 2015 (SR-Phlx-2015-109), operative Jan. 4, 2016; amended Feb. 3, 2016 (SR-Phlx-2016-09); amended Feb. 26, 2016 (SR-Phlx-2016-30); amended July 31, 2017 (SR-Phlx-2017-63), operative Aug. 1, 2017; amended Aug. 7, 2017 (SR-Phlx-2017-68), operative Sept. 6, 2017; amended Oct. 18, 2017 (SR-Phlx-2017-82); amended Dec. 21,

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2017 (SR-Phlx-2017-108), operative Jan. 2, 2018; amended Feb. 13, 2018 (SR-Phlx-2018-17); amended October 18, 2018 (SR-Phlx-2018-66).

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Nasdaq PHLX Rules, Regulation, Section 1, General Provisions

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(a) The exchange calculates fees on a trade date basis.

Policy for amending billing information: corrections submitted after trade date and prior to the issuance of an invoice by the exchange must be submitted to the Exchange in writing and must be accompanied by supporting documentation. Only members may submit trade corrections.

All billing disputes must be submitted to the Exchange in writing and must be accompanied by supporting documentation. All disputes must be submitted no later than sixty (60) days after receipt of a billing invoice, except for disputes concerning proprietary data feed fees. The Exchange calculates fees on a trade date basis. Only members may submit billing disputes.

(b) Removal of Days for Purposes of Pricing Tiers:

- (1) (A) Any day that the Exchange announces in advance that it will not be open for trading will be excluded from the options tier calculations set forth in its Pricing Schedule; and (B) any day with a scheduled early market close ("Scheduled Early Close") may be excluded from the options tier calculations only pursuant to paragraph (3) below.
- (2) The Exchange may exclude the following days ("Unanticipated Events") from the options tier calculations only pursuant to paragraph (3) below, specifically any day that: (A) the market is not open for the entire trading day, (B) the Exchange instructs members in writing to route their orders to other markets, (C) the Exchange is inaccessible to members during the 30-minute period before the opening of trade due to an Exchange system disruption, or (D) the Exchange's system experiences a disruption that lasts for more than 60 minutes during regular trading hours.
- (3) If a day is to be excluded as a result of paragraph (1)(B) or (2) above, the Exchange will exclude the day from any member's monthly options tier calculations as follows:
 - (A) the Exchange may exclude from the ADV calculation any Scheduled Early Close or Unanticipated Event;
 - (B) the Exchange may exclude from the calculation based on a percentage of industry volume any Scheduled Early Close or Unanticipated Event; and
 - (C) the Exchange may exclude from any other applicable options tier calculation provided for in its Pricing Schedule (together with (3)(A) and (3)(B), "Tier Calculations") any Scheduled Early Close or Unanticipated Event;provided, in each case, that the Exchange will only remove the day for members that would have a lower Tier Calculation with the day included. If a day is removed from a calculation based on a percentage of monthly industry volume, volume executed that day will be removed from both the numerator and the denominator of the calculation.

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

The term "**Customer**" applies to any transaction that is identified by a member or member organization for clearing in the Customer range at The Options Clearing Corporation ("OCC") which is not for the account of a broker or dealer or for the account of a "Professional" (as that term is defined in Rule 1000(b)(14)).

The term "**Specialist**" applies to transactions for the account of a Specialist (as defined in Exchange Rule 1020(a)). A Specialist is an Exchange member who is registered as an options specialist pursuant to Rule 1020(a). An options Specialist includes a Remote Specialist which is defined as an options specialist in one or more classes that does not have a physical presence on an Exchange floor and is approved by the Exchange pursuant to Rule 501.

The term "**ROT, SQT and RSQT**" applies to transactions for the accounts of Registered Option Traders ("ROTs"), Streaming Quote Traders ("SQTs"), and Remote Streaming Quote Traders ("RSQTs"). For purposes

of the Pricing Schedule, the term **"Market Maker"** will be utilized to describe fees and rebates applicable to ROTs, SQTs and RSQTs. RSQTs may also be referred to as Remote Market Markers ("RMMs").

The term **"Registered Option Trader"** is defined in Exchange Rule 1014(b) as a regular member of the Exchange located on the trading floor who has received permission from the Exchange to trade in options for his own account. A ROT includes SQTs and RSQTs as well as on and off-floor ROTS.

The term **"Streaming Quote Trader"** is defined in Exchange Rule 1014(b)(ii)(A) as an ROT who has received permission from the Exchange to generate and submit option quotations electronically in options to which such SQT is assigned.

The term **"Remote Streaming Quote Trader"** is defined in Exchange Rule in 1014(b)(ii)(B) as an ROT that is a member affiliated with an RSQTO with no physical trading floor presence who has received permission from the Exchange to generate and submit option quotations electronically in options to which such RSQT has been assigned. A Remote Streaming Quote Trader Organization or "RSQTO," which may also be referred to as a Remote Market Making Organization ("RMO"), is a member organization in good standing that satisfies the RSQTO readiness requirements in Rule 507(a).

The term **"Firm"** applies to any transaction that is identified by a member or member organization for clearing in the Firm range at OCC.

The term **"Professional"** applies to transactions for the accounts of Professionals, as defined in Exchange Rule 1000(b)(14) means any person or entity that (i) is not a broker or dealer in securities, and (ii) places more than 390 orders in listed options per day on average during a calendar month for its own beneficial account(s).

The term **"Broker-Dealer"** applies to any transaction which is not subject to any of the other transaction fees applicable within a particular category.

The term **"Joint Back Office"** or **"JBO"** applies to any transaction that is identified by a member or member organization for clearing in the Firm range at OCC and is identified with an origin code as a JBO. A JBO will be priced the same as a Broker-Dealer. A JBO participant is a member, member organization or non-member organization that maintains a JBO arrangement with a clearing broker-dealer ("JBO Broker") subject to the requirements of Regulation T Section 220.7 of the Federal Reserve System as further discussed at Exchange Rule 703.

The term **"Common Ownership"** shall mean members or member organizations under 75% common ownership or control.

The term **"Non-Customer"** applies to transactions for the accounts of Specialists, Market Makers, Firms, Professionals, Broker-Dealers and JBOs.

For Purposes of Common Ownership Aggregation of Activity of Affiliated Members and Member Organizations

- (a) For purposes of applying any options transaction fee or rebate where the fee assessed, or rebate provided by the Exchange depends upon the volume of a member or member organization's activity, a member or member organization may request that the Exchange aggregate its activity with the activity of its affiliates.
 - (1) A member or member organization requesting aggregation of affiliate activity shall be required to certify to the Exchange the affiliate status of entities whose activity it seeks to aggregate prior to receiving approval for aggregation, and shall be required to inform the Exchange immediately of any event that causes an entity to cease to be an affiliate. The Exchange shall review available information regarding the entities, and reserves the right to request additional information to verify the affiliate status of an entity. The Exchange shall approve a request unless it determines that the certification is not accurate.
 - (2) If two or more members or member organizations become affiliated on or prior to the sixteenth day of a month, and submit the required request for aggregation on or prior to

the twenty-second day of the month, an approval of the request by the Exchange shall be deemed to be effective as of the first day of that month. If two or more members or member organizations become affiliated after the sixteenth day of a month, or submit a request for aggregation after the twenty-second day of the month, an approval of the request by the Exchange shall be deemed to be effective as of the first day of the next calendar month.

- (b) For purposes of applying any option transaction fee or rebate where the fee assessed, or rebate provided by the Exchange depends upon the volume of a member or member organization's activity, references to an entity (including references to a "member" or "member organization") shall be deemed to include the entity and its affiliates that have been approved for aggregation.
- (c) For purposes of this provision, the term "affiliate" of a member or member organization shall mean any member or member organization under 75% common ownership or control of that member or member organization.

The term "**Appointed MM**" is a Phlx Market Maker or Specialist who has been appointed by an Order Flow Provider ("OFP") for purposes of qualifying as an Affiliated Entity. An OFP is a member or member organization that submits orders, as agent or principal, to the Exchange.

The term "**Appointed OFP**" is an OFP who has been appointed by a Phlx Market Maker or Specialist for purposes of qualifying as an Affiliated Entity.

The term "**Affiliated Entity**" is a relationship between an Appointed MM and an Appointed OFP for purposes of qualifying for certain pricing specified in the Pricing Schedule. Market Makers or Specialists, and OFPs are required to send an email to the Exchange to appoint their counterpart, at least 3 business days prior to the last day of the month to qualify for the next month. The Exchange will acknowledge receipt of the emails and specify the date the Affiliated Entity is eligible for applicable pricing, as specified in the Pricing Schedule. Each Affiliated Entity relationship will commence on the 1st of a month and may not be terminated prior to the end of any month. An Affiliated Entity relationship will terminate after a one (1) year period, unless either party terminates earlier in writing by sending an email to the Exchange at least 3 business days prior to the last day of the month to terminate for the next month. Affiliated Entity relationships must be renewed annually. Members and member organizations under Common Ownership may not qualify as a counterparty comprising an Affiliated Entity. Each member or member organization may qualify for only one (1) Affiliated Entity relationship at any given time.

A. Mini Options Fees

The following fees will apply to Mini Options as specified in Rule 1012, Commentary .13.

	Customer	Professional	Specialist and Market Maker	Bro-ker-Dealer	Firm
Mini Options Transaction Fee-Electronic Adding Liquidity	\$0.00	\$0.03	\$0.02	\$0.03	\$0.03
Mini Options Transaction Fee-Electronic Removing Liquidity	\$0.00	\$0.09	\$0.04	\$0.09	\$0.09
Mini Options Transaction Fee-Floor and QCC	\$0.00	\$0.09	\$0.09	\$0.09	\$0.09

For executions that occur as part of PIXL, the following fees and rebates will apply:

- Initiating Order: \$0.015 per contract
- PIXL Order (Contra-party to the Initiating Order): Customer is \$0.00 and all others will be assessed a transaction fee of \$0.03 per contract.
- PIXL Order (Contra-party to other than the Initiating Order): Customer will be assessed a transaction fee of \$0.00 and all others will be assessed a transaction fee of \$0.03 per contract. The contra-party will be assessed a transaction fee of \$0.03 per contract.

Payment for Order Flow fees will be as follows:

- Penny Pilot Options: \$0.02
- All Other Options: \$0.06

QCC Transaction Fees and rebates defined in Options 7, Section 4 do not apply to Mini Options.

Routing Fees set forth in Options 7, Section 7 apply to Mini Options.

The Monthly Market Maker Cap and the Monthly Firm Fee Cap set forth in Options 7, Section 4 as well as other options transaction fee caps, discounts or rebates will not apply to transactions in Mini Options.

Mini Options volume will be included in the calculations for the Customer Rebate Program eligibility but will not be eligible to receive the rebates associated with the Customer Rebate Program.

B. Customer Rebate Program

The Customer Rebate Tiers described below will be calculated by totaling Customer volume in Multiply Listed Options (including SPY) that are electronically-delivered and executed, except volume associated with electronic QCC Orders, as defined in Exchange Rule 1080(o). Rebates will be paid on Customer Rebate Tiers according to the below categories. Members and member organizations under Common Ownership may aggregate their Customer volume for purposes of calculating the Customer Rebate Tiers and receiving rebates. Affiliated Entities may aggregate their Customer volume for purposes of calculating the Customer Rebate Tiers and receiving rebates.

Customer Rebate Tiers	Percentage Thresholds of National Customer Volume in Multiply-Listed Equity and ETF Options Classes, excluding SPY Options (Monthly)	Category A	Category B	Category C	Category D
Tier 1	0.00% - 0.60%	\$0.00	\$0.00	\$0.00	\$0.00
Tier 2	Above 0.60% - 1.10%	\$0.10 [*]	\$0.10 [*]	\$0.16 ^{* #}	\$0.21 ^{* #}
Tier 3	Above 1.10% - 1.60%	\$0.15	\$0.12 [*]	\$0.18 ^{* #}	\$0.22 ^{* #}
Tier 4	Above 1.60% - 2.50%	\$0.20	\$0.16	\$0.22 [#]	\$0.26 [#]
Tier 5	Above 2.50%	\$0.21	\$0.17	\$0.22 [#]	\$0.27 [#]

Category A: Rebate will be paid to members executing electronically-delivered Customer Simple Orders in Penny Pilot Options and Customer Simple Orders in Non-Penny Pilot Options in Options 7, Section 4 symbols.

Category B: Rebate will be paid on Customer PIXL Orders in Options 7, Section 4 symbols that execute against non-Initiating Order interest. In the instance where member organizations qualify for Tier 4 or higher in the Customer Rebate Program, Customer PIXL Orders that execute against a PIXL Initiating Order will be paid a rebate of \$0.14 per contract. Rebates on Customer PIXL Orders will be capped at 4,000 contracts per order for Simple PIXL Orders.

Category C: Rebate will be paid to members executing electronically-delivered Customer Complex Orders in Penny Pilot Options in Options 7, Section 4 symbols. Rebate will be paid on Customer PIXL Complex Orders in Options 7, Section 4 symbols that execute against non-Initiating Order interest. Customer Complex PIXL Orders that execute against a Complex PIXL Initiating Order will not be paid a rebate under any circumstances. The Category C Rebate will not be paid when an electronically-delivered Customer Complex Order, including Customer Complex PIXL Order, executes against another electronically-delivered Customer Complex Order.

Category D: Rebate will be paid to members executing electronically-delivered Customer Complex Orders in Non-Penny Pilot Options in Options 7, Section 4 symbols. Rebate will be paid on Customer PIXL Complex Orders in Options 7, Section 4 symbols that execute against non-Initiating Order interest. Customer Complex PIXL Orders that execute against a Complex PIXL Initiating Order will not be paid a rebate under any circumstances. The Category D Rebate will not be paid when an electronically-delivered Customer Complex Order, including Customer Complex PIXL Order, executes against another electronically-delivered Customer Complex Order. Rebates will not be paid on NDX or NDXP contracts in any Category, however NDX and NDXP contracts will count toward the volume requirement to qualify for a Customer Rebate Tier.

- # The Exchange will pay a \$0.04 per contract Category C rebate and a \$0.02 per contract Category D rebate in addition to the applicable Tier 2, 3, 4 and 5 rebates to members or member organizations or member or member organization affiliated under Common Ownership provided the member or member organization qualified for any MARS Payments in Options 7, Section 6, Part E.
- * The Exchange will pay a \$0.02 per contract Category A and B rebate and a \$0.03 per contract Category C and D rebate in addition to the applicable Tier 2 and 3 rebate, provided the Specialist, Market Maker or Appointed MM has reached the Monthly Market Maker Cap as defined in Options 7, Section 4, to: (1) a Specialist or Market Maker who is not under Common Ownership or is not a party of an Affiliated Entity; or (2) an OFP member or member organization affiliate under Common Ownership; or (3) an Appointed OFP of an Affiliated Entity.

Amended Feb. 7, 2012 (SR-Phlx-2012-17); amended June 1, 2012 (SR-Phlx-2012-77); amended Feb. 1, 2013 (SR-Phlx-2013-13); amended Apr. 29, 2013 (SR-Phlx-2013-44); amended Sep. 10, 2013 (SR-Phlx-2013-93); amended Apr. 29, 2014 (SR-Phlx-2014-28), operative July 1, 2014; amended July 1, 2014 (SR-Phlx-2014-44); amended Aug. 20, 2014 (SR-Phlx-2014-56), operative Dec. 1, 2014; amended Nov. 14, 2014 (SR-Phlx-2014-75), operative Dec. 14, 2014; amended Mar. 11, 2015 (SR-Phlx-2015-25), operative Mar. 2, 2015; amended Feb. 26, 2016 (SR-Phlx-2016-30); amended July 7, 2016 (SR-Phlx-2016-62); amended Mar. 16, 2018 (SR-Phlx-2018-25); amended Mar. 19, 2018 (SR-Phlx-2018-27); amended Oct. 18, 2018 (SR-Phlx-2018-66); amended Nov. 14, 2018 (SR-Phlx-2018-73); amended April 1, 2019 (SR-Phlx-2019-10); amended April 10, 2019 (SR-Phlx-2019-15).

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Nasdaq PHLX Rules, Regulation, Section 2. Collection of Exchange Fees and Other Claims

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(a) Each member organization, and all applicants for registration as such shall be required to provide a clearing account number for an account at the National Securities Clearing Corporation ("NSCC") for purposes of permitting the Exchange to debit any undisputed or final fees, fines, charges and/or other monetary sanctions or other monies due and owing to the Exchange or other charges related to Rule 924. If a member disputes an invoice, the Exchange will not include the disputed amount in the debit if the member has disputed the amount in writing to the Exchange's designated staff by the 15th of the month, or the following business day if the 15th is not a business day, and the amount in dispute is at least \$10,000 or greater.

Adopted January 16, 2004 (03-73). Amended February 3, 2004 (04-06); amended May 14, 2009 (09-23); amended January 21, 2010 (09-101); amended October 18, 2018 (18-66).

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Nasdaq PHLX Rules, Regulation, Section 3. Rebates and Fees for Adding and Removing Liquidity in SPY

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With respect to Section 3 of this Options 7 Pricing Schedule, the order that is received by the trading system first in time shall be considered an order adding liquidity and an order that trades against that order shall be considered an order removing liquidity, except with respect to orders that trigger an order exposure alert. Customer volume attributable to this section will be included in the calculation of Customer volume in Multiply Listed Options that are electronically-delivered and executed for purposes of the Customer Rebate Program in Section B. However, the rebates defined in Section B will not apply to electronic executions in SPY.

Part A. Simple Order

	Customer	Specialist	Market Maker	Firm	Bro-ker-Dealer	Professional
Rebate for Adding Liquidity	\$0.00	*	*	\$0.00	\$0.00	\$0.00
Fee for Removing Liquidity	\$0.42	\$0.48	\$0.48	\$0.48	\$0.48	\$0.48

* The Simple Order Rebate for Adding Liquidity will be paid as noted below to Specialists and Market Makers adding the requisite amount of electronically executed Specialist and Market Maker Simple Order contracts per day in a month in SPY:

Tiers	Average Daily Volume "ADV"	Rebate for Adding Liquidity
1	1 to 2,499	\$0.12
2	2,500 to 4,999	\$0.15
3	5,000 to 19,999	\$0.18
4	20,000 to 34,999	\$0.24
5	35,000 to 49,999	\$0.27
6	greater than 49,999	\$0.32

Part B. Complex Order

	Customer	Specialist	Market Maker	Firm	Bro-ker-Dealer	Professional
Fee for Adding Liquidity	\$0.00	\$0.10	\$0.10	\$0.10	\$0.10	\$0.10
Fee for Removing Liquidity	\$0.00	\$0.43	\$0.43	\$0.50	\$0.50	\$0.50

- Complex Order Fees for Removing Liquidity, applicable to Specialists and Market Makers, will be decreased by \$0.02 per contract when the Specialist or Market Maker transacts against a Customer Order directed to that Specialist or Market Maker for execution.
- Simple Orders that are executed against the individual components of Complex Orders will be assessed the fees and rebates in Part A. However, the individual components of such a Complex Order will be assessed the fees in Part B.
- Customers will be assessed \$0.00 per contract and all other market participants will be assessed \$0.15 per contract for executions against an order for which the Exchange broadcasts an order exposure alert in SPY.
- Customers will be assessed a \$0.15 per contract surcharge to the extent that they execute the individual components of their Complex Orders in SPY against Market Maker or Specialist quotes that are resting on the Simple Order Book.

Part C. The following will apply to fees in Parts A and B:

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- The Monthly Market Maker Cap on transaction fees that are currently applicable to Market Makers and Specialists transacting Multiply Listed Options will not be applicable to electronic transactions in the SPY, except for QCC Transaction Fees.
- The Monthly Firm Fee Cap will apply to floor transactions and QCC electronic and QCC floor transactions in SPY.
- Marketing Fees defined in Options 7, Section 4 will not be collected on transactions in SPY.
- The Cancellation Fee for each cancelled electronically delivered Professional AON order will continue to apply to the SPY. The Cancellation Fee will not apply for each cancelled electronically delivered Customer order in SPY.
- Transactions in SPY originating on the Exchange floor will be subject to the Multiply Listed Options Fees (see Multiply Listed Options Fees in Options 7, Section 4). However, if one side of the transaction originates on the Exchange floor and any other side of the trade was the result of an electronically submitted order or a quote, then these fees will apply to the transactions which originated on the Exchange floor and contracts that are executed electronically on all sides of the transaction. The one side of the transaction which originates on the Exchange floor will count toward the volume which qualifies a participant for the Simple Order Rebate for Adding Liquidity for Specialists and Market Makers in SPY.
- A non-Complex electronic auction includes the Quote Exhaust auction and, for purposes of these fees, the opening process. A Complex electronic auction includes, but is not limited to, the Complex Order Live Auction ("COLA").
 - Customer executions that occur as part of a Complex electronic auction will be assessed \$0.00 per contract.
 - Customer executions that occur as part of a non-Complex electronic auction will be assessed \$0.00 per contract.
 - Professional, Firm, Broker-Dealer, Specialist and Market Maker executions that occur as part of a Complex electronic auction will be assessed the Fees for Removing Liquidity in Part B. Professional, Firm, Broker-Dealer, Specialist and Market Maker executions that occur as part of a non-Complex electronic auction will be assessed the Fees for Adding Liquidity in Part B.
 - The QCC Transaction fees and rebates, defined in Options 7, Section 4, are applicable to this Section C.

PIXL Executions in SPY:

- Initiating Order: \$0.05 per contract. Members that qualify for Section B, Customer Rebate Tiers 2 through 6 or qualify for the Monthly Firm Fee Cap are eligible for a rebate of \$0.12 per contract for all SPY Complex PIXL Orders greater than 499 contracts, provided the member executes an average of 2,500 contracts per day of SPY Complex PIXL Orders in a month.
- When the PIXL Order is contra to the Initiating Order, a Customer PIXL Order will be assessed \$0.00 per contract and all other Non-Customer market participants will be assessed a \$0.38 per contract fee when contra to an Initiating Order.
- When the PIXL Order is contra to other than the Initiating Order, the PIXL Order will be assessed \$0.00 per contract, unless the PIXL Order is a Customer, in which case the Customer will receive a rebate of \$0.40 per contract.
- All other Non-Customer contra parties to the PIXL Order that are not the Initiating Order will be assessed a Fee for Removing Liquidity of \$0.50 per contract or will receive the Rebate for Adding Liquidity. When the PIXL Order is contra to a Specialist or Market Maker quote, which was established at the initiation of a PIXL auction, the Customer PIXL Order will not be eligible for a rebate.

Adopted June 3, 2013 (SR-Phlx-2013-61); renumbered and amended June 26, 2013 (SR-Phlx-2013-71), operative July 1, 2013; amended Nov. 29, 2013 (SR-Phlx-2013-117), operative Dec. 2, 2013; amended Jan. 29, 2014 (SR-Phlx-2014-06), operative Feb. 3, 2014; amended Feb. 27, 2014 (SR-Phlx-2014-15), operative Mar. 3, 2014; amended July 10, 2014 (SR-Phlx-2014-47); amended July 28, 2014 (SR-Phlx-2014-50), operative Aug. 1, 2014; amended Oct. 31, 2014 (SR-Phlx-2014-72), operative Nov. 3, 2014;

amended Mar. 11, 2015 (SR-Phlx-2015-25), operative Mar. 2, 2015; amended Aug. 27, 2015 (SR-Phlx-2015-75), operative Sep. 1, 2015; amended Feb. 29, 2016 (SR-Phlx-2016-33), operative Mar. 1, 2016; amended Mar. 18, 2016 (SR-Phlx-2016-21); amended Aug. 5, 2016 (SR-Phlx-2016-83), operative Aug. 1, 2016; amended Feb. 1, 2017 (SR-Phlx-2017-09); amended Feb. 1, 2017 (SR-Phlx-2017-10); amended Feb. 8, 2017 (SR-Phlx-2017-15); amended July 31, 2017 (SR-Phlx-2017-64), operative Aug. 1, 2017; amended Dec. 21, 2017 (SR-Phlx-2017-108), operative Jan. 2, 2018; amended May 1, 2018 (SR-Phlx-2018-37); amended May 10, 2018 (SR-Phlx-2018-39); amended Oct. 18, 2018 (SR-Phlx-2018-66); amended April 1, 2019 (SR-Phlx-2019-10); amended April 10, 2019 (SR-Phlx-2019-15).

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Nasdaq PHLX Rules, Regulation, Section 4. Multiply Listed Options Fees (Includes options overlying equities, ETFs, ETNs and indexes which are Multiply Listed)

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	Cus- tomer	Professional		Specialist and Market Maker		Broker-Dealer		Firm	
		Elec- tronic	Floor	Elec- tronic	Floor	Elec- tronic	Floor	Elec- tronic	Floor
Options Transaction Charge (Penny Pilot) ⁶	\$0.00	\$0.48 ²	\$0.25 ⁸	\$0.22	\$0.35 ⁸	\$0.48 ²	\$0.25 ⁸	\$0.48 ^{1, 2}	\$0.25 ⁸
Options Transaction Charge (non-Penny Pilot) ⁷ , excluding NDX and NDXP	\$0.00	\$0.75 ³	\$0.25 ⁸	\$0.25 ⁴	\$0.35 ⁸	\$0.75 ³	\$0.25 ⁸	\$0.75 ^{1, 3}	\$0.25 ⁸
Options Transaction Charge NDX and NDXP ⁵	\$0.00	\$0.75	\$0.75 ⁸	\$0.75	\$0.75 ⁸	\$0.75	\$0.75 ⁸	\$0.75	\$0.75 ⁸
Options Surcharge in BKX Cabinet Options	N/A	\$0.10	\$0.10 ⁸	\$0.10	\$0.10 ⁸	\$0.10	\$0.10 ⁸	\$0.10	\$0.10 ⁸
	\$0.00	N/A	\$0.10 ⁸	N/A	\$0.10 ⁸	N/A	\$0.10 ⁸	N/A	\$0.10 ⁸

• These fees are per contract.

- 1 Firm electronic simple orders in AAPL, BAC, EEM, FB, FXI, IWM, QQQ, TWTR, VXX and XLF will be assessed \$0.45.
- 2 Electronic Complex Orders will be assessed \$0.40 per contract.
- 3 Any member or member organization under Common Ownership with another member or member organization or an Appointed OFP of an Affiliated Entity that qualifies for Customer Rebate Tiers 4 or 5 in Section B of the Pricing Schedule will be assessed \$0.65 per contract.
- 4 Any member or member organization under Common Ownership with another member or member organization or an Appointed MM of an Affiliate Entity that qualifies for Customer Rebate Tiers 4 or 5 in Section B of the Pricing Schedule will be assessed \$0.23 per contract.
- 5 For transactions in NDX and NDXP, a surcharge of \$0.25 per contract will be assessed to Non-Customers.
- 6 A \$0.03 per contract surcharge will be assessed to electronic Complex Orders that remove liquidity from the Complex Order Book and auctions, excluding PIXL, in Penny Pilot Options (excluding SPY). An order that is received by the trading system first in time shall be considered an order adding liquidity and an order that trades against that order shall be considered an order removing liquidity.
- 7 A \$0.12 per contract surcharge will be assessed to Non-Customer electronic Complex Orders that remove liquidity from the Complex Order Book and auctions, excluding PIXL, in Non-Penny Pilot Options (excluding NDX and NDXP). An order that is received by the trading system first in time shall be considered an order adding liquidity and an order that trades against that order shall be considered an order removing liquidity.

8 Floor transaction fees will apply to any "as of" or "reversal" adjustments for manually processed trades originally submitted electronically or through FBMS.

- The Cabinet Fees above are not in addition to the Options Transaction Charges.
- QCC Transaction Fees for a Specialist, Market Maker, Firm and Broker-Dealer are \$0.20 per contract. Customers and Professionals are not assessed a QCC Transaction Fee. QCC Transaction Fees apply to QCC Orders, as defined in Exchange Rule 1080(o), and Floor QCC Orders, as defined in 1064(e). A rebate, as specified in the below QCC Rebate Schedule, will be paid for all qualifying executed QCC Orders, as defined in Exchange Rule 1080(o) and Floor QCC Orders, as defined in 1064(e), except where the transaction is either: (i) Customer-to-Customer; (ii) Customer-to-Professional, (iii) Professional-to-Professional or (iv) a dividend, merger, short stock interest or reversal or conversion strategy execution (as defined in Options 7, Section 4).

QCC Rebate Schedule

Tier	Threshold	Rebate per Contract
Tier 1	0 to 99,999 contracts in a month	\$0.00
Tier 2	100,000 to 299,999 contracts in a month	\$0.05
Tier 3	300,000 to 499,999 contracts in a month	\$0.07
Tier 4	500,000 to 699,999 contracts in a month	\$0.08
Tier 5	700,000 to 999,999 contracts in a month	\$0.09
Tier 6	Over 1,000,000 contracts in a month	\$0.11

The maximum QCC Rebate to be paid in a given month will not exceed \$550,000.

- Specialists and Market Makers are subject to a "Monthly Market Maker Cap" of \$500,000 for: (i) electronic Option Transaction Charges, excluding surcharges and excluding options overlying NDX and NDXP; and (ii) QCC Transaction Fees (as defined in Exchange Rule 1080(o) and Floor QCC Orders, as defined in 1064(e)). The trading activity of separate Specialist and Market Maker member organizations will be aggregated in calculating the Monthly Market Maker Cap if there is Common Ownership between the member organizations. All dividend, merger, short stock interest, reversal and conversion, jelly roll and box spread strategy executions (as defined in this Options 7, Section 4) will be excluded from the Monthly Market Maker Cap. Specialists or Market Makers that (i) are on the contra-side of an electronically-delivered and executed Customer order, excluding responses to a PIXL auction; and (ii) have reached the Monthly Market Maker Cap will be assessed fees as follows:

Fee per contract

\$0.05 per contract Fee for Adding Liquidity in Penny Pilot Options

\$0.18 per contract Fee for Removing Liquidity in Penny Pilot Options

\$0.18 per contract in Non-Penny Pilot Options

\$0.18 per contract in a non-Complex electronic auction, including the Quote Exhaust auction and, for purposes of this fee, the opening process. A Complex electronic auction includes, but is not limited to, the Complex Order Live Auction ("COLA"). Transactions which execute against an order for which the Exchange broadcast an order exposure alert in an electronic auction will be subject to this fee.

- Firms are subject to a maximum fee of \$75,000 ("Monthly Firm Fee Cap"). Firm Floor Option Transaction Charges and QCC Transaction Fees, as defined in this section above, in the aggregate, for one billing month will not exceed the Monthly Firm Fee Cap per member organization when such members are trading in their own proprietary account. All dividend, merger, and short stock interest strategy executions (as defined in this Options 7, Section 4) will be excluded from the Monthly Firm Fee Cap. NDX and NDXP Options Transactions will be excluded from the Monthly Firm Fee Cap. Reversal and conversion, jelly roll and box spread strategy executions (as defined in this Options 7, Section 4) will be included in the Monthly Firm Fee Cap. QCC Transaction Fees are included in the calculation of the Monthly Firm Fee Cap. Member organizations must notify the Exchange in writing of all accounts in which the member is not trading in its own proprietary account. The Exchange will not

make adjustments to billing invoices where transactions are commingled in accounts which are not subject to the Monthly Firm Fee Cap.

- The Firm Floor Options Transaction Charges will be waived for members executing facilitation orders pursuant to Exchange Rule 1064 when such members are trading in their own proprietary account (including Cabinet Options Transaction Charges). The Firm Floor Options Transaction Charges will be waived for the buy side of a transaction if the same member or its affiliates under Common Ownership represents both sides of a Firm transaction when such members are trading in their own proprietary account. In addition, the Broker-Dealer Floor Options Transaction Charge (including Cabinet Options Transaction Charges) will be waived for members executing facilitation orders pursuant to Exchange Rule 1064 when such members would otherwise incur this charge for trading in their own proprietary account contra to a Customer ("BD-Customer Facilitation"), if the member's BD-Customer Facilitation average daily volume (including both FLEX and non-FLEX transactions) exceeds 10,000 contracts per day in a given month. NDX and NDXP Options Transactions will be excluded from each of the waivers set forth in the above paragraph.
- Proprietary orders of affiliates of member organizations (non-member organizations) that qualify for the Monthly Firm Fee Cap ("Qualifying Member Organization") effected for purposes of hedging the proprietary over-the-counter trading of the Qualifying Member Organization or its affiliates will be included in calculating the Monthly Firm Fee Cap. Member organizations must notify the Exchange in writing of the account(s) designated for purposes of hedging the proprietary over-the-counter trading of the Qualifying Member Organization or its affiliates. The Exchange would require member organizations to segregate other orders from that of its affiliates for those orders to be eligible for the Monthly Firm Fee Cap. The Exchange will not make adjustments to billing invoices where transactions are commingled in accounts which are not subject to the Monthly Firm Fee Cap.

Strategies Defined:

- A **dividend strategy** is defined as transactions done to achieve a dividend arbitrage involving the purchase, sale and exercise of in-the-money options of the same class, executed the first business day prior to the date on which the underlying stock goes ex-dividend.
- A **merger strategy** is defined as transactions done to achieve a merger arbitrage involving the purchase, sale and exercise of options of the same class and expiration date, executed the first business day prior to the date on which shareholders of record are required to elect their respective form of consideration, i.e., cash or stock.
- A **short stock interest strategy** is defined as transactions done to achieve a short stock interest arbitrage involving the purchase, sale and exercise of in-the-money options of the same class.
- **Reversal and conversion strategies** are transactions that employ calls and puts of the same strike price and the underlying stock. Reversals are established by combining a short stock position with a short put and a long call position that shares the same strike and expiration. Conversions employ long positions in the underlying stock that accompany long puts and short calls sharing the same strike and expiration.
- A **jelly roll strategy** is defined as transactions created by entering into two separate positions simultaneously. One position involves buying a put and selling a call with the same strike price and expiration. The second position involves selling a put and buying a call, with the same strike price, but with a different expiration from the first position.
- A **box spread strategy** is a strategy that synthesizes long and short stock positions to create a profit. Specifically, a long call and short put at one strike is combined with a short call and long put at a different strike to create synthetic long and synthetic short stock positions, respectively.

Strategy Caps:

To qualify for a strategy cap, the buy and sell side of a transaction must originate from the Exchange floor.

Floor Options Transactions Strategy	Qualification	Cap
- Multiply Listed Options		

Specialist, Market Maker, Professional, Firm and Broker-Dealer	dividend, merger and short stock interest strategies	executed on the same trading day in the same options class when such members are trading in their own proprietary accounts.	\$1,500
Specialist, Market Maker, Professional, Firm and Broker-Dealer	reversal and conversion strategies	executed on the same trading day in the same options class	\$700
Specialist, Market Maker, Professional, Firm and Broker-Dealer	jelly rolls	executed on the same trading day in the same options class	\$700
Specialist, Market Maker, Professional, Firm and Broker-Dealer	box spreads	executed on the same trading day in the same options class	\$700
Per member organization	dividend, merger, short stock interest, reversal and conversion, jelly roll and box spread strategies ("Monthly Strategy Cap")	combined executions in a month when trading in own proprietary accounts	\$65,000

• Reversal and conversion, jelly roll and box spread strategy executions will not be included in the Monthly Strategy Cap for a Firm. Reversal and conversion, jelly roll and box spread strategy executions (as defined in this Options 7, Section 4) are included in the Monthly Firm Fee Cap. All dividend, merger, short stock interest, reversal and conversion, jelly roll and box spread strategy executions (as defined in this Options 7, Section 4) will be excluded from the Monthly Market Maker Cap. NDX and NDXP Options Transactions will be excluded from Strategy Cap pricing.

Marketing Fees

Options that are trading in the Penny Pilot Program	\$0.25 per contract
Remaining Equity Options	\$0.70 per contract

- For trades resulting from either Directed or non-Directed Orders that are delivered electronically and executed on the Exchange, the above fees will be assessed on Specialists, Market Makers and Directed ROTs on those trades when the Specialist unit or Directed ROT elects to participate in the Marketing program.
- No Marketing Fees will be assessed on transactions in NDX or NDXP.
- No Marketing Fees will be assessed on trades that are not delivered electronically.
- No Marketing Fees will be assessed on Professional orders.
- No Marketing Fees will be assessed on transactions which execute against an order for which the Exchange broadcast an order exposure alert in Penny Pilot Options.
- Marketing Fees will be assessed on transactions resulting from Customer orders and are available to be disbursed by the Exchange according to the instructions of the Specialist units/Specialists or Directed ROTs to order flow providers who are members or member organizations, who submit, as agent, Customer orders to the Exchange or non-members or non-member organizations who submit, as agent, Customer orders to the Exchange through a member or member organization who is acting as agent for those Customer orders.
- Any excess Marketing Fee funds billed but not utilized by the Specialist or Directed ROT will be carried forward unless the Directed ROT or Specialist elects to have those funds rebated to the applicable ROT, Directed ROT or Specialist on a pro rata basis, reflected as a credit on the monthly invoices. At the end of each calendar quarter, the Exchange will calculate the amount of excess funds from the previous quarter and subsequently rebate excess funds on a pro-rata basis to the applicable ROT, Directed ROT or Specialist who paid into that pool of funds.
- Each month, the Exchange will assess an administrative fee of .45% on the total amount of the funds collected each month.

Amended Jan. 10, 2012 (SR-Phlx-2012-06); amended Feb. 7, 2012 (SR-Phlx-2012-17) ; amended Feb. 21, 2012 (SR-Phlx-2012-24), operative Mar. 1, 2012; amended Feb. 29, 2012 (SR-Phlx-2012-26), operative Mar. 1, 2012; amended Mar. 16, 2012 (SR-Phlx-2012-35), operative Apr. 2, 2012; amended Mar. 26, 2012 (SR-Phlx-2012-34), operative Apr. 2, 2012; amended Apr. 2, 2012 (SR-Phlx-2012-46); amended Apr. 2, 2012 (SR-Phlx-2012-47); amended May 1, 2012 (SR-Phlx-2012-61); amended May 16, 2012 (SR-Phlx-2012-70); amended June 1, 2012 (SR-Phlx-2012-77); amended June 14, 2012 (SR-Phlx-2012-80); amended July 2, 2012 (SR-Phlx-2012-90); amended Aug. 1, 2012 (SR-Phlx-2012-104); amended Aug. 24, 2012 (SR-Phlx-2012-110); amended Sept. 4, 2012 (SR-Phlx-2012-113); amended Oct. 1, 2012 (SR-Phlx-2012-121); amended Oct. 31, 2012 (SR-Phlx-2012-125), operative Nov. 30, 2012; amended Nov. 30, 2012 (SR-Phlx-2012-135), operative Dec. 3, 2012; amended Dec. 3, 2012 (SR-Phlx-2012-138); amended Dec. 21, 2012 (SR-Phlx-2012-141), operative Jan. 2, 2013; amended Dec. 21, 2012 (SR-Phlx-2012-146); amended Jan. 2, 2013 (SR-Phlx-2013-01); amended Jan. 25, 2013 (SR-Phlx-2013-10), operative Feb. 1, 2013; amended Feb. 1, 2013 (SR-Phlx-2013-13); amended Mar. 15, 2013 (SR-Phlx-2013-31), operative Apr. 1, 2013; amended Apr. 17, 2013 (SR-Phlx-2013-40), operative Apr. 18, 2013; amended May 1, 2013 (SR-Phlx-2013-48); amended May 1, 2013 (SR-Phlx-2013-49); amended May 21, 2013 (SR-Phlx-2013-59), operative May 22, 2013; amended June 26, 2013 (SR-Phlx-2013-71), operative July 1, 2013; amended Aug. 29, 2013 (SR-Phlx-2013-90), operative Sep. 3, 2013; amended Sep. 3, 2013 (SR-Phlx-2013-92); amended Oct. 30, 2013 (SR-Phlx-2013-109), operative Nov. 1, 2013; amended Nov. 29, 2013 (SR-Phlx-2013-117), operative Dec. 2, 2013; amended Dec. 2, 2013 (SR-Phlx-2013-119); amended Dec. 30, 2013 (SR-Phlx-2013-124), operative Jan. 2, 2014; amended Jan. 30, 2014 (SR-Phlx-2014-08), operative Feb. 3, 2014; amended Mar. 5, 2014 (SR-Phlx-2014-14); amended Apr. 30, 2014 (SR-Phlx-2014-31), operative May 1, 2014; amended June 2, 2014 (SR-Phlx-2014-38); amended July 10, 2014 (SR-Phlx-2014-47); amended Dec. 18, 2014 (SR-Phlx-2014-80), operative Jan. 2, 2015; amended Jan. 13, 2015 (SR-Phlx-2015-06); amended Jan. 12, 2015 (SR-Phlx-2015-05), operative Feb. 2, 2015; amended Feb. 20, 2015 (SR-Phlx-2015-20), operative Apr. 1, 2015; amended Feb. 26, 2015 (SR-Phlx-2015-21), operative Feb. 2, 2015; amended Mar. 11, 2015 (SR-Phlx-2015-25), operative Mar. 2, 2015; amended June 30, 2015 (SR-Phlx-2015-57), operative July 1, 2015; amended July 1, 2015 (SR-Phlx-2015-61); amended Dec. 18, 2015 (SR-Phlx-2015-111), operative Jan. 4, 2016; amended Feb. 1, 2016 (SR-Phlx-2016-18); amended Feb. 26, 2016 (SR-Phlx-2016-30); amended Mar. 28, 2016 (SR-Phlx-2016-42), operative Apr. 1, 2016; amended Apr. 14, 2016 (SR-Phlx-2016-51), operative Apr. 1, 2016; amended Apr. 15, 2016 (SR-Phlx-2016-52), operative May 2, 2016; amended July 7, 2016 (SR-Phlx-2016-62); amended Feb. 1, 2017 (SR-Phlx-2017-09); amended Mar. 1, 2017 (SR-Phlx-2017-19); amended Mar. 1, 2017 (SR-Phlx-2017-20); amended Mar. 9, 2017 (SR-Phlx-2017-24); Apr. 3, 2017 (SR-Phlx-2017-29); amended Apr. 7, 2017 (SR-Phlx-2017-30); amended July 31, 2017 (SR-Phlx-2017-61), operative Aug. 1, 2017; amended Nov. 1, 2017 (SR-Phlx-2017-91); amended Dec. 1, 2017 (SR-Phlx-2017-102); amended Jan. 3, 2018 (SR-Phlx-2018-02), operative Jan. 4, 2018; amended Jan. 26, 2018 (SR-Phlx-2018-13), operative Feb. 1, 2018; amended April 6, 2018 (SR-Phlx-2018-29); amended Apr. 17, 2018 (SR-Phlx-2018-31); amended May 1, 2018 (SR-Phlx-2018-37); amended May 10, 2018 (SR-Phlx-2018-39); amended Oct. 18, 2018 (SR-Phlx-2018-66).

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Nasdaq PHLX Rules, Regulation, Section 5. Singly Listed Options (Includes options overlying FX Options, equities, ETFs, ETNs, and indexes not listed on another exchange)

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U.S. dollar-settled foreign currency options include XDB, XDE, XDN, XDS, XDA, XDZ and XDC.

Singly Listed Options

	Customer	Professional	Specialist and Market Maker	Firm	Broker-Dealer
Options Transaction Charge	\$0.40	\$0.75	\$0.40	\$0.75	\$0.75

FX Options

Part A. Simple Order

	Customer	Specialist	Market Maker	Firm	Broker-Dealer	Professional
Rebate for Adding Liquidity	\$0.00	\$0.20	\$0.20	\$0.00	\$0.00	\$0.00
Fee for Removing Liquidity	\$0.40	\$0.40	\$0.40	\$0.40	\$0.40	\$0.40

Part B. Complex Order

	Customer	Specialist	Market Maker	Firm	Broker-Dealer	Professional
Fee for Adding Liquidity	\$0.40	\$0.40	\$0.40	\$0.40	\$0.40	\$0.40
Fee for Removing Liquidity	\$0.40	\$0.40	\$0.40	\$0.40	\$0.40	\$0.40

- These fees are per contract.
- Simple FX Options Orders that are executed against the individual components of Complex FX Options Orders will be assessed the fees and paid the rebates in Part A. However, the individual components of Complex FX Options Orders will be assessed the fees in Part B.
- Transactions in FX Options originating on the Exchange floor will be subject to the Fees for Removing Liquidity defined above. However, if one side of the transaction originates on the Exchange floor and any other side of the trade was the result of an electronically submitted order or a quote, then the Fees for Removing Liquidity will apply to the transactions which originated on the Exchange floor and the contracts that are executed electronically will be subject to the rebates and fees, as applicable, for Simple and Complex Orders

The fees for FX Options executions in all electronic auctions including, but not limited to, the Quote Exhaust auction, the opening process and Complex electronic auction, including the Complex Order Live Auction ("COLA"), will be \$0.40 per contract for Customer, Professional, Firm, Broker-Dealer, Specialist and Market Maker.

PIXL Executions in FX Options:

- Initiating Order: \$0.20 per contract.
- All other participants: \$0.40 per contract.

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Amended Jan. 20, 2012 (SR-Phlx-2012-09), operative Feb. 1, 2012; amended Feb. 7, 2012 (SR-Phlx-2012-17); amended Feb. 10, 2012 (SR-Phlx-2012-19), operative Mar. 1, 2012; amended Mar. 16, 2012 (SR-Phlx-2012-35), operative Apr. 2, 2012; amended Mar. 26, 2012 (SR-Phlx-2012-34), operative Apr. 2, 2012; amended May 16, 2012 (SR-Phlx-2012-70); amended June 1, 2012 (SR-Phlx-2012-77); amended Nov. 30, 2012 (SR-Phlx-2012-135), operative Dec. 3, 2012; amended Feb. 19, 2013 (SR-Phlx-2013-16), operative Mar. 1, 2013; amended Nov. 29, 2013 (SR-Phlx-2013-117), operative Dec. 2, 2013; amended Aug. 1, 2014 (SR-Phlx-2014-51); amended July 1, 2015 (SR-Phlx-2015-61); amended Feb. 26, 2016 (SR-Phlx-2016-30); amended Oct. 18, 2018 (SR-Phlx-2018-66).

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Nasdaq PHLX Rules, Regulation, Section 6. Other Transaction Fees

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A. PIXL Pricing*

*Options overlying NDX and NDXP are not subject to Options 7, Section 6., A. PIXL Pricing. NDX and NDXP transactions in PIXL will be subject to Options 7, Section 4 pricing.

Initiating Order (Options 7, Section 4) \$0.07 per contract. If the member or member organization qualifies for the Tier 3, 4 or 5 Customer Rebate in Section B the member or member organization will be assessed \$0.05 per contract. If the member or member organization executes equal to or greater than 3.00% of National Customer Volume in Multiply-Listed equity and ETF Options Classes (excluding SPY Options) in a given month, the member or member organization will be assessed \$0.00 per contract for Complex PIXL Orders. Any member or member organization under Common Ownership with another member or member organization that qualifies for a Customer Rebate Tier 4 or 5 in Section B, or executes equal to or greater than 3.00% of National Customer Volume in Multiply-Listed equity and ETF Options Classes (excluding SPY Options) in a given month will receive one of the PIXL Initiating Order discounts as described above. Members or member organizations that qualify for Customer Rebate Tiers 2 through 6 or qualify for the Monthly Firm Fee Cap are eligible for a rebate of \$0.12 per contract for all Complex PIXL Orders (excluding SPY Options) greater than 499 contracts, provided the member executes an average of 2,500 contracts per day of SPY Complex PIXL Orders in a month.

PIXL Order Executions in Options 7, Section 4 Multiply Listed Options (including ETFs, ETNs and indexes which are Multiply Listed):

- When the PIXL Order is contra to the Initiating Order a Customer PIXL Order will be assessed \$0.00 per contract and Non-Customer PIXL Orders will be assessed \$0.30 per contract.
- When a PIXL Order is contra to a PIXL Auction Responder, a Customer PIXL Order will be assessed \$0.00 per contract, other Non-Customer PIXL Orders will be assessed \$0.30 per contract in Penny Pilot Options or \$0.38 per contract in Non-Penny Pilot Options. A Responder that is a Specialist or a Market Maker will be assessed \$0.25 per contract in Penny Pilot Options or \$0.40 per contract in Non-Penny Pilot Options. Other Non-Customer Responders will be assessed \$0.48 per contract in Penny Pilot Options or \$0.70 per contract in Non-Penny Pilot Options when contra to a PIXL Order. A Responder that is a Customer will be assessed \$0.00 per contract in Penny Pilot Options and Non-Penny Pilot Options.
- When a PIXL Order is contra to a resting order or quote a Customer PIXL Order will be assessed \$0.00 per contract, other Non-Customer will be assessed \$0.30 per contract and the resting order or quote will be assessed the appropriate Options Transaction Charge in Options 7, Section 4.

All other fees discussed in Options 7, Section 4, including Marketing Fees and surcharges, will also apply as appropriate.

Executions in Singly Listed Options in Options 7, Section 5 (Includes options overlying currencies, equities, ETFs, ETNs and indexes not listed on another exchange):

- The fees described in Options 7, Section 5 will apply in all instances.

B. FLEX Transaction Fees

- FLEX Multiply Listed Options:

Customer	\$0.00
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Non-Customer

\$0.25

- The Monthly Firm Fee Cap, Monthly Market Maker Cap, Strategy Caps and the Options Surcharge in BKX, NDX and NDXP described in Options 7, Section 4 will apply to this Section 6, B. No other fees described in Options 7, Section 4 will apply to this Section 6.B.
- The FLEX transaction fees for a Firm will be waived for members executing facilitation orders pursuant to Exchange Rule 1064 when such members are trading in their own proprietary account. In addition, FLEX transaction fees for a Broker-Dealer will be waived for members executing facilitation orders pursuant to Exchange Rule 1064 when such members would otherwise incur this charge for trading in their own proprietary account contra to a Customer ("BD-Customer Facilitation"), if the member's BD-Customer Facilitation average daily volume (including both FLEX and non-FLEX transactions) exceeds 10,000 contracts per day in a given month.
- FLEX Singly Listed Options: Options 7, Section 5 pricing will apply.
- FLEX NDX and NDXP Options: Options 7, Section 4 pricing will apply.

C. Cancellation Fee

\$1.10 per order for each cancelled electronically delivered All-or-None (AON) order submitted by a Professional in excess of the number of AON orders submitted by a Professional executed on the Exchange by a member organization in a given month. All AON orders submitted by a Professional from the same member organization that are executed in the same series on the same side of the market at the same price within a 300 second period will be aggregated and counted as one executed AON option order submitted by a Professional.

- A Cancellation Fee is not assessed in a month in which fewer than 500 electronically delivered AON orders submitted by a Professional are cancelled. A Cancellation Fee will not apply to pre-market cancellations or Complex Orders that are submitted electronically.
- A Cancellation Fee is assessed on AON orders submitted by a Professional.

D. Options Regulatory Fee

Phlx will assess an Options Regulatory Fee of \$0.0050 per contract side as of February 1, 2019.

The Options Regulatory Fee ("ORF") is assessed by Phlx to each Phlx member for options transactions cleared by The Options Clearing Corporation ("OCC") in the Customer range where: (1) the execution occurs on Phlx or (2) the execution occurs on another exchange and is cleared by a Phlx member. The ORF is collected by OCC on behalf of Phlx from (1) Phlx clearing members for all Customer transactions they clear or (2) non-members for all Customer transactions they clear that were executed on Phlx. Phlx uses reports from OCC when assessing and collecting ORF. The Exchange will notify members via an Options Trader Alert of any change in the amount of the fee at least 30 calendar days prior to the effective date of the change.

E. Market Access and Routing Subsidy ("MARS")

MARS System Eligibility

To qualify for MARS, a Phlx member's routing system ("hereinafter System") would be required to: (1) enable the electronic routing of orders to all of the U.S. options exchanges, including Phlx; (2) provide current consolidated market data from the U.S. options exchanges; and (3) be capable of interfacing with Phlx's API to access current Phlx match engine functionality. Further, the member's System would also need to cause Phlx to be the one of the top five default destination exchanges for individually executed marketable orders if Phlx is at the national best bid or offer ("NBBO"), regardless of size or time, but allow any user to manually override Phlx as a default destination on an order-by-order basis. Notwithstanding the above, with respect to Complex Orders a Phlx member's routing system would not be required to enable the electronic routing of orders to all of the U.S. options exchanges or provide current consolidated market data from the U.S. options exchanges. Any Phlx member would be permitted to avail itself of this arrangement, provided that its order routing functionality incorporates the features described above

and satisfies Phlx that it appears to be robust and reliable. The member remains solely responsible for implementing and operating its system.

MARS Eligible Contracts

MARS Payment would be made to Phlx members that have System Eligibility and have routed the requisite number of Eligible Contracts daily in a month, which were executed on Phlx. For the purpose of qualifying for the MARS Payment, Eligible Contracts include the following: Firm, Broker-Dealer, Joint Back Office or "JBO" or Professional equity option orders that are electronically delivered and executed. Eligible Contracts do not include floor-based orders, qualified contingent cross or "QCC" orders, price improvement or "PIXL" orders, Mini Option orders or Singly Listed Orders. Options overlying NDX and NDXP are not considered Eligible Contracts.

MARS Payment

Phlx members that have System Eligibility and have executed the requisite number of Eligible Contracts in a month will be paid the following per contract rebates:

Tiers	Average Daily Volume ("ADV")	MARS Payment	
		Non-SPY	SPY
1	1,000	\$0.01	\$0.01
2	20,000	\$0.05	\$0.05
3	30,000	\$0.10	\$0.10
4	40,000	\$0.12	\$0.12
5	52,500	\$0.14	\$0.12
6	65,000	\$0.18	\$0.12
7	75,000	\$0.20	\$0.12

The specified MARS Payment will be paid on all executed Eligible Contracts which are routed to Phlx through a participating Phlx member's System and meet the requisite Eligible Contracts ADV. No payment will be made with respect to orders that are routed to Phlx, but not executed.

A Phlx member will not be entitled to receive any other revenue for the use of its System specifically with respect to orders routed to Phlx with the exception of the Marketing Fee.

Amended Jan. 9, 2012 (SR-Phlx-2012-02); amended Mar. 19, 2012 (SR-Phlx-2012-36), operative Jun. 1, 2012; amended May 16, 2012 (SR-Phlx-2012-70); amended June 1, 2012 (SR-Phlx-2012-77); amended June 14, 2012 (SR-Phlx-2012-80); amended Oct. 1, 2012 (SR-Phlx-2012-121); amended Nov. 30, 2012 (SR-Phlx-2012-135), operative Dec. 3, 2012; amended Jan. 2, 2013 (SR-Phlx-2013-01); amended Feb. 1, 2013 (SR-Phlx-2013-13); amended March 26, 2013 (SR-Phlx-2013-35), operative March 28, 2013; amended May 1, 2013 (SR-Phlx-2013-49); amended June 3, 2013 (SR-Phlx-2013-61); amended June 26, 2013 (SR-Phlx-2013-71), operative July 1, 2013; amended Sep. 3, 2013 (SR-Phlx-2013-92); amended Nov. 29, 2013 (SR-Phlx-2013-117), operative Dec. 2, 2013; amended Feb. 11, 2014 (SR-Phlx-2014-12), operative Mar. 3, 2014; amended Oct. 31, 2014 (SR-Phlx-2014-72), operative Nov. 3, 2014; amended Jan. 13, 2015 (SR-Phlx-2015-06); amended Feb. 26, 2015 (SR-Phlx-2015-21), operative Feb. 2, 2015; amended Mar. 11, 2015 (SR-Phlx-2015-25), operative Mar. 2, 2015; amended Aug. 17, 2015 (SR-Phlx-2015-71), operative Sep. 1, 2015; amended Nov. 2, 2015 (SR-Phlx-2015-89); Jan. 20, 2016 (SR-Phlx-2016-04), operative Feb. 1, 2016; amended Feb. 10, 2016 (SR-Phlx-2016-26), operative Feb. 1, 2016; amended Feb. 26, 2016 (SR-Phlx-2016-30); amended May 11, 2016 (SR-Phlx-2016-59), operative May 2, 2016; amended June 10, 2016 (SR-Phlx-2016-69), operative June 1, 2016; amended July 14, 2016 (SR-Phlx-2016-77), operative Aug. 1, 2016; amended Oct. 3, 2016 (SR-Phlx-2016-100); amended Jan. 4, 2017 (SR-Phlx-2017-02), operative Feb. 1, 2017; amended Feb. 1 (SR-Phlx-2017-08); amended Feb. 1, 2017 (SR-Phlx-2017-10); amended Feb. 8, 2017 (SR-Phlx-2017-13); amended Feb. 8, 2017 (SR-Phlx-2017-15); amended Apr. 7, 2017 (SR-Phlx-2017-30); amended July 26, 2017 (SR-Phlx-2017-54); amended July 31, 2017 (SR-Phlx-2017-64), operative Aug. 1, 2017; amended Sept. 1, 2017 (SR-Phlx-2017-72); amended Oct. 30, 2017 (SR-Phlx-2017-88); amended Dec. 1, 2017 (SR-Phlx-2017-102); amended Jan. 3, 2018 (SR-Phlx-2018-02), operative Jan. 4, 2018; amended Jan. 26, 2018 (SR-Phlx-2018-13), operative Feb. 1, 2018; amended Oct. 18, 2018 (SR-Phlx-2018-66); amended Feb. 1, 2019 (SR-Phlx-2019-01); amended April 1, 2019 (SR-Phlx-2019-10); amended April 10, 2019 (SR-Phlx-2019-15).

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Nasdaq PHLX Rules, Regulation, Section 7. Routing Fees

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- Non-Customer
Customer**
- \$0.99 per contract to any options exchange.
 - Routing Fees to NOM: \$0.13 per contract fee (“Fixed Fee”) in addition to the actual transaction fee assessed.
 - Routing Fees to BX Options: \$0.13.
 - Routing Fees to all other options exchanges: \$0.23 per contract fee (“Fixed Fee”) in addition to the actual transaction fee assessed. If the away market pays a rebate, the Routing Fee will be \$0.13.
 - A member organization that: (1) qualifies for a Tier 2, 3, 4 or 5 rebate in the Customer Rebate Program in Section B of the Pricing Schedule; and (2) routes away more than 5,000 Customer contracts per day in a given month to an away market is entitled to receive a credit equal to the applicable Fixed Fee plus \$0.01 per contract, unless the away market transaction fee is \$0.00 or the away market pays a rebate, in which case the member organization is entitled to receive a credit equal to the applicable Fixed Fee. Members and member organizations under Common Ownership may aggregate their Customer volume routed away for purposes of calculating discount thresholds and receiving discounted routing fees.

Amended Jan. 3, 2012 (SR-Phlx-2012-01); amended Mar. 16, 2012 (SR-Phlx-2012-42), operative Apr. 2, 2012 (ISE Select Symbols Customer Routing Fee) and operative Apr. 26, 2012 (Firm/Broker-Dealer/Market Maker Fees); amended Apr. 11, 2012 (SR-Phlx-2012-50), operative Apr. 26, 2012; amended May 16, 2012 (SR-Phlx-2012-70); amended May 30, 2012 (SR-Phlx-2012-75), operative June 1, 2012; amended June 14, 2012 (SR-Phlx-2012-80); amended June 28, 2012 (SR-Phlx-2012-88), operative July 2, 2012; amended Aug. 31, 2012 (SR-Phlx-2012-111), operative Sept. 4, 2012; amended Oct. 1, 2012 (SR-Phlx-2012-120); amended Oct. 29, 2012 (SR-Phlx-2012-129), operative Nov. 1, 2012; amended Jan. 8, 2013 (SR-Phlx-2013-04), operative Feb. 1, 2013; amended Feb. 12, 2013 (SR-Phlx-2013-17); amended Mar. 8, 2013 (SR-Phlx-2013-23), operative Apr. 1, 2013; amended Apr. 8, 2013 (SR-Phlx-2013-38), operative May 1, 2013; amended Dec. 2, 2013 (SR-Phlx-2013-118); amended Dec. 31, 2013 (SR-Phlx-2013-125), operative Jan. 2, 2014; amended Mar. 3, 2014 (SR-Phlx-2014-13); amended May 15, 2014 (SR-Phlx-2014-36), operative Jun. 2, 2014; amended Oct. 23, 2014 (SR-Phlx-2014-68), operative Nov. 3, 2014; amended Dec. 21, 2017 (SR-Phlx-2017-108), operative Jan. 2, 2018; Oct. 18, 2018 (SR-Phlx-2018-66).

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Nasdaq PHLX Rules, Regulation, Section 8. Membership Fees

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A. Permit and Registration Fees

Permit Fees for Phlx Members (per month)

Phlx Permit Fees

Floor Broker Permit Fee	\$4,000
Floor Specialist and Floor Market Maker	\$6,000

Permit Fees for all other member and member organizations, including Remote Specialists and Remote Market Makers: \$4,000 in a given month, unless the member or member organization or member organizations under Common Ownership, executes at least 100 options in a Phlx house account that is assigned to one of the member organizations in a given month, in which case the Permit Fee will be \$2,300 for that month.

A member or member organization will pay an additional Permit Fee for each sponsored options participant, which fee will be the Permit Fee that is assessed to the member or member organization sponsoring the options participant.

Application Fee	\$350
Application Fee for Lapsed Applications	\$350

An applicant will be assessed the Application Fee each time an applicant applies for membership, notwithstanding the fact that the applicant may have been a former permit holder.

Transfer of Affiliation Fee	\$350
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The Exchange will not assess the Initiation Fee on a permit holder who applies to transfer affiliation from one member organization to another member organization if the permit holder continuously held his or her permit without any lapse in membership.

Account Fee	\$50.00 monthly
Initiation Fee	\$1,500
Inactive Nominee Fee	\$600 for 6 months

The member organization will be assessed \$100 per month for the applicable six month period unless the member organization provides proper notice of its intent to terminate an inactive nominee prior to the first day of the next billing month.

An inactive nominee's status expires after six months unless it has been reaffirmed in writing by the member organization or is sooner terminated. A member organization will be assessed the Inactive Nominee Fee every time the status is reaffirmed. An inactive nominee is also assessed Application and Initiation Fees when such person applies to be an inactive nominee. Such fees are reassessed if there is a lapse in their inactive nominee status. However, an inactive nominee would not be assessed Application and Initiation Fees if such inactive nominee applied for membership without any lapse in that individual's association with a particular member organization. An Inactive Nominee is also assessed the Clerk Fee.

- **Permit Fees:** The Exchange has established the date of notification of termination of a permit as the date that permit fee billing will cease. The Exchange will not bill a member organization for more than one monthly permit fee if the member organization transfers an existing permit to another valid permit holder that is primarily affiliated with the member organization, as set forth in Rules 908(f) and 910, provided that the transfer from one permit holder to another occurs within the same business day. Additionally, a permit holder will be billed only one monthly permit fee if the holder transfers from one member organization to another previously unrelated member organization as a result of a merger, partial sale or other business combination during a monthly permit fee period in order to avoid double billing in the month the merger or business combination occurred.

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- The Initiation Fee is imposed on a new member upon the issuance of a permit, notwithstanding the fact that the new member may have been a former permit holder.

Clerk Fee \$100 per month

- This Clerk Fee is imposed on any registered on-floor person employed by or associated with a member or member organization pursuant to Rule 1090, including Inactive Nominees pursuant to Rule 925. This fee is not imposed on permit holders.

B. Streaming Quote Trader ("SQT") Fees

Number of Option Class Assignments	SQT Fees
Tier 1: Up to 200 classes	\$0.00 per calendar month
Tier 2: Up to 400 classes	\$2,200 per calendar month
Tier 3: Up to 600 classes	\$3200.00 per calendar month
Tier 4: Up to 800 classes	\$4200.00 per calendar month
Tier 5: Up to 1000 classes	\$5200.00 per calendar month
Tier 6: Up to 1200 classes	\$6200.00 per calendar month
Tier 7: All equity issues	\$7,200 per calendar month

In calculating the number of option class assignments, equity options including ETFs and ETNs will be counted. Currencies and indexes will not be counted in the number of option class assignments.

C. Remote Market Maker Organization (RMO) Fee

Number of Option Class Assignments	RMO Fee
Tier 1: less than 100 classes	\$5,000 per month
Tier 2: More than 100 classes and less than 999 classes	\$8,000 per month
Tier 3: 1000 or more classes	\$11,000 per month

In calculating the number of option class assignments, equity options including ETFs and ETNs will be counted. Currencies and indexes will not be counted in the number of option class assignments.

D. Remote Specialist Fee \$200 per option allocation per month

The Remote Specialist Fee will be capped at \$4,500 per month.

Amended Jan. 9, 2012 (SR-Phlx-2012-02); amended Apr. 18, 2012 (SR-Phlx-2012-52), operative May 1, 2012; amended Apr. 25, 2012 (SR-Phlx-2012-53), operative May 1, 2012; amended May 16, 2012 (SR-Phlx-2012-70); amended Nov. 30, 2012 (SR-Phlx-2012-135), operative Dec. 3, 2012; amended Dec. 12, 2012 (SR-Phlx-2012-140), operative Jan. 2, 2013; amended Jan. 25, 2013 (SR-Phlx-2013-10), operative Feb. 1, 2013; amended Feb. 1, 2013 (SR-Phlx-2013-13); amended Apr. 24, 2013 (SR-Phlx-2013-43); amended Apr. 29, 2013 (SR-Phlx-2013-44); amended May 21, 2013 (SR-Phlx-2013-58), operative Jun. 3, 2013; amended Aug. 1, 2014 (SR-Phlx-2014-45); amended Nov. 14, 2014 (SR-Phlx-2014-75), operative Dec. 14, 2014; amended Apr. 20, 2015 (SR-Phlx-2015-36), operative May 1, 2015; amended Dec. 30, 2015 (SR-Phlx-2015-109), operative Jan. 4, 2016; amended Feb. 3, 2016 (SR-Phlx-2016-09); amended Feb. 26, 2016 (SR-Phlx-2016-30); amended July 31, 2017 (SR-Phlx-2017-63), operative Aug. 1, 2017; amended Aug. 7, 2017 (SR-Phlx-2017-68), operative Sept. 6, 2017; amended Oct. 18, 2017 (SR-Phlx-2017-82); amended Dec. 21, 2017 (SR-Phlx-2017-108), operative Jan. 2, 2018; amended Feb. 13, 2018 (SR-Phlx-2018-17); amended Oct. 18, 2018 (SR-Phlx-2018-66).

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Nasdaq PHLX Rules, Regulation, Section 9. Other Member Fees

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A. OPTION TRADING FLOOR FEES

Floor Facility Fees (applicable to Clerks (excluding Inactive Nominees pursuant to Rule 925), Floor Brokers, ROTs (including SQTs) and individual Specialists)	\$330 per month
Computer Equipment Services, Repairs or Replacements	\$100 per service call and \$75 per person per hour (Two hour min)
Computer Relocation Requests	\$100 per service call and \$75 per person per hour (Two hour min)
Controller Space	\$0 per month
Document Removal Fee	\$250 per box
½ Cabinet	\$250 per month
Full Cabinet	\$800 per month
Cabinet-to-Cabinet Connectivity	\$50 per month
Cabinet-to-MPOE Connectivity	\$50 per month
Remote Hands Hourly (Billable in quarter hour increments)	\$150 per hour

B. Port Fees

A port is a logical connection or session that enables a market participant to send inbound messages and/or receive outbound messages from the Exchange using various communication protocols. Port Fees are assessed in full month increments and are not prorated.

(i) The following order and quote protocols are available on Phlx:

(1) FIX Port Fee \$650 per month per mnemonic

The FIX Port Fee will be waived for mnemonics that are used exclusively for complex orders where one of the components of the complex order is the underlying security.

Member organizations will not be assessed a FIX Port Fee for additional ports acquired for ten business days for the purpose of transitioning technology. The member organization is required to provide the Exchange with written notification of the transition and all additional ports, provided at no cost, will be removed at the end of the ten business days.

(2) SQF Port Fee for ports that receive inbound quotes at any time within that month \$1,250 per port per month up to a maximum of \$42,000 per month

Member organizations will not be assessed an active SQF Port Fee for additional ports acquired for ten business days for the purpose of transitioning technology. An active port shall mean that the port was utilized to submit a quote to the System during a given month. The member organization is required to provide the Exchange with written notification of the transition and all additional ports, provided at no cost, will be removed at the end of the ten business days.

(3) SQF Purge Port Fee \$500 per port per month for each of the first 5 SQF Purge Ports, and \$100 per port per month for each port thereafter.

(ii) The following order and execution information is available to members:

(1) CTI Port Fee \$650 per port per month for each of the first 5 CTI ports, and \$100 per port per month for each port thereafter.

(2) TradeInfo Interface \$95 per user per month

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(iii) The following data port fees apply in connection with data subscriptions pursuant to Phlx's Pricing Schedule at Options 7, Section 10. These ports are available to non-Phlx members and Phlx members.

(1) TOPO Port Fee	\$0 per port, per month
(2) PHLX Orders Port Fee	\$0 per port, per month
(3) PHLX Depth of Market Port Fee	\$0 per port, per month

(iv) Other Ports:

Disaster Recovery Port Fee for ports in subsections (i) - (iii)	\$0 per port, per month
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C. FINRA Fees

Continuing Education Fees

• The Continuing Education Fee will be assessed as to each individual who is required to complete the Regulatory Element of the Continuing Education Requirements pursuant to Exchange Rule 1240. **This fee is paid directly to FINRA.**

\$100.00 (\$55.00 if the Continuing Education is Web-based) for each individual who is required to complete the S101 or S201.

FINRA, on behalf of the Exchange, will bill and collect these fees

The following fees will be collected and retained by FINRA via the Web CRD registration system for the registration of associated persons of Exchange members that are not also FINRA members:

- (1) \$100 for each initial Form U4 filed for the registration of a representative or principal;
- (2) \$110 for the additional processing of each initial or amended Form U4, Form U5 or Form BD that includes the initial reporting, amendment, or certification of one or more disclosure events or proceedings;
- (3) \$45 annually for each of the member's registered representatives and principals for system processing;
- (4) \$15 for processing and posting to the CRD system each set of fingerprints submitted electronically by the member, plus a pass-through of any other charge imposed by the United States Department of Justice for processing each set of fingerprints;
- (5) \$30 for processing and posting to the CRD system each set of fingerprint cards submitted in non-electronic format by the member to FINRA, plus any other charge that may be imposed by the United States Department of Justice for processing each set of fingerprints;
- (6) \$30 for processing and posting to the CRD system each set of fingerprint results and identifying information that has been processed through a self-regulatory organization other than FINRA; and
- (7) \$110 for the additional processing of each initial or amended Form BD that includes the initial reporting, amendment, or certification of one or more disclosure events or proceedings.

D. Appeal Fees

Review/Process Subordinated Loans	\$25
Forum Fee Pursuant to Rule 60	\$100
Review Fee Pursuant to Rule 124	\$250
Obvious Error and Catastrophic Error Fee Pursuant to Rule 1092(I)	\$500

E. Testing Facilities

The Exchange operates a test environment in Carteret, New Jersey. References to the "Testing Facility" refers to this test environment.

Subscribers to the Testing Facility shall pay a fee of \$1,000 per hand-off, per month for connection to the Testing Facility. The hand-off fee includes either a 1Gb or 10Gb switch port and a cross connect to the Testing Facility. Subscribers shall also pay a one-time installation fee of \$1,000 per hand-off.

The connectivity provided under this rule also provides connectivity to the other test environments of The Nasdaq Stock Market LLC, Nasdaq BX, Inc., Nasdaq ISE, LLC, Nasdaq MRX, LLC, and Nasdaq GEMX, LLC. Additionally, the connectivity may be utilized for either equities or options testing.

F. Research Fee.

The Exchange will assess a \$1,000 Research Fee for each transaction correction submitted by a member related to marking strategy transactions.

Amended Jan. 9, 2012 (SR-Phlx-2012-02); amended Jan. 10, 2012 (SR-Phlx-2012-06); amended Apr. 11, 2012 (SR-Phlx-2012-38); amended May 16, 2012 (SR-Phlx-2012-70); amended Oct. 29, 2012 (SR-Phlx-2012-129), operative Nov. 1, 2012; amended Oct. 26, 2012 (SR-Phlx-2012-128), operative Jan. 2, 2013; amended Dec. 12, 2012 (SR-Phlx-2012-140), operative Jan. 2, 2013; amended May 21, 2013 (SR-Phlx-2013-58), operative Jun. 3, 2013; amended Aug. 21, 2013 (SR-Phlx-2013-85); amended Nov. 11, 2014 (SR-Phlx-2014-73), operative Dec. 1, 2014; amended Dec. 23, 2014 (SR-Phlx-2014-83), operative Jan. 2, 2015; amended Apr. 20, 2015 (SR-Phlx-2015-36), operative May 1, 2015; amended July 15, 2015 (SR-Phlx-2015-65); amended Oct. 16, 2015 (SR-Phlx-2015-81), operative Oct. 26, 2015; amended Nov. 24, 2015 (SR-Phlx-2015-79); amended Jan. 20, 2016 (SR-Phlx-2016-09); amended Feb. 26, 2016 (SR-Phlx-2016-30); amended Mar. 15, 2016 (SR-Phlx-2016-34); amended Apr. 1, 2016 (SR-Phlx-2016-45), operative May 1, 2016; amended Feb. 21, 2017 (SR-Phlx-2017-18); amended Mar. 20, 2017 (SR-Phlx-2017-25), operative May 1, 2017; amended Oct. 18, 2017 (SR-Phlx-2017-82); amended Mar. 27, 2018 (SR-Phlx-2018-26); amended Apr. 27, 2018 (SR-Phlx-2018-34); amended Oct. 18, 2018 (SR-Phlx-2018-66).

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Nasdaq PHLX Rules, Regulation, Section 10. Proprietary Data Feed Fees

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Top of PHLX Options ("TOPO")

Account Type	Monthly Charge
Internal Distributor	\$2,000
External Distributor	\$2,500
Non-Professional Subscriber	\$1
Professional Subscriber	\$40

- A Non-Professional Subscriber is a natural person who is neither: (i) registered or qualified in any capacity with the Commission, the Commodities Futures Trading Commission, any state securities agency, any securities exchange or association, or any commodities or futures contract market or association; (ii) engaged as an "investment adviser" as that term is defined in Section 201(11) of the Investment Advisors Act of 1940 (whether or not registered or qualified under that Act); nor (iii) employed by a bank or other organization exempt from registration under federal or state securities laws to perform functions that would require registration or qualification if such functions were performed for an organization not so exempt. A Non-Professional Subscriber may only use the data provided for personal purposes and not for any commercial purpose.
- A Professional Subscriber is any Subscriber that is not a Non-Professional Subscriber. If the Nasdaq Subscriber agreement is signed in the name of a business or commercial entity, such entity would be considered a Professional Subscriber.
- The Monthly Charge per Subscriber (both Professional and Non-Professional) covers the usage of all four PHLX data products and will not be assessed separately for each data product. PHLX data is comprised of Top of Phlx Options ("TOPO"), TOPO Plus Orders, PHLX Orders and PHLX Depth Data feeds. For example, if a firm has one Professional (Non-Professional) Subscriber accessing TOPO, TOPO Plus Orders, PHLX Orders and PHLX Depth of Market the firm would only report the Subscriber once and pay \$40 (\$1 for Non-Professional).
- A "distributor" of Nasdaq PHLX data is any entity that receives a feed or data file of data directly from Nasdaq PHLX or indirectly through another entity and then distributes it either internally (within that entity) or externally (outside that entity). All distributors shall execute a Nasdaq PHLX distributor agreement.

Non-Display Enterprise License

The \$10,000 per month Non-Display Enterprise License fee permits distribution to an unlimited number of internal non-display Subscribers without incurring additional fees for each internal Subscriber. The Non-Display Enterprise License covers non-display Subscriber fees for all PHLX proprietary direct data feed products and is in addition to any other associated distributor fees for PHLX proprietary direct data feed products.

Managed Data Solutions

The charges to be paid by Distributors and Subscribers of Managed Data Solutions products for Non-Display Usage containing Top of PHLX Options shall be:

Fee schedule for Managed Data Solutions for Non-Display Usage

Managed Data Solution Administration Fee (for the right to offer Managed Data Solutions for Non-Display Usage to client organizations)	\$1,500/mo Per Distributor
PHLX Managed Data Solution Subscriber Fee	\$250/mo per Subscriber

The charges to be paid by Distributors and Subscribers of Managed Data Solutions products containing PHLX Orders shall be:

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Fee schedule for Managed Data Solutions for Non-Display Usage

Managed Data Solution Administration Fee (for the right to offer Managed Data Solutions for Non-Display Usage to client organizations) \$2,000/mo Per Distributor

PHLX Orders Managed Data Solution for Non-Display Usage Subscriber Fee \$500/mo per Subscriber

TOPO Plus Orders

Account Type	Monthly Charge
Internal Distributor	\$4,500
External Distributor	\$5,000
Non-Professional Subscriber	\$1
Professional Subscriber	\$40

PHLX Orders

Account Type	Monthly Charge
Internal Distributor	\$3,000
External Distributor	\$3,500
Non-Professional Subscriber	\$1
Professional Subscriber	\$40

PHLX Depth Data

Account Type	Monthly Charge
Internal Distributor	\$4,000
External Distributor	\$4,500
Non-Professional Subscriber	\$1
Professional Subscriber	\$40

PHLX Options Trade Outline ("PHOTO")

Account Type	Monthly Charge
End of Day Product Subscriber	\$500
Intra-Day Product Subscriber	\$1,500

PHOTO Historical Data

Account Type	Charge per calendar month Requested
End of Day Product Subscriber	\$400
Intra-Day Product Subscriber	\$750

⁹ For example, a subscriber who requests End of Day PHOTO Historical Data for the Month of March, 2009 would be charged \$400. A subscriber who requests End of Day PHOTO Historical Data for the months of March, 2009 and April, 2009 would be charged \$400 for the March, 2009 End of Day data and \$400 for the April, 2009 End of day data, for a total of \$800, etc. A subscriber who requests Intra-Day PHOTO Historical Data for the Month of March, 2009 would be charged \$750.00. A subscriber who requests Intra-Day PHOTO Historical Data for the months of March, 2009 and April, 2009 would be charged \$750 for the March, 2009 Intra-Day data and \$750 for the April, 2009 Intra-Day data, for a total of \$1,500, etc.

End of Day and Intra-Day reports for the period January 1, 2014, through June 30, 2014, will be available free of charge on the NasdaqTrader website (www.nasdaqtrader.com), or a successor website, to allow access to PHOTO Historical Data for this period.

Amended June 22, 2012 (SR-Phlx-2012-83); amended July 6, 2012 (SR-Phlx-2012-93); amended Dec. 21, 2012 (SR-Phlx-2012-145), operative Jan. 1, 2013; amended Oct. 16, 2013 (SR-Phlx-2013-105), operative Nov. 1, 2013; amended Feb. 26, 2016 (SR-Phlx-2016-30); amended June 29, 2017 (SR-Phlx-2017-53); amended Oct. 18, 2017 (SR-Phlx-2017-82); amended Dec. 27, 2017 (SR-Phlx-2017-110); amended January 8, 2018 (SR-Phlx-2018-08); amended Oct. 18, 2018 (SR-Phlx-2018-66).

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Nasdaq PHLX Rules, Regulation, Section 11. Access and Redistribution Fee

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(a) Definitions: For purposes of this rule:

- (1) The term "Equipment Configuration" shall mean any line, circuit, router package, or other technical configuration used to provide a connection to the Exchange market data feeds.
- (2) The term "Extranet Provider" shall mean any entity that has signed the Nasdaq Extranet Connection Agreement and that establishes a telecommunications connection in the Exchange's co-location facility.
- (3) The term "Distributor" shall have the meaning set forth in Options 7, Section 10 of the Exchange Pricing Schedule.

(b) Extranet Providers that establish a connection with the Exchange to offer direct access connectivity to market data feeds shall be assessed a monthly access and redistribution fee of \$1,000 per Equipment Configuration. If an Extranet Provider uses multiple Equipment Configurations to provide market data feeds to recipients, the access and redistribution fee shall apply to each such Equipment Configuration.

(c) Distributors (other than Extranet Providers) that utilize a Direct Circuit Connection to Phlx pursuant to General 8, Section 2 to receive Exchange market data feeds shall be assessed a monthly access and redistribution fee of \$1,000 per Direct Circuit Connection. If a Distributor (other than an Extranet Provider) uses multiple Direct Circuit Connections to receive market data feeds, the monthly fee shall apply to each. Distributors that use the same Direct Circuit Connection for the receipt of equities and options Exchange market data feeds will be assessed a single fee for that Direct Circuit Connection.

(d) The access and redistribution fees set forth above will not be charged for connectivity to market data feeds containing only consolidated data. For purposes of this rule, consolidated data is data disseminated by the Securities Information Processor for the Options Price Regulatory Authority.

Adopted Jan. 2, 2015 (SR-Phlx-2015-04); amended Sept. 29, 2017 (SR-Phlx-2017-76); amended Oct. 2, 2017 (SR-Phlx-2017-77); amended Oct. 12, 2017 (SR-Phlx-2017-80); amended Oct. 25, 2017 (SR-Phlx-2017-84); amended June 5, 2018 (SR-Phlx-2018-46); amended Oct. 18, 2018 (SR-Phlx-2018-66).

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Nasdaq PHLX Rules, Regulation, Section 1. Applicability.

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(a) The Options 8 Rules shall apply to Exchange options transactions by and among members and member organizations physically located on the Exchange's options trading floor, including the trading crowds, and shall govern all activity that occurs in the physical space designated by the Exchange as "trading floor" as well as trading conducted through the Options Floor Based Management. All executions that occur automatically within the electronic system operated by the Exchange that receives and disseminates quotes, executes orders and reports transactions ("System" or "Electronic System") shall be governed by all other Options Rules except for the Options 8 Rules.

(b) All Options Rules shall apply to Exchange Floor Trading, in addition to the Options 8 Rules, however where the Options 8 Rules disagree with another Options Rule not within Options 8 a conflict shall be resolved in favor of the Options 8 Rule as it applies to the Exchange Trading Floor.

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Nasdaq PHLX Rules, Regulation, Section 2. Definitions

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- (1) **Floor.** The term "floor" means the floor of the Exchange.
- (2) **Floor Broker.** The term "Floor Broker" means an individual who is registered with the Exchange for the purpose, while on the Options Floor, of accepting and handling options orders.
- (3) **Inactive Nominee.** The term "inactive nominee" shall mean a natural person associated with and designated as such by a member organization and who has been approved for such status and is registered as such with the Membership Department. An inactive nominee shall have no rights or privileges under a permit unless and until said inactive nominee becomes admitted as a member of the Exchange pursuant to the By-Laws and Rules of the Exchange. An inactive nominee merely stands ready to exercise rights under a permit upon notice by the member organization to the Membership Department on an expedited basis.
- (4) **Presiding Exchange Officials.** The term "Presiding Exchange Officials" shall refer to the President of the Exchange and his designated staff who shall have general supervision over: (i) the options trading floor as well as general supervision of the dealings of members on the trading floor and on Exchange trading systems, and of the premises of the Exchange immediately adjacent thereto; (ii) the activities of Specialists, registered option traders, floor brokers, or other types of market makers and shall establish standards and procedures for the training and qualification of members active on the trading floor; (iii) all trading floor employees of members, and shall make and enforce such rules with respect to such employees as it may deem necessary; (iv) all connections or means of communications with the options trading floor and may require the discontinuance of any such connection or means of communication when, in the opinion of the President or his designee, it is contrary to the welfare or interest of the Exchange; (v) the location of equipment and the assignment and use of space on the options trading floor; and (vi) relations with other options exchanges.
- (5) **Permit.** The term "Permit" shall refer to the description in Rule 1(z). Additionally, notwithstanding applicable By-Laws and Rules conditioning membership, a Series A-1 permit holder on the Exchange's Trading Floor may be affiliated with up to two (2) member organizations (a primary and a secondary member organization) that are under common ownership. Both the primary and secondary member organizations shall notify the Membership Department of such an affiliation. This notification shall include: (i) an attestation of common ownership; (ii) the names of the individuals responsible for supervision of the permit holder; and (iii) the Exchange account numbers for billing purposes. For purposes of this Rule, "common ownership" shall be defined as at least 75% common ownership between the member organizations. A permit may not be transferred by lease, sale, gift, involuntary transfer, or any other means or as collateral to secure any obligation, except that a permit may be transferred within the Permit Holder's Member or to an "Inactive Nominee" who is registered as such with the Exchange, subject to the provisions of the By-Laws and Rules relating to an "Inactive Nominee".
- (6) **Public Outcry.** The term "Public Outcry" shall refer, pursuant to Rule 110, bids and offers which must be made in an audible tone of voice. A member shall be considered "in" on a bid or offer, while he remains at the post, unless he shall distinctly and audibly say "out." A member bidding and offering in immediate and rapid succession shall be deemed "in" until he shall say "out" on either bid or offer. Once the trading crowd has provided a quote, it will remain in effect until: (A) a reasonable amount of time has passed, or (B) there is a significant change in the price of the underlying security, or (C) the market given in response to the request has been improved. In the case of a dispute, the term "significant change" will be interpreted on a case-by-case basis by an Options Exchange Official based upon the extent of the recent trading in the option and, in the case of equity and index options, in the underlying security, and any other relevant factors.
- (7) **Floor Market Maker.** The term "Floor Market Maker" is an ROT who is neither an SQT or an RSQT. A Floor Market Maker shall notify the Exchange of each option, on an issue-by-issue basis, in which such Floor Market Maker intends to be assigned to make markets. Such notification shall be in writing on a form prescribed by the Exchange ("Floor Market Maker Assignment Form"). Any change to such ROT Assignment Form shall be made in writing by the Floor Market Maker prior to the end of the trading session in which such change is to

take place. Receipt of the properly completed ROT Assignment Form by a duly qualified Floor Market Maker applicant constitutes acceptance by the Exchange of such Floor Market Maker's assignment in, or termination of assignment in (as indicated on the ROT Assignment Form), the options listed on such ROT Assignment Form. All such assignments shall not be effective, and shall be terminated, in the event that such Floor Market Maker applicant fails to qualify as an ROT on the Exchange.

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Nasdaq PHLX Rules, Regulation, Section 3. Imposition

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The Board of Directors may, from time to time, fix and impose a charge upon members and member organizations measured by their respective net commissions on transactions effected on the Floor of the Exchange.

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Nasdaq PHLX Rules, Regulation, Section 4. Rights and Privileges of A-1 Permits

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(a) A Series A-1 permit holder shall be subject to Rule 908. Notwithstanding applicable By-Laws and Rules conditioning membership, a Series A-1 permit holder on the Exchange's Trading Floor may be affiliated with up to two (2) member organizations (a primary and a secondary member organization) that are under common ownership. Both the primary and secondary member organizations shall notify the Membership Department of such an affiliation. This notification shall include: (i) an attestation of common ownership; (ii) the names of the individuals responsible for supervision of the permit holder; and (iii) the Exchange account numbers for billing purposes. For purposes of this Rule, "common ownership" shall be defined as at least 75% common ownership between the member organizations.

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Nasdaq PHLX Rules, Regulation, Section 5. Qualification as Member Organization

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(a) In addition to the requirements of Rule 910, applicants seeking membership on the Exchange Trading Floor are also required to demonstrate knowledge of Exchange Options Floor Rules and Procedures through an on-floor examination.

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Nasdaq PHLX Rules, Regulation, Section 6. Registration of Floor Brokers

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(a) An applicant for registration as an Option Floor Broker shall file his application in writing with Regulatory staff on such form or forms as the Exchange may prescribe. Applications shall be reviewed by the Exchange, which shall consider an applicant's ability as demonstrated by his passing an Options Floor Broker's examination prescribed by the Exchange, and such other factors as the Exchange deems appropriate. After reviewing the application, the Exchange shall either approve or disapprove the applicant's registration as a Floor Broker.

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Nasdaq PHLX Rules, Regulation, Section 7. Inactive Nominees

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(a) A member organization may designate an individual as an "Inactive Nominee." The member organization shall pay an Inactive Nominee Fee for the privilege of maintaining the Inactive Nominee status.

- (1) The following requirements shall apply to Inactive Nominees:
 - (A) To be eligible for Inactive Nominee status, an individual must be approved as eligible to hold a permit in accordance with the By-Laws and Rules of the Exchange.
 - (B) An Inactive Nominee shall meet all membership requirements including examinations administered by the Exchange.
 - (C) An Inactive Nominee shall have no rights or privileges of a permit holder unless and until said Inactive Nominee becomes an effective permit holder and all applicable Exchange fees are paid.
 - (D) An Inactive Nominee's status will terminate after six (6) months unless it has been reaffirmed in writing by the member organization or terminated prior thereto.
- (2) In order to designate an Inactive Nominee as an effective permit holder the member organization shall:
 - (A) Notify the Membership Department, in writing, prior to the opening of trading on any business day the name of the Inactive Nominee that the member organization desires to designate as an effective permit holder. The notice must identify the name of the permit holder that the Inactive Nominee will be acting on behalf of as well as the expected duration that such Inactive Nominee will remain activated.

(b) Notwithstanding paragraph (ii)(a), a member organization may notify the Membership Department, in writing, of its desire to designate an Inactive Nominee as an effective permit holder intra-day in the event of an unforeseen emergency. The notice must identify the name of the Inactive Nominee, the name of the permit holder that the Inactive Nominee will be acting on behalf of, and the expected duration that such Inactive Nominee will remain activated. Such intra-day designations must be approved by the Chief Regulatory Officer or his/her designee prior to such Inactive Nominee becoming an effective permit holder.

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Nasdaq PHLX Rules, Regulation, Section 8. Trading Floor Registration

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(a) Trading Floor Member Registration - Each Floor Broker, Specialist and Registered Options Trader on the Exchange trading floor must be registered as "Member Exchange" ("ME") under "PHLX" on Form U4. In addition, each Floor Broker, Specialist and Registered Options Trader must successfully complete the appropriate floor trading examination(s), if prescribed by the Exchange, in addition to requirements imposed by other Exchange Rules. The Exchange may also require periodic examinations due to changes in trading rules, products or automated systems. Following the termination of, or the initiation of a change in the trading status of any such member who has been issued an Exchange access card and a trading floor badge, the appropriate Exchange form must be completed, approved and dated by a firm principal, officer, or member of the firm with authority to do so, and submitted to the appropriate Exchange department as soon as possible, but no later than 9:30 A.M. the next business day by the member organization employer. Every effort should be made to obtain the person's access card and trading floor badge and to submit these to the appropriate Exchange department.

(b) Non-member/Clerk Registration-All trading floor personnel, including clerks, interns, stock execution clerks and any other associated persons, of a member organization not required to register pursuant to subparagraph (a) must be registered as "Floor Employee" ("FE") under "PHLX" on Form U4. Further, the Exchange may require successful completion of an examination, in addition to requirements imposed by other Exchange Rules. The Exchange may also require periodic examinations due to changes in trading rules, products or automated systems. Following the termination of, or the initiation of a change in the status of any such personnel of a member organization who has been issued an Exchange access card and a trading floor badge, the appropriate Exchange form must be completed, approved and dated by a member organization principal, officer, or member of the member organization with authority to do so, and submitted to the appropriate Exchange department as soon as possible, but no later than 9:30 A.M. the next business day by the member organization employer. Every effort should be made to obtain the person's access card and trading floor badge and to submit these to the appropriate Exchange department.

(c) Members whose activities are limited to the Exchange's options trading floor and who are registered pursuant to subparagraph (a) as well as associated persons whose activities are limited to the Exchange's options trading floor and are registered pursuant to subparagraph (b) are exempt from the representative registration requirements (but not the principal registration requirements, including any prerequisite representative registration requirement) of Rules 1210 and 1220.

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Nasdaq PHLX Rules, Regulation, Section 9. Trading Floor Admittance

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(a) No employee of a member or member organization shall be admitted to the trading floor unless that person is registered with and approved by the Exchange, which may in its discretion require the payment of a fee with respect to each employee so approved, and may at any time in its discretion withdraw any approval so given. Notwithstanding the foregoing, Section 39, Options Regulation 5 describes the procedures for non-member visitors.

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Nasdaq PHLX Rules, Regulation, Section 10. Training

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(a) In addition to Rule 625 requirements, floor members shall complete mandatory training programs, on at least a semi-annual basis, that address compliance with the federal securities laws and the Exchange's Rules in place to prevent and deter unlawful trading by floor members.

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Nasdaq PHLX Rules, Regulation, Section 11. Specialist Appointment

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(a) In addition to the requirements specified in Rule 501 related to the appointment of a Specialist, each Specialist unit must consist of at least the following staff for each Trading Floor Specialist post: (1) one head Specialist; and (2) one assistant Specialist that must be associated with the Specialist unit. The Exchange, in its discretion, may require a unit to obtain additional staff depending upon the number of assigned options classes and associated order flow.

(b) An options Specialist currently operating from the Exchange's Trading Floor or a Remote Streaming Quote Trader ("RSQT"), as defined in Rule 1014, may submit an application as described in Rule 501 to be approved in one or more classes as a Remote Specialist as defined in Rule 1020(a)(ii).

- (1) In making a determination regarding the application of an options Specialist currently operating from the Exchange's Trading Floor that requests authorization to operate as a Remote Specialist, the Exchange will evaluate whether the change is in the best interest of the Exchange and may consider information that it believes will be of assistance to it. Factors to be considered may include, but are not limited to, any one or more of the following: performance, operational capacity of the Exchange or options Specialist, efficiency, number and experience of personnel of the options Specialist who will be performing functions related to the trading of the applicable securities, number of securities involved, number of ROTs and SQTs affected and trading volume of the securities.

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Nasdaq PHLX Rules, Regulation, Section 12. Clerks

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(a) The term "Clerk" means any registered on-floor person employed by or associated with a member or member organization who is not a member and is not eligible to effect transactions on the Options Floor as a Specialist, Registered Options Trader, or Floor Broker. For purposes of this Rule, an Inactive Nominee shall be deemed a Clerk.

(b) Badges. While on the trading floor, Clerks shall display prominently at all times the identification supplied to them by the Exchange.

(c) Conduct on the Trading Floor. Clerks shall be primarily located at a post assigned to their employer or assigned to their employer's clearing firm unless such Clerk is:

- (1) entering or leaving the trading floor;
- (2) transmitting, correcting, or checking the status of an order or reporting or correcting an executed trade; or
- (3) supervising other Clerks of his member organization if he is identified as a supervisor on the registration form submitted to the Exchange's Membership Department.

(d) Registration Requirements. A member or member organization who employs a Clerk that performs any function other than a solely clerical or ministerial function shall, prior to the time such Clerk performs any function as a Clerk, (i) comply with the registration requirement(s) set forth in Exchange Rule 1210, where applicable; (ii) disclose in detail to the Exchange, on an annual basis, the specific nature of such additional function(s); and (iii) submit to the Exchange written supervisory procedures relating to such Clerk's activities in accordance with Exchange Rule 748.

(e) Clerks' Use of Vendor Quote Terminals and Other Order-Entry Devices.

A Clerk may enter an order under the direction of a member by way of a vendor quote terminal or any other order handling entry device.

(f) Specialist Clerks. A Specialist Clerk is any on-floor Clerk, not a member of the Exchange, employed by or associated with a member or member organization registered as a Specialist.

- (1) *Registration Requirements.* Any member or member organization that employs a Specialist Clerk shall register such Specialist Clerk with the Exchange's Membership Department. A Specialist Clerk that performs any function other than a solely clerical or ministerial function shall, prior to performing any function as a Specialist Clerk, (i) comply with the registration requirement(s) set forth in Exchange Rule 1210, where applicable; (ii) disclose in detail to the Exchange, on an annual basis, the specific nature of such additional function(s); and (iii) in accordance with Exchange Rule 748, submit to the Exchange written supervisory procedures relating to such Specialist Clerk's activities.
- (2) *Conduct on the trading floor.* A Specialist Clerk is permitted to communicate verbal market information (i.e., bid, offer, and size) in response to requests for such information, provided that such information is communicated under the direct supervision of his or her member employer. A Specialist Clerk may consummate electronic transactions under the express direction of his or her member employer by matching bids and offers. Such bids and offers and transactions effected under the supervision of a member employer are binding as if made by the member employer.

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Nasdaq PHLX Rules, Regulation, Section 13. Acts Detrimental to the Interest or Welfare of the Exchange

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(a) In addition to Rule 708, acts which could be deemed detrimental to the interest or welfare of the Exchange include, but are not limited to, misconduct on the Trading Floor, in violation of the Exchange's Order and Decorum Regulations, that is repetitive, egregious or of a publicly embarrassing nature to the Exchange.

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Nasdaq PHLX Rules, Regulation, Section 14. Financial Responsibility and Reporting

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(a) In addition to the obligations specified within Rule 703, each member organization whose principal business is as a floor broker on the Exchange and who is not self-clearing must establish and maintain an account with a clearing member organization of the Exchange, for the sole purpose of carrying positions resulting from errors made in the course of its floor brokerage business. Such an account for options transactions must be maintained with an entity which is also a clearing member organization of The Options Clearing Corporation. A floor broker prior to effecting any transactions, must file with the Exchange a letter from its clearing member organization stating that this account has been established and that the clearing member organization guarantees the financial responsibilities of the floor broker with respect to all orders entrusted on the floor with the floor broker as well as all transactions and balances carried within the account. This letter shall remain in effect until the Exchange receives written notice from the clearing member of its intent to no longer clear or carry transactions for such floor broker. Written notice received at least one-half hour before the normal opening of trading shall take effect on the day of receipt; written notice received less than one-half hour before the opening of trading shall take effect on the opening of the business day following Exchange receipt.

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Nasdaq PHLX Rules, Regulation, Section 15. "Stopping" An Option

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(a) An agreement to "stop" an option at a specified price constitutes a guarantee by the member who "grants the stop" that the order of the member who, "accepts the stop" will be executed at the stop price or better. No member is required to agree to grant or accept a stop.

(b) A member shall not accept a stop for an account in which he or another member has an interest unless:

- (1) he is acting for an order originated off the Floor; or
- (2) in the case of an order originated on the Floor, the member granting the stop is also acting for an account in which he or another member has an interest; or
- (3) he is effecting a transaction to offset a transaction made in error; or
- (4) he is engaged in bona fide arbitrage.

(c) No Specialist may stop an option against the book or for his own account at a price at which he holds an order capable of execution at that price; except;

- (1) in connection with an opening or reopening; or
- (2) when there is a competing bid or offer in the crowd at the same price at which the stop is granted; or
- (3) when the Specialist does not have an executable order at the stop price; or
- (4) when a broker makes an unsolicited request that a Specialist grant him a stop, and
 - (A) the spread in the quotation is not less than twice the permitted minimum increment in the option;
 - (B) after the granting of the stop, the spread between the bid and the offer is reduced;
 - (C) the Specialist does not reduce the size of the market following the granting of the stop; and
 - (D) on the election of the stop, the order or orders on the Specialist's book entitled to priority will be executed against the stopped option.
- (5) Each "stopped" transaction shall be reported for printing on the tape in the form and manner prescribed by the Exchange.

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Nasdaq PHLX Rules, Regulation, Section 16. Trading for Joint Account

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(a) No member, while on the Floor, shall, without the prior approval of the Exchange, initiate the purchase or sale on the Exchange of any security for any account in which he, his member organization or a participant therein, is directly or indirectly interested with any person other than such member organization or participant therein.

(b) The provisions of this section shall not apply to any purchase or sale by any member for any joint account maintained solely for effecting bona fide domestic or foreign arbitrage transactions.

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Nasdaq PHLX Rules, Regulation, Section 17. Limitations on Members' Trading Because of Customers' Orders

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(a) In addition to the limitations in Rule 452, a member organization's member on the Trading Floor may not execute a proprietary order at the same price, or at a better price, as an unexecuted customer order that he or she is representing, except to the extent the member itself could do so under this Rule.

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Nasdaq PHLX Rules, Regulation, Section 18. General Responsibility of Floor Brokers

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(a) A Floor Broker handling an order is to use due diligence to cause the order to be executed at the best price or prices available to him in accordance with the Rules of the Exchange.

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Nasdaq PHLX Rules, Regulation, Section 19. Responsibilities of Floor Brokers - Treasury Securities Options

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(a) A Floor Broker handling a contingency order for Treasury securities options that is dependent upon quotations or prices other than those originating on the floor shall be responsible for satisfying the dependency requirement on the basis of the most reliable information reasonably available to him concerning such quotations and prices but, in no event, shall be held to an execution of such an order. Unless mutually agreed by the members involved, an execution or non-execution that results shall not be altered by the fact that such information is subsequently found to have been erroneous.

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Nasdaq PHLX Rules, Regulation, Section 20. Dealings on Floor—Hours

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(a) Dealings upon the Exchange shall be limited to the hours during which the Exchange is open for the transaction of business; and no member shall make any bid, offer or transaction upon the Floor before or after those hours, except that loans of money or securities may be made after the official closing of the Exchange.

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Nasdaq PHLX Rules, Regulation, Section 21. Dealings on Floor—Persons

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(a) No member shall, while on the Floor, make a transaction with any non-member in any security admitted to dealings on the Exchange.

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Nasdaq PHLX Rules, Regulation, Section 22. Execution of Options Transactions on the Trading Floor

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(a) Options transactions on the Exchange's Trading Floor shall be executed in one of the following ways:

- (1) automatically by the Exchange Trading System as provided in applicable Exchange Rules;
- (2) through the Options Floor Based Management System. Members authorized to operate on the floor are not permitted to execute orders in the Exchange's options trading crowd, except as follows:
 - (A) The Exchange may determine to permit executions otherwise than in accordance with subparagraphs (1) and (2) above respecting an option or all options in the event of a problem with Exchange systems.
 - (B) In addition, members can execute orders in the options trading crowd pursuant to Options 8, Section 33, Accommodation Transactions (cabinet trades), and Options 8, Section 34, FLEX Equity, Index and Currency Options.
 - (C) Multi-leg orders with more than 15 legs can be executed in the trading crowd.
 - (D) The following split price orders that, due to FBMS system limitations, require manual calculation:
 - (i) simple orders not expressed in the applicable minimum increment ("sub-MPV") and that cannot be evenly split into two whole numbers to create a price at the midpoint of the minimum increment; and (ii) complex and multi-leg orders with at least one option leg with an odd-numbered volume that must trade at a sub-MPV price or one leg that qualifies under (i) above.
 - (E) As set forth in Options 8, Section 29(e)(v), members may use the Snapshot feature of the Options Floor Based Management System to provisionally execute orders in the options trading crowd.
 - (i) Surveillance staff must approve all executions submitted under this Options 8, Section 22(a)(3)(A)-(D) to validate that each abides by applicable priority and trade through rules. Under subsection (a)(3)(D), the rounding of prices may be used only where necessary to execute the trade at the MPV, and only to the benefit of a customer order or, where multiple customers' orders are involved, for the customer order that is earliest in time. If no customer order is involved, rounding of prices is available to the non-customer order that is earliest in time.

(b) Manner of Bidding and Offering. Bids and offers to be effective must either be entered electronically in a form and manner prescribed by the Exchange (as quotes or orders) or made by public outcry in the trading crowd (to which Rule 110 applies). All bids and offers shall be general ones and shall not be specified for acceptance by particular members.

(c) Public Outcry - Pursuant to Rule 110, bids and offers must be made in an audible tone of voice. A member shall be considered "in" on a bid or offer, while he remains at the post, unless he shall distinctly and audibly say "out." A member bidding and offering in immediate and rapid succession shall be deemed "in" until he shall say "out" on either bid or offer. Once the trading crowd has provided a quote, it will remain in effect until: (A) a reasonable amount of time has passed, or (B) there is a significant change in the price of the underlying security, or (C) the market given in response to the request has been improved. In the case of a dispute, the term "significant change" will be interpreted on a case-by-case basis by an Options Exchange Official based upon the extent of the recent trading in the option and, in the case of equity and index options, in the underlying security, and any other relevant factors.

(d) With respect to using the Options Floor Based Management System to execute an order pursuant to Option 8, Section 22, a member must audibly say "out" before the order is submitted into the FBMS for execution and, if the order is not executed, the member must audibly say "out" before each time the member resubmits the order for execution.

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Nasdaq PHLX Rules, Regulation, Section 23. Precedence of Highest Bid

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(a) The highest bid shall have precedence in all cases pursuant to Rule 119. Where bids are made at the same price, the priority and precedence shall be determined in accordance with the following rules:

- (1) Sale removes bid from Trading Floor: A sale shall remove all bids from the Floor except that if the number of shares of stock or principal amount of bonds offered exceeds the number of shares or principal amount specified in the bid having priority or precedence, a sale of the unfilled balance to other bidders shall be governed by the provisions of these rules as though no sales had been made to the bidders having priority or precedence.
- (2) Subsequent bids: (i) After bids have been removed from the Trading Floor under the provisions of subparagraph (1) above, priority and precedence shall be determined, in accordance with these rules, by subsequent bids.

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Nasdaq PHLX Rules, Regulation, Section 24. Bids And Offers—Premium

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(a) *Size of Bid/Offer and Disseminated Size Guarantee.* All bids or offers made on the Floor for option contracts shall be deemed to be for one option contract unless a specific number of option contracts is expressed in the bid or offer. A bid or offer for more than one option contract shall be deemed to be for the amount thereof or a smaller number of option contracts. Responsibility for ensuring that customer orders are filled to a minimum of the disseminated size at the disseminated price is as set forth in Exchange Rule 1082.

(b) *Solicitation of Quotations.* In response to a floor broker's solicitation of a single bid or offer, the members of a trading crowd (including the Specialist and ROTs) may discuss, negotiate and agree upon the price or prices at which an order of a size greater than the Exchange's disseminated size can be executed at that time, or the number of contracts that could be executed at a given price or prices, subject to the provisions of the Options Order Protection and Locked/Crossed Market Plan and the Exchange's Rules respecting Trade-Throughs. Notwithstanding the foregoing, a single crowd participant may voice a bid or offer independently from, and differently from, the members of a trading crowd (including the Specialist and ROTs).

(c) Except as provided in (d) and (e) below, all bids or offers made on the Floor for option contracts shall be expressed as follows: (i) in the case of options on stocks or Exchange-Traded Fund Shares, in terms of dollars per share of the underlying stock or Exchange-Traded Fund Share (e.g., a bid of "5" shall represent a bid to pay a premium of \$500 for an option contract having a unit of trading consisting of 100 shares of an underlying stock or Exchange-Traded Fund Share, or a bid to pay a premium of \$550 for an option contract having a unit of trading consisting of 110 shares of an underlying stock Exchange-Traded Fund Share); (ii) In the case of options on foreign currencies in terms of U.S. dollars per unit of the underlying foreign currency. E.g., a bid of "3.25" for a premium on a \$170 strike price option on the British pound shall represent a bid to pay \$325 per option contract; and (iii) *Mini Options.* Bids and offers for an option contract overlying 10 shares shall be expressed in terms of dollars per 1/10th part of the total value of the contract. An offer of ".50" shall represent an offer of \$5.00 on an option contract having a unit of trading consisting of 10 shares.

(d) *Contract Adjustments.* All bids or offers for an option contract for which The Options Clearing Corporation has established an adjusted unit of trading in accordance with paragraphs (c) and (d) of Section 11 of Article VI of the by-laws of The Options Clearing Corporation shall be expressed in terms of dollars per the appropriate fractional part of the total securities and/or other property constituting such adjusted unit of trading (e.g., where the adjusted unit of trading of an option contract consists of 110 shares of an underlying stock or Exchange-Traded Fund Share plus 15 rights, a bid of "5" shall represent a bid to pay a premium of \$550 for each option contract covering both the shares of underlying stock or Exchange-Traded Fund Share and the rights).

(e) *Spread Priority.* When a member holding a multi-leg order, as defined in Options 8, Section 32 and bidding or offering on the basis of a total credit or debit for the order has determined that the order may not be executed by a combination of transactions at or within the bids and offers established in the marketplace, then the order may be executed as a multi-leg order at the total credit or debit with one other member with priority over either the bid or the offer established in the marketplace that is 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 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.

(e) *Synthetic Option Orders.* When a member holding a synthetic option order, as defined in Options 8, Section 32, and bidding or offering on the basis of a total credit or debit for the order has determined that the order may not be executed by a combination of transactions at or within the bids and offers established in the marketplace, then the order may be executed as a synthetic option order at the total credit or debit with one other member, provided that the option leg is executed at a better price than the established bid or offer for that option contract, in accordance with Options 8, Section 25. Synthetic option orders in open outcry, in which the option component is for a size of 100 contracts or more, have priority over bids (offers) of crowd participants

who are bidding (offering) only for the option component of the synthetic option order, but not over bids (offers) of public customers on the limit order book, and not over crowd participants that are willing to participate in the synthetic option order at the net debit or credit price.

(f) *Three-Way Spread Type Priority*. When a member holding a three-way order for foreign currency options determines that the order will be best served by bidding or offering on the basis of a total net credit or debit, the member may, after seeking bids and offers for the three-way order, seek to execute the order at a total credit or debit with one other member provided that at least one of the individual legs to the order is effected at a price better than the established bid or offer for that option contract and that no option leg is executed at a price outside of the established bid or offer for that option contract. For purposes of this Rule, three-way orders include spread, straddle and combination orders of three individual series in the same foreign currency options where (i) the order size for each of the three individual series are equal to each other, or (ii) the combined order size of any two series on the same side of the market is either equal to the order size of the third series by a or differs from the order size of the third series by a permissible ratio. For purposes of this paragraph, a permissible ratio is any one of the following: one-to-one, one-to-two, one-to-three and two-to-three.

(g) *Ratio Spread Type Priority*. A spread order may consist of different numbers of contracts so long as the number of contracts differ by a permissible ratio (a "Ratio Spread"). Similarly, the legs to a straddle or combination order may consist of different numbers of puts and calls so long as the number of contracts differ by a permissible ratio. For the purposes of this paragraph, a permissible ratio is any ratio that 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 (2.0) ratio is permissible, whereas a one-to-four (.25) ratio or a four-to-one (4.0) ratio is not.

(h) *Multi-Spread Priority*. When a member holding two spread type orders (spreads, straddles or combinations, as defined in Options 8, Section 32) for the same account determines that the orders will be best served by bidding or offering on the basis of a total net credit or debit, the member may, after seeking bids and offers for the total of the two spread type orders, seek to execute both orders as a single transaction at a total net credit or debit with one other member, provided that at least one of the individual legs of each individual spread is executed at a better price than the established bid or offer for that option contract and that no option leg is executed at a price outside of the established bid or offer for that option contract.

(i) *Spread Type Priority*. Through FBMS, Spread Type Orders consisting of a conforming ratio may be executed at a total credit or debit price with priority over individual bids or offers established in the marketplace (including 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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Nasdaq PHLX Rules, Regulation, Section 25. Floor Allocation

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(a) The following applies to the allocation of orders on the Trading Floor:

- (1) Exchange Rules 119 and 120 direct members in the establishment of priority of orders on the floor. An account type is either a controlled account or a customer account. A controlled account includes any account controlled by or under common control with a broker-dealer. Customer accounts are all other accounts. Equity option, index option and U.S. dollar-settled foreign currency option orders of controlled accounts are required to yield priority to customer orders when competing at the same price, as described below. Orders of controlled accounts are not required to yield priority to other controlled account orders, except as provided in sub-paragraph (B) below. For the purpose of this Rule, "Initiating Order" means an incoming contra-side order.
 - (A) Respecting transactions that are executed and allocated in open outcry by a participant other than the Specialist, "Remainder of the Order" means the portion of an Initiating Order that remains following the allocation of contracts to customers that are on parity in accordance with this Rule. The Remainder of the Order shall be allocated pursuant to this Rule.
 - (i) Orders of controlled accounts, other than ROTs and Specialists market making in person, must be (1) verbally communicated as for a controlled account when placed on the floor and when represented to the trading crowd and (2) recorded as for a controlled account by making the appropriate notation the Options Floor Based Management System.
 - (ii) The Enhanced Specialist Participation is a percentage of the Remainder of the Order to which the Specialist is entitled.
 - (B) An Initiating Order executed manually by the Specialist shall be allocated as follows: first, to customer orders, and next to off-floor broker-dealer limit orders (as defined in Rule 1080(b)(i)(C)) resting on the limit order book. This provision shall not apply to electronically executed contracts, the allocation of which is described in Rule 1014(g)(vii). "Remainder of the Order" means the portion of an Initiating Order that remains following the allocation of contracts to customers and to off-floor broker-dealers in accordance with this sub-paragraph.
- (2) Purchase or sale priority for orders of 100 contracts or more. If a member purchases (sells) 50 or more option contracts of a particular series at a particular price or prices, he shall, at the next lower (higher) price have priority in purchasing (selling) up to the equivalent number of option contracts of the same series that he purchased (sold) at the higher (lower) price or prices, but only if his bid (offer) is made promptly and the purchase (sale) so effected represents the opposite side of a transaction with the same order or offer (bid) as the earlier purchase or purchases (sale or sales).
 - (i) When the market has a bid/ask differential of one minimum trading increment and the bid and/or offer represent the quotation of an out-of-crowd SQT or an RSQT, such member shall have priority over such SQT and/or RSQT with respect to both the bid and the offer.
 - (ii) The Exchange may increase the "minimum qualifying order size" above 100 contracts for all products under its jurisdiction. Announcements regarding changes to the minimum qualifying order size shall be made on the Exchange's website. This paragraph shall only apply to transactions that are effected in open outcry.

(b) *Enhanced Specialist Participation* —In equity option, index option and U.S. dollar-settled foreign currency options classes, when the registered Specialist is on parity with a controlled account as defined in subparagraph (i) above, in accordance with Exchange Rules 119 and 120 and the number of contracts to be bought or sold is greater than five, the Specialist is entitled to receive an enhanced participation of 30% of the Remainder of the Order ("Enhanced Specialist Participation"), except in the following circumstances: (1) where there is

one controlled account on parity, the Specialist is entitled to receive 60% of the Remainder of the Order; or (2) where there are two controlled accounts on parity, in which case, the Specialist is entitled to receive 40% of the Remainder of the Order.

- (1) The Exchange shall reduce the level of Enhanced Specialist Participation authorized under this Rule to a parity level of participation in accordance with Rules 119 and 120 with respect to any options class if the Specialist in such class is determined to be performing below any minimum standards or not satisfying any conditions that the Exchange may establish. The Exchange may reinstate Enhanced Specialist Participation for a particular options class if it determines that the Specialist in such class is performing at or above all established minimum standards and is satisfying all established conditions.

(c) *Allocation of the Remainder of the Order Among Specialist and ROTs on Parity.* After the application of Options 8, Section 25(a)(1) to an Initiating Order, the Remainder of the Order shall be allocated by the Allocating Participant (as defined in paragraph (c)(3)(F)(i) below) as follows:

- (1) *Entitlement.* ROTs and Specialists on parity are entitled to their Defined Participation (as described below), subject to: (a) any Waiver, as described below; and (b) rounding, as described below.
- (2) *Size.* The term "stated size" in respect of an order or electronic quotation shall mean:
 - (A) in the case of orders handled manually by the Specialist:
 - (i) if a crowd participant (including the Specialist) has actually stated a size ("Actual Size"), such crowd participant's stated size shall be his or her Actual Size;
 - (ii) if the Specialist, an SQT or RSQT is disseminating an electronic quotation at the Exchange's disseminated price in a particular series at the time of the execution of an Initiating Order in such series, such Specialist, SQT or RSQT's disseminated size at the Exchange's disseminated price shall be his or her Actual Size, and such Specialist, SQT and/or RSQT shall be deemed a "crowd participant" for purposes of paragraph (c);
 - (B) unless the Specialist has an Actual Size, the stated size of the Specialist shall be the amount (if any) by which the disseminated size exceeds the sum of (x) the aggregate size of limit orders included in the disseminated size and (y) the aggregate sizes of all ROTs who have Actual Sizes;
 - (C) the stated size of an ROT who does not have an Actual Size is zero.
 - (i) in the case of floor brokered orders, each crowd participant's stated size shall be his or her Actual Size.
- (3) *Defined Participation.* Defined Participation is the portion of the Remainder of the Order to which a crowd participant is entitled. Defined Participation is determined as follows:
 - (A) in the case of a Specialist entitled to an Enhanced Specialist Participation, the Enhanced Specialist Participation, up to the Specialist's stated size, as set forth in paragraph (b) of this Rule, as applicable. The Specialist may decline to receive the Enhanced Specialist

Participation, in which case the Specialist shall be entitled to participate as one crowd participant, up to the Specialist's stated size.

(B) except as provided in (A) above, the Defined Participation of the Specialist and ROTs on parity is determined as follows:

- (i) where all participants have equal stated sizes, their Defined Participations shall be equal;
- (ii) where participants have unequal stated sizes, the Defined Participations shall equal their Base Participations (as defined below) plus their Supplemental Participations (as defined below):
 - a. the "Base Participations" of all of the participants shall equal the stated size of the smallest participant; to the extent that there remains any excess to be allocated after all participants have been allocated their Base Participations, the smallest participant shall have no Supplemental Participation, and the other participants shall have "Supplemental Participations" as determined under "b" and "c" below;
 - b. if the remaining stated sizes (*i.e.*, after taking into account Base Participations) of all participants having Supplemental Participations is equal, then their Supplemental Participations shall be equal; otherwise the initial Supplemental Participations of such participants shall equal the remaining stated size of the smallest such participant; to the extent that there remains any excess to be allocated after all participants have been allocated their initial Supplemental Participations, the smallest participant shall have no further Supplemental Participation, and the other participants shall have further "Supplemental Participations" as determined under "c" below; and
 - c. if the remaining stated sizes (*i.e.*, after taking into account Base Participations and prior Supplemental Participations) of all participants having *further* Supplemental Participations is equal, then their *further* Supplemental Participations shall be equal; otherwise the next Supplemental Participations of such participants shall equal the remaining stated size of the smallest such participant; to the extent that there remains any excess to be allocated after all participants have been allocated the next Supplemental Participations, the smallest participant shall have no further Supplemental Participation, and the other participants shall have successive further Supplemental Participations determined in the same manner as provided in this clause.
 - d. The process described in clause "c" shall be followed to determine successive further Supplemental Participations until the sum of the Defined Participations equals the amount of the Remainder of the Order.
- (iii)
 - a. If the sum of the Base Participations pursuant to sub-paragraph "a" above exceeds the number of contracts remaining to be allocated, such contracts shall be divided equally among crowd participants who are entitled to receive Base Participations, subject to rounding.
 - b. If the sum of the Supplemental Participations pursuant to sub-paragraph "b" above exceeds the number of contracts remaining to be allocated,

such contracts shall be divided equally among crowd participants who are entitled to receive Supplemental Participations, subject to rounding.

- c. If the sum of the further Supplemental Participations pursuant to subparagraph "c" above exceeds the number of contracts remaining to be allocated, such contracts shall be divided equally among crowd participants who are entitled to receive further Supplemental Participations, subject to rounding.

(3) Participation in additional contracts in excess of the Exchange's disseminated size among willing crowd participants shall be allocated under the applicable provisions of this Rule. Notwithstanding the limitation set forth in sub-paragraph (3)(A) that limits the Specialist's entitlement to his/her stated size, for all contracts executed in excess of the disseminated size, the Specialist shall be entitled to receive the Enhanced Specialist Participation as set forth in paragraph (b) of this Rule, as applicable, but not to exceed the Specialist's Actual Size (if the Specialist has an Actual Size) in such excess contracts.

- (C) *Waiver.* (1) An ROT (other than an RSQT) or Specialist may, in his or her sole discretion, offer to waive, in whole or in part, any part of a trade to which they were entitled to be allocated (an "Offer to Waive").
 - (i) Any Offer to Waive shall be made by stating it in a loud and audible voice to the other members of the trading crowd and the Allocating Participant.
 - (ii) If the Allocating Participant has determined that the other crowd participant(s) then on parity is willing to take the number of contracts that are subject to the Offer to Waive, the Allocating Participant may (but shall not be required to), accept such Offer to Waive by (a) allocating the Remainder of the Order in accordance with paragraph (c), taking into account the Offer to Waive; or (b) otherwise indicating, following the execution of the Remainder of the Order, that such Offer to Waive will be accepted (in which case, it shall be referred to as a "Waiver"). No Offer to Waive shall be an effective Waiver until the Allocating Participant has allocated the order or otherwise indicated that it is accepted.
 - (iii) In the case of an option which is not subject to an Enhanced Specialist Participation, as set forth in paragraph (b) of this Rule, if the Specialist or an ROT effects a Waiver in the manner provided above, the number of contracts to which such Specialist or ROT is entitled under paragraph (c) shall be reduced by the number of contracts waived, and the entitlements of the other participants on parity shall be determined by redistributing the waived number of contracts to willing participants (including the Specialist) in accordance with paragraph (c).
- (2) In the case of an option which is subject to an Enhanced Specialist Participation, as set forth in paragraph (b) of this Rule, and one or more ROTs effect Waivers of their entire entitlements ("Total Waivers"), the number of ROTs with whom the Specialist is deemed to be on parity for purposes of determining the Enhanced Specialist Participation shall be reduced by the number of ROTs effecting Total Waivers and the following additional Rules shall apply:
 - (A) in the event that one or more ROTs on parity with the Specialist effect a Total Waiver of their respective entitlements such that the Specialist is on parity with three or more ROTs, the number of contracts to be allocated to each crowd participant shall be determined as provided in sub-paragraph (c)(1) above, provided that the maximum number of contracts to be allocated to the Specialist shall be that

which the Specialist would be entitled to receive under this Rule, as if the Specialist had been on parity with three ROTs.

- (B) in the event that one or more ROTs on parity with the Specialist effect a Total Waiver of their respective entitlements such that the Specialist is on parity with two ROTs, the number of contracts to be allocated to each crowd participant shall be determined as provided in sub-paragraph (C)(iii) above, provided that the maximum number of contracts to be allocated to the Specialist shall be that which the Specialist would be entitled to receive under this Rule as if the Specialist had been on parity with two ROTs.
- (C) In the event that one or more ROTs on parity with the Specialist effect a Total Waiver of their respective entitlements such that the Specialist is on parity with one ROT, the number of contracts to be allocated to each crowd participant shall be determined as provided in sub-paragraph (C)(iii) above, provided that the maximum number of contracts to be allocated to the Specialist shall be that which the Specialist would be entitled to receive under this Rule as if the Specialist had been on parity with one ROT. In no event shall any non-waiving ROT be required to participate in fewer contracts than he/she would have received absent the Waiver(s).

(3) *Partial Waiver.* In the case of an option which is subject to an Enhanced Specialist Participation, in the event that one or more ROTs effect a Waiver of a portion of their respective entitlements, but not a Total Waiver, in the manner provided above (a "Partial Waiver"), the number of contracts to be allocated to each crowd participant shall be determined as provided in sub-paragraph (C)(iii) above, provided that the Specialist shall not be entitled to receive a number of contracts that is greater than 40% of the Remainder of the Order except in the situation referred to in the following sentence, unless all remaining crowd participants on parity have waived their entitlements or have been satisfied. In the case of the Specialist being on parity with only one ROT, the Specialist shall not be entitled to receive a number of contracts that is greater than 60% of the Remainder of the Order unless all remaining crowd participants on parity have waived their entitlements or have been satisfied.

In no event shall any non-waiving ROT be required participate in fewer contracts than he/she would have received absent the Partial Waiver(s).

(4) In no event shall two or more crowd participants enter into any agreement regarding the number of contracts to be waived by any crowd participant (*i.e.*, subject to the provisions of sub-paragraph (C)(1)(ii) above, any decision by a crowd participant to waive all or a portion of such crowd participant's entitlement must be an individual decision, and not the subject of an agreement among crowd participants).

- (D) *Rounding.* In situations where the allocation of contracts pursuant to this Rule result in fractional amounts of contracts to be allocated to crowd participants, the number of contracts to be allocated shall be rounded in a fair and equitable manner.
- (E) *Just and Equitable Principles of Trade.* (i) It shall be considered conduct inconsistent with just and equitable principles of trade for a member: (a) to allocate initiating orders other than in accordance with this Rule; (b) to enter into any agreement with another member concerning allocation of trades; or (c) to harass, intimidate or coerce any member to enter into any Waiver, or to make or refrain from making any complaint or appeal.

(ii) A pattern or practice of waiving all or a portion of a crowd participant's entitlement, with the result that such crowd participant receives no allocation or a lesser allocation than he or she

would otherwise have been entitled to, may be considered conduct inconsistent with just and equitable principles of trade.

- (F) Notwithstanding the first sentence of Options 8, Section 25(a)(1), neither Rule 119(b) and (c) concerning precedence based on the size of bids on parity, nor Rule 120 (insofar as it incorporates those provisions by reference) shall apply to the allocation of orders covered by paragraph (c).
- (i) In order to facilitate timely tape reporting of trades, it is the duty of the persons identified below to allocate, match and time stamp trades executed in open outcry and to submit the matched trade tickets to an Exchange Data Entry Technician ("DET") located on the trading floor immediately upon execution. When executing trades electronically, it is also the duty of the persons identified below to enter and submit trade information to the Trading System using the Options Floor Based Management System.
- a. in a trade involving a floor broker, the floor broker shall so do, provided that a floor broker may delegate this responsibility to the Specialist (or an assistant to the Specialist under the Specialist's direct supervision) if the Specialist agrees to accept such responsibility, and, in the event of such delegation, the Specialist (or an assistant to the Specialist under the Specialist's direct supervision) shall do so;
 - b. in all other cases where the Specialist is a participant (i.e., where there is no floor broker), the Specialist (or an assistant to the Specialist under the Specialist's direct supervision) shall do so;
 - c. in any other case (i.e., where there is no floor broker and no Specialist is involved), the largest on-floor participant shall do so (for example, where several Registered Options Traders are involved); and
 - d. if there is only one seller and one buyer (no floor broker and no Specialist is involved), the seller shall do so (for example, where only two Registered Options Traders are involved), unless either the seller or the buyer is an RSQT, in which case the on-floor participant in the transaction shall do so.
 - e. The person responsible for trade allocation (the "Allocating Participant") shall, for each trade allocated by such Allocating Participant, circle his or her badge identification number on the trade tickets, identifying himself or herself as the Allocating Participant in the particular trade. If the Allocating Participant is not a participant in the trade to be allocated, he/she shall identify himself/herself by initiating the trade tickets. In the case of a trade executed using the Floor Based Management System the Allocating Participant shall allocate the trade using the Options Floor Based Management System.

(d) An ROT electing to engage in Exchange options transactions is designated as a Specialist on the Exchange for all purposes under the Securities Exchange Act of 1934 and the rules and regulations thereunder with respect to options transactions initiated and effected by him on the floor in his capacity as an ROT. For purposes of this commentary, the term "transactions initiated and effected on the floor" shall not include transactions initiated by an ROT off the floor, but which are considered "on-floor" pursuant to (d)(1) and (e) below. Similarly, an RSQT electing to engage in Exchange options transactions is designated as a Specialist on the Exchange for all purposes under the Securities Exchange Act of 1934 and the rules and regulations thereunder with respect to options transactions initiated and effected by him in his capacity as an ROT.

- (1) The term "on the Floor" means the Trading Floor of the Exchange; the rooms, lobbies, and other premises immediately adjacent thereto made available by the Exchange for use by members generally;

other rooms, lobbies and premises made available by the Exchange primarily for use by members generally; and the telephone and other facilities in any such place. Further, the provisions of this Rule do not apply to transactions initiated by an ROT for an account in which he has an interest unless such transactions are either initiated by an ROT while on the Trading Floor or unless such transactions although originated off the Floor are deemed on-Floor transactions under the provisions of these Rules.

(e) An off-Floor order for an account in which a member has an interest is to be treated as an on-Floor order if it is executed by the member who initiated it. In addition to transactions originated on the Trading Floor by an ROT for an account in which he has an interest, the following transactions are considered on-Floor trading:

- (1) Any transaction for an account in which an ROT has an interest if such transaction is initiated off the Floor by such ROT after he has been on the Floor during the same day.
- (2) Any transaction for a member organization for an account in which it has an interest:
 - (A) which results from an order entered off the Floor following a conversation relating thereto with a member on the Floor who is a partner of or stockholder of such member organization; or
 - (B) which results from an order entered off the Floor following the unsolicited submission from the Floor to the office of a quotation in a stock or Exchange-Traded Fund Share and the size of the market by a member on the Floor who is a partner of or stockholder of such member organization; or
 - (C) which results from an order entered off the Floor which is executed by a member on the Floor who is a partner of or stockholder of such member organization and who had handled the order on a "not-held" basis; provided, however, that the following are not on-Floor orders and such restrictions shall not apply to an order:
 - (i) to sell an option for an account in which the member organization is directly or indirectly interested if in facilitating the sale of a large block of stock or Exchange-Traded Fund Shares, the member organization acquired its position because the demand on the Floor was not sufficient to absorb the block at a particular price or prices; or
 - (ii) to purchase or sell an option for an account in which the member organization is directly or indirectly interested if the member or his member organization was invited to participate on the opposite side of a block transaction by another member, member organization or a partner or stockholder therein because the market on the Floor could not readily absorb the block at a particular price or prices; or
 - (iii) to purchase or sell an option for an account in which the member organization is directly or indirectly interested if the transaction is on the opposite side of a block order being executed by the member organization for the account of its customer and the transaction is made to facilitate the execution of such order; or
 - (iv) which results from an order entered off the Floor which is executed by a member on the Floor who is a partner of or stockholder of such member organization and who has changed the terms of the order.
- (3) Any transaction for the account of an RSQT.

(f) Non-Electronic Orders.

- (1) In the event that a Floor Broker or Specialist presents a non-electronic order in which an RSQT is assigned or which is allocated to a Remote Specialist, and/or in which an SQT assigned in such option is not a crowd participant, such Remote Specialist, SQT and/or RSQT may not participate in trades stemming from such a non-electronic order unless such non-electronic order is executed at the price quoted by the non-crowd participant Remote Specialist, SQT and/or RSQT at the time of execution.
- (2) Notwithstanding the foregoing, respecting crossing, facilitation and solicited orders (as defined in Section 30) that are represented and executed in open outcry, priority shall be afforded to in-crowd

participants (including, for purposes of this rule only, Floor Brokers), over Remote Specialists, RSQTs, out-of-crowd SQTs, and out-of-crowd broker-dealer limit orders on the limit order book, but not over public customer orders. Such orders shall be allocated in accordance with Exchange Rules.

- (3) The Specialist and/or SQTs participating in a trading crowd may, in response to a verbal request for a market by a floor broker, state a bid or offer that is different than their electronically submitted bid or offer, provided that such stated bid or offer is not inferior to such electronically submitted bid or offer, except when such stated bid or offer is made in response to a floor broker's solicitation of a single bid or offer as set forth in Options 8, Section 24(a)(ii).
- (4) For purposes of this Rule, an SQT or Floor Market Maker shall be deemed to be participating in a crowd if such SQT is, at the time an order is represented in the crowd, physically located in a specific "Crowd Area." A Crowd Area shall consist of a specific physical location marked with specific, visible physical boundaries on the options floor, as determined by the Exchange. An SQT or Floor Market Maker who is physically present in such Crowd Area may engage in options transactions in assigned issues as a crowd participant in such a Crowd Area, provided that such SQT or Floor Market Maker fulfills the requirements set forth in this Rule. An SQT or Floor Market Maker shall be deemed to be participating in a single Crowd Area.

(g) Orders given out by an ROT to commission brokers—An on-Floor order given by an ROT to a commission broker, for an account in which the ROT has an interest, is subject to all the Rules restricting ROTs. When an ROT gives out such an order on the Floor to another member, the order must be so marked to indicate that it is for an account in which the ROT has an interest, unless it is exempt from this Rule, in order that the other member may know whether it may be entitled to priority or parity.

(h) Pair-offs before opening—An ROT cannot acquire a "long" option by pairing off with a sell order before the opening, unless all off-Floor bids at that price are filled.

(i) The number of ROTs in a trading crowd who are establishing or increasing a position may temporarily be limited when, in the judgment of an Options Exchange Official, the interests of a fair and orderly market are served by such limitation.

(j) Within each quarter an ROT must execute in person, and not through the use of orders (except that non-streaming ROTs can use orders entered in person), a specified number of contracts, such number to be determined from time to time by the Exchange.

(k) An ROT may not initiate orders from off the floor as a market maker in reliance upon the market maker exemption contained in Section 11(a)(1) of the Securities Exchange Act of 1934.

(l) In the interest of fair and orderly markets, the Exchange may adopt policies affecting the location of members in the trading crowd on a crowd-by-crowd basis.

(m) Floor brokers are able to achieve split price priority in accordance with Options 8, Section 25(a)(2), provided, however, that a floor broker who bids (offers) on behalf of a non-market-maker Phlx member broker-dealer ("Phlx member BD") must ensure that the Phlx member BD qualifies for an exemption from Section 11(a)(1) of the Exchange Act or that the transaction satisfies the requirements of Exchange Act Rule 11a2-2(T), otherwise the floor broker must yield priority to orders for the accounts of non-members.

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Nasdaq PHLX Rules, Regulation, Section 26. Trading Halts

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(a) Manual Rotations. Pursuant to the authority in Rule 1047(b) and in accordance with the procedures enumerated in those commentaries, a manual trading rotation may be held on the opening in the event that the Exchange's System is not available, and a closing rotation may be held on the business day of expiration, or, in the case of an option contract expiring on a day that is not a business day, on the trading day prior to expiration where the underlying stock or Exchange-Traded Fund Share did not open or was halted, whenever such action is deemed necessary in the interests of maintaining a fair and orderly market in such class or series of options and to protect investors.

- (1) For purposes of this Rule, a trading rotation is a series of very brief time periods during each of which bids, offers and transactions in only a single, specified option contract can be made. An Options Exchange Official may direct that one or more trading rotations be employed on any business day to aid in producing a fair and orderly market and shall specify, for each rotation so employed, the particular option contracts to be included and the sequence of such option contracts in the rotation. Trading rotations, which shall be conducted by the Specialist, shall be conducted in the following manner:

(b) Opening Rotations.—In the case of options on stocks or Exchange-Traded Fund Shares, the opening rotation in each class of options shall be held promptly following the opening of the underlying security on the primary market where it is traded. An underlying security shall be deemed to have opened on the primary market where it is traded if such market has (i) reported a transaction in the underlying security or (ii) disseminated opening quotations for the underlying security and not given an indication of a delayed opening. In the case of options on foreign currencies, the opening rotation in each option shall be held promptly following the opening of trading. In either case, respecting openings conducted manually, the Specialist should proceed in the following manner: Taking each option in which he is assigned in turn, the Specialist should first open the one or more series of such options having the nearest expiration, then proceed to a series of options having the next most distant expiration, and so forth, until all series have been opened. The Specialist shall determine which type of option should open first (i.e., put or call options), and may alternate the opening of put series and call series or may open all series of one type before opening any series of the other type, depending on current market conditions, except as provided below.

(c) Modified Rotations—(1) Modified rotations include reverse and shotgun rotations. A reverse rotation is an opening rotation where the Specialist should first open the one or more series of options of a given class having the most distant expiration, then proceed to the next nearest expiration, and so forth, ending with the nearest expiration, until all series have been opened. A shotgun rotation is an opening rotation in which each option series opens in the same manner and sequence as during a regular trading rotation stated above in paragraph (2), but is permitted to freely trade once all option series with the same expiration month have been opened.

- (A) A reverse trading rotation must be employed in connection with openings and reopenings involving a heavy influx of orders, unless exempted by an Options Exchange Official.
- (B) A second rotation requires the approval of an Options Exchange Official. In addition, a modified rotation may be employed in connection with delayed openings, halts or suspensions of options trading or other unusual market conditions, but in a different manner and sequence of trading than described above provided an Options Exchange Official determines that such procedure should be implemented.
- (C) This Commentary .01(b) shall apply only to manual openings conducted in accordance with the Commentary to Rule 1017.

(d) Closing Rotations at Expiration—On the business day of expiration, or, in the case of an option contract expiring on a day that is not a business day, on the last trading day prior to expiration with respect to expiring stock option contracts a closing rotation in each series of expiring options shall be commenced at 4:00 p.m., or 4:15 p.m. for options on Exchange-Traded Fund Shares where the underlying Fund Shares themselves cease

trading at 4:15 p.m., or after a closing price of the stock or Exchange-Traded Fund Share in its primary market is established, whichever is later. Except as otherwise provided by an Options Exchange Official, the Specialist may determine which type of expiring options series should close first, and may alternate the close of put series and call series or may close all series of one type before closing any series of the other type, depending on current market conditions. In any instance where an Options Exchange Official, determines to conduct a closing rotation on the business day of expiration, or, in the case of an option contract expiring on a day that is not a business day, on the trading day prior to expiration in any equity option for which the underlying did not trade, or for which trading was halted as of the normal close of trading in its primary market on that day, the rotation shall commence as immediately as practicable following the time at which the option normally ceases free trading, or at any earlier time

(e) **Quarterly Rotations**—On the last day of each calendar quarter, a closing rotation for some equity option series may be commenced at 4:00 p.m. or after the closing price of the stock in its primary market is established, whichever is later. Orders will not be accepted at or after 4:00 p.m. Prior notice will be provided to the trading floor regarding which options series will be subject to a closing rotation.

- (1) In the event that trading in an underlying stock or Exchange-Traded Fund Share has not opened in the primary market for such stock or Exchange-Traded Fund Share within a reasonable time after the opening of business, or, in the event that current quotations for any underlying foreign currency are for any reason unavailable, the Specialist shall report such delay or unavailability to the Regulatory staff and the appropriate steps will be taken to determine the cause for such delay or unavailability. The opening of trading in such option shall be delayed until the underlying stock has opened or until current quotations for the underlying foreign currency become available, as the case may be, unless an Options Exchange Official, determines that the interests of a fair and orderly market are best served by opening trading in such options.
- (2) Stock or Exchange-Traded Fund Share Options Trading after 4:00 p.m. With the prior approval of an Options Exchange Official a trading rotation in any class of stock option contracts may be effected even though employment of the rotation will result in the transaction on the Exchange after 4:00 p.m., or 4:15 p.m. for options on Exchange-Traded Fund Shares where the underlying Fund Shares themselves cease trading at 4:15 p.m., provided:
 - (i) Promptly after trading in the underlying security opens or re-opens, an opening or re-opening rotation in the corresponding options class is commenced; or
 - (ii) Such rotation was initiated due to unusual market conditions pursuant to this Rule, notice of such rotation is disseminated to the trading floor and the rotation does not commence until five minutes after the notice is disseminated.
 - (iii) If prior to 4:00 p.m. a trading rotation is in progress and an Options Exchange Official determines that a final trading rotation is needed to assure a fair and orderly market, the rotation in progress shall be halted and such final rotation begun as promptly as possible after 4:00 p.m.

(f) **Index Options Trading after 4:00 P.M.:** With the prior approval of an Options Exchange Official, a trading rotation in any class of index option contracts may be effected even though employment of the rotation will result in the transaction on the Exchange after 4:00 P.M. provided, in addition to Rule 1047A such rotation was initiated due to unusual market conditions pursuant to this Rule, notice of such rotation is disseminated to the trading floor, and the rotation does not commence until five minutes after the notice is disseminated.

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Nasdaq PHLX Rules, Regulation, Section 27. Quoting Obligations and Required Transactions

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(a) *No Continuous Electronic Quoting Obligation.* A Floor Market Maker will not be obligated to quote electronically in any designated percentage of series.

(b) *Continuous Open Outcry Quoting Obligation:* In response to any request for quote by a Floor Broker, Specialist, Options Exchange Official, or other ROT (including an SQT), Floor Market Makers must provide a two-sided market complying with the quote spread parameter requirements contained in Rule 1014(c)(i) (in the case of equity options and U.S. dollar-settled FCOs). Such Floor Market Maker shall provide such quotations with a size of not less than 10 contracts.

(c) *In Classes of Option Contracts to Which Assigned—Affirmative Obligations.* With respect to classes of option contracts to which his assignment extends, a Specialist and an ROT, whenever the ROT (except an RSQT) enters the trading crowd in other than a floor brokerage capacity or is called upon by an Options Exchange Official or a Floor Broker, to make a market, are expected to engage, to a reasonable degree under the existing circumstances, in dealing for his own account when there exists, or it is reasonably anticipated that there will exist, a lack of price continuity, a temporary disparity between the supply of and demand for a particular option contract, or a temporary distortion of the price relationships between option contracts of the same class. Without limiting the foregoing, a Specialist and an ROT is expected to perform the following activities in the course of maintaining a fair and orderly market:

- (1) *Options on Equities (including Exchange-Traded Fund Shares), Index Options, and U.S. dollar-settled Foreign Currency Options.*
 - (A) *Quote Spread Parameters (Bid/Ask Differentials)—*
 - (i) Options on equities and index options bidding and/or offering so as to create differences of no more than \$.25 between the bid and the offer for each option contract for which the prevailing bid is less than \$2; no more than \$.40 where the prevailing bid is \$2 or more but less than \$5; no more than \$.50 where the prevailing bid is \$5 or more but less than \$10; no more than \$.80 where the prevailing bid is \$10 or more but less than \$20; and no more than \$1 where the prevailing bid is \$20 or more, provided that, in the case of equity options, the bid/ask differentials stated above shall not apply to in-the-money series where the market for the underlying security is wider than the differentials set forth above. For such series, the bid/ask differentials may be as wide as the spread between the national best bid and offer in the underlying security, or its decimal equivalent rounded down to the nearest minimum increment. The Exchange may establish differences other than the above for one or more series or classes of options.
 - (ii) Options on U.S. dollar-settled FCO. With respect to all U.S. dollar-settled FCO bidding and/or offering so as to create differences of no more than \$.25 between the bid and the offer for each option contract for which the prevailing bid is less than \$2.00; no more than \$.40 where the prevailing bid is \$2.00 or more but less than \$5.00; no more than \$.50 where the prevailing bid is \$5.00 or more but less than \$10.00; no more than \$.80 where the prevailing bid is \$10.00 or more but less than \$20.00; and no more than \$1.00 where the prevailing bid is \$20.00 or more. The Exchange may establish differences other than the above for one or more series or classes of options.

(d) *In Classes of Option Contracts Other Than Those Which Appointed.* With respect to classes of option contracts other than those to which his appointment extends, an ROT (other than an RSQT), whenever he

enters the trading crowd in other than a floor brokerage capacity or is called upon by an Options Exchange Official or a floor broker to make a market, shall undertake the obligations specified in paragraph (c) of this Rule. Furthermore, an ROT should not:

- (1) Effect purchases or sales on the Trading Floor of the Exchange except in a reasonable and orderly manner.

(e) Except in accordance with paragraphs (c) and (d), no ROT shall:

- (1) initiate an Exchange options transaction while on the Trading Floor for any account in which he has an interest and execute as Floor Broker an off-floor order in options on the same underlying interest during the same trading session, or
- (2) retain priority over an off-floor order while establishing or increasing a position for an account in which he has an interest while on the Trading Floor of the Exchange.

(f) A Floor Market Maker is required to trade either (a) 1,000 contracts and 300 transactions, or (b) 10,000 contracts and 100 transactions, on the Exchange each quarter. Transactions executed in the trading crowd where the contra-side is an ROT are not included.

- (1) In addition, in order for an ROT (other than an RSQT or a Remote Specialist) to receive Specialist margin treatment for off-floor orders in any calendar quarter, the ROT must execute the greater of 1,000 contracts or 80% of his total contracts that quarter in person (not through the use of orders, except that non-streaming ROTs can use orders entered in person) and 75% of his total contracts that quarter in assigned options. Transactions executed in the trading crowd where the contra-side is an ROT are not included.

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Nasdaq PHLX Rules, Regulation, Section 28. Responsibilities of Floor Brokers

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(a) *General Responsibility.* A Floor Broker handling an order is to use due diligence to cause the order to be executed at the best price or prices available to him in accordance with the Rules of the Exchange. An Options Floor Broker shall ascertain that at least one Registered Options Trader is present at the trading post prior to representing an order for execution. This paragraph (a) shall not apply to a Floor Broker in any foreign currency option if no Registered Options Trader registered in such foreign currency option is present on the Exchange's trading floor at that time.

(b) *Contingency order.* An Options Floor Broker handling a contingency order that is dependent upon the price of the underlying security shall be responsible for satisfying the dependency requirement on the basis of the last reported price of the underlying security in the primary market that is generally available on the Options Floor at any given time. Unless mutually agreed by the members involved, an execution or non-execution that results shall not be altered by the fact that such reported price is subsequently found to have been erroneous.

(c) *Combination orders at the opening or close.* A Floor Broker shall not be held responsible for the execution of a single order combining different series of options based upon transaction prices that are established at the opening or close of trading or during any trading rotation.

(d) *Orders for Registered Options Traders.* An Options Floor Broker must inform the crowd when he is representing an order for a Registered Options Trader and must comply with Options 8, Section 25 (d)(1), (h), (i) and (j).

(e)(1) *Options Floor Based Management System.* In order to create an electronic audit trail for equity, equity index and U.S. dollar-settled foreign currency options orders represented by Floor Brokers on the Exchange's Options Floor, a Floor Broker or such Floor Broker's employees shall, contemporaneously upon receipt of an order and prior to the representation of such an order in the trading crowd, record all options orders represented by such Floor Broker onto the electronic Options Floor Based Management System ("FBMS") (as described in Rule 1080(a)(i)(C)). The following specific information with respect to orders represented by a Floor Broker shall be recorded by such Floor Broker or such Floor Broker's employees: (i) the order type (i.e., customer, firm, broker-dealer, professional) and order receipt time; (ii) the option symbol; (iii) buy, sell, cross or cancel; (iv) call, put, complex (i.e., spread, straddle), or contingency order as described in Option 8, Section 32; (v) number of contracts; (vi) limit price or market order or, in the case of a multi-leg order, net debit or credit, if applicable; (vii) whether the transaction is to open or close a position; and (viii) The Options Clearing Corporation ("OCC") clearing number of the broker-dealer that submitted the order (collectively, the "required information"). A Floor Broker must enter complete alpha/numeric identification assigned by the Exchange for all orders entered on behalf of Exchange Registered Option Traders. Any additional information with respect to the order shall be inputted into the Options Floor Based Management System contemporaneously upon receipt, which may occur after the representation and execution of the order. In the event of a malfunction in the Options Floor Based Management System, Floor Brokers shall record the required information on trade tickets, and shall not represent an order for execution which has not been time stamped with the time of entry on the trading floor. Such trade tickets also shall be time stamped upon the execution of such an order. Floor Brokers or their employees shall ensure the required information that is recorded on such trade tickets is entered into the Exchange's electronic trading system by DETs for inclusion in the electronic audit trail.

(2) Pursuant to Options 8, Section 22, Floor Brokers are not permitted to execute orders in the Exchange's options trading crowd (subject to certain exceptions). In the event that Floor Brokers execute orders in the Exchange's options trading crowd pursuant to Options 8, Section 22(a)(3), Floor Brokers shall record the required information on trade tickets, and shall not represent an order for execution which has not been time stamped with the time of entry on the trading floor. Such trade tickets also shall be time stamped upon the execution of such an order. Floor Brokers or their employees shall ensure the required information that is

recorded on such trade tickets is entered into the Exchange's electronic trading system by DETs for inclusion in the electronic audit trail.

(3) Complex Calculator. The FBMS will calculate and display a suggested price of each individual component of a multi-leg order up to 15 legs submitted on a net debit or credit basis.

(4) Execution. FBMS is designed to execute two-sided orders entered by Floor Brokers, including multi-leg orders up to 15 legs, after representation in the trading crowd. When a Floor Broker submits an order for execution through FBMS, the order will be executed based on market conditions at the time of execution and in accordance with Exchange rules. FBMS execution functionality will assist the Floor Broker in clearing the Exchange book, consistent with Exchange priority rules. If the order cannot be executed, the System will attempt to execute the order a number of times for a period of no more than one second, which period shall be established by the Exchange and announced by Options Trader Alert, after which it will be returned to the Floor Broker on the FBMS. The Floor Broker may resubmit the order for execution, as long as the quotes/orders that comprise the cross have not been withdrawn. Floor Brokers are responsible for handling all FBMS orders in accordance with Exchange priority and trade-through rules, including Options 8, Sections 24 and 25 and 1084.

(5) Snapshot Feature. The Snapshot feature of FBMS may be utilized by Floor Brokers as set forth sub-paragraph (i) below.

(f) Floor Brokers or their employees shall enter the required information (as described in paragraph (e) above) for FLEX options, or ensure that such information is entered, into the Exchange's electronic audit trail in the same electronic format as the required information for equity and index options and U.S. dollar-settled foreign currency options. Floor Brokers or their employees shall enter the required information for FLEX options into the electronic audit trail on the same business day that a specific event surrounding the lifecycle of an order in FLEX options (including, without limitation, orders, price or size changes, execution or cancellation) occurs.

(g) A Floor Broker who wishes to place a limit order on the limit order book must submit such a limit order electronically through the Options Floor Based Management System.

(h) Floor Brokers must make reasonable efforts to ascertain whether each order entrusted to them is for the account of a customer or a broker-dealer. If it is ascertained that the order is for the account of a broker-dealer, the responsible Floor Broker must advise the crowd of that fact prior to bidding/offering on behalf of the order or submitting the order for execution. The Floor Broker or his employees must make the appropriate notation on the Options Floor Based Management System when it has been determined that the order is for an account of a broker/dealer.

(i) The Snapshot feature of FBMS records the market prevailing at the time the Snapshot is triggered. It records all information required to determine compliance with priority and trade-through requirements, including the following: (1) Away Best Bid and Offer; (2) the Exchange Best Bid and Offer; (3) customer orders at the top of the Exchange book; and (4) the best bid and offer of all-or-none orders.

(1) Availability.

(A) A member is permitted to trigger the Snapshot feature only at the time he or she provisionally executes a trade in the trading crowd. For purposes of this provision, provisional execution occurs when either: (1) the participants to a trade reach a verbal agreement in the trading

- crowd as to the terms of the trade; or (2) a member announces that he is crossing an order in accordance with Options 8, Section 30(a).
- (B) A member is prohibited from triggering the Snapshot feature for the purpose of obtaining favorable priority or trade-through conditions or avoiding unfavorable priority or trade-through conditions.
 - (C) A member may have only one Snapshot outstanding across all options classes and series at a given time.
 - (D) Surveillance Staff will monitor and enforce proper usage of the Snapshot feature on a post-trade basis.
- (2) Snapshot Timer. After triggering the Snapshot feature, the member will have no more than 30 seconds to submit the provisionally executed trade along with the Snapshot into the System. The Snapshot will automatically become unavailable and expire if the member fails to submit a provisionally executed trade along with the Snapshot within 30 seconds after triggering the Snapshot.
- (3) Verification. After the member submits the provisionally executed trade along with the Snapshot, the System then determines whether the terms of the provisionally executed trade submitted by the member is consistent with applicable priority and trade-through rules based on the market prevailing at the time of the Snapshot.
- (A) If the provisionally executed trade submitted with the Snapshot is consistent with the applicable priority and trade-through rules based on the market prevailing at the time of the Snapshot, the System will report the trade to the Consolidated Tape.
 - (B) If the provisionally executed trade is not consistent with the applicable priority and trade-through rules based on the market prevailing at the time of the Snapshot, the System will reject the trade.
 - (C) If an order exists on the Exchange's limit order book that has priority at the time when a member seeks to take a Snapshot, the System will not prevent the member from taking a Snapshot, but the member must clear the order on the book, re-announce and provisionally re-execute the trade, and take a new Snapshot before submitting the provisionally executed trade to the System or else the System will reject the trade upon submission.
- (4) Taking a New Snapshot
- (A) A member may take a new Snapshot and trigger a new 30-second timer provided that the member first re-announces and provisionally re-executes the trade in the crowd, as described in paragraphs (1) through (3) above, if: (i) the Snapshot expired before the member submitted a provisional execution to the Trading System; (ii) the Trading System rejected a provisional execution that is subject to a Snapshot; or (iii) the member affirmatively canceled a Snapshot or permitted it to expire in anticipation of the Trading System rejecting the provisional execution that is subject to it.

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Nasdaq PHLX Rules, Regulation, Section 29. Use of Floor Based Management System by Registered Options Traders and Specialists

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(a) *Options Floor Based Management System.* In order to create an electronic audit trail for equity, equity index and U.S. dollar-settled foreign currency options orders negotiated by Registered Options Traders and Specialists on the Exchange's Options Floor, a Registered Options Trader, a Specialist, or their respective employees shall, prior to the negotiation of such an order in the trading crowd, record all options orders negotiated by such Registered Options Trader or Specialist onto the electronic Options Floor Based Management System ("FBMS") (as described in Rule 1080, Commentary .06). The following specific information with respect to orders negotiated by a Registered Options Trader or Specialist shall be recorded by such Registered Options Trader, Specialist, or their respective employees: (i) the order type (i.e., market maker) and order receipt time; (ii) the option symbol; (iii) buy, sell, cross or cancel; (iv) call, put, complex (i.e., spread, straddle) or contingency order as described in Options 8, Section 32; (v) number of contracts; (vi) limit price or market order or, in the case of a multi-leg order, net debit or credit, if applicable; and (vii) whether the transaction is to open or close a position, as applicable (collectively, the "required information"). A Registered Options Trader or Specialist must enter complete alpha/numeric identification assigned by the Exchange for all orders entered. Any additional information with respect to the order shall be inputted into the Options Floor Based Management System contemporaneously upon receipt, which may occur after the negotiation and execution of the order. In the event of a malfunction in the Options Floor Based Management System, a Registered Options Trader or Specialist shall record the required information on trade tickets, and shall not negotiate an order for execution which has not been time stamped with the time of entry on the trading floor. Such trade tickets also shall be time stamped upon the execution of such an order. Registered Options Traders, Specialists, or their employees shall ensure the required information that is recorded on such trade tickets is entered into the Exchange's electronic trading system by DETs for inclusion in the electronic audit trail.

(b) Pursuant to Options 8, Section 22(a), Registered Options Traders and Specialists are not permitted to execute orders in the Exchange's options trading crowd (subject to certain exceptions). In the event that Registered Options Traders or Specialists execute orders in the Exchange's options trading crowd pursuant to Options 8, Section 22(a)(2), Registered Options Traders or Specialists shall record the required information on trade tickets, and shall not negotiate an order for execution which has not been time stamped with the time of entry on the trading floor. Such trade tickets also shall be time stamped upon the execution of such an order. Registered Options Traders, Specialists, or their employees shall ensure the required information that is recorded on such trade tickets is entered into the Exchange's electronic trading system by DETs for inclusion in the electronic audit trail.

(c) *Complex Calculator.* The FBMS will calculate and display a suggested price of each individual component of a multi-leg order up to 15 legs submitted on a net debit or credit basis.

(d) *Execution.* FBMS is designed to execute orders entered by Registered Options Traders or Specialists, including multi-leg orders up to 15 legs, after negotiation in the trading crowd. When a Registered Options Trader or Specialist submits an order for execution through FBMS, the order will be executed based on market conditions at the time of execution and in accordance with Exchange rules. FBMS execution functionality will assist the Registered Options trader or Specialist in clearing the Exchange book, consistent with Exchange priority rules. If the order cannot be executed, the System will attempt to execute the order a number of times for a period of no more than one second, which period shall be established by the Exchange and announced in an Options Trader Alert, after which it will be returned to the Registered Options Trader or Specialist on the FBMS. The Registered Options Trader or Specialist may resubmit the order for execution, as long as the quotes that comprise the order have not been withdrawn. Registered Options Traders and Specialists are responsible for handling all FBMS orders in accordance with Exchange priority and trade-through rules, including Rules 1014, Options 8, Section 33 and 1084.

(e) Snapshot Feature. The Snapshot feature of FBMS may be utilized by Registered Options Traders and Specialists as set forth in Rule Options 8, Section 28(i).

(f) Registered Options Traders, Specialists or their employees shall enter the required information (as described in paragraph (a) above) for FLEX options, or ensure that such information is entered, into the Exchange's electronic audit trail in the same electronic format as the required information for equity and index options and U.S. dollar-settled foreign currency options. Registered Options Traders, Specialists or their employees shall enter the required information for FLEX options into the electronic audit trail on the same business day that a specific event surrounding the lifecycle of an order in FLEX options (including, without limitation, orders, price or size changes, execution or cancellation) occurs.

(g) A Registered Options Trader or Specialist who wishes to place a limit order on the limit order book must submit such a limit order electronically through the Options Floor Based Management System.

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Nasdaq PHLX Rules, Regulation, Section 30. Reserved.

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Nasdaq PHLX Rules, Regulation, Section 31. Discretionary Transactions

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(a) No Floor Broker shall execute or cause to be executed any order or orders on this Exchange with respect to which such Floor Broker is vested with discretion as to: (i) the choice of the class of options to be bought or sold, (ii) the number of contracts to be bought or sold, or (iii) whether any such transaction shall be one of purchase or sale. However, the provisions of this Rule shall not apply to any discretionary transaction executed by a Registered Options Trader for an account in which he has an interest.

(b) No Options Floor Broker shall hold a "not held" market order to buy and a "not held" market order to sell (or orders which have the effect of such "not held" market orders to buy and to sell) the same series of options for the same account or for accounts of the same beneficial owner. Also no Floor Broker shall leg a combination order for a Registered Options Trader or accept opening or discretionary orders for a Registered Options Trader who is associated with the same member organization as such Floor Broker or who is associated with another member organization which is pursuant to Exchange Rule 793 affiliated with the same member organization as such Floor Broker. Holding or accepting such orders can be interpreted as allowing the Floor Broker discretion respecting whether to purchase or sell such options.

(c) An Options Floor Broker may not exercise any discretion with respect to the order of a ROT or the order of an options market maker registered on another exchange.

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Nasdaq PHLX Rules, Regulation, Section 32. Certain Types of Floor-Based (Non-System) Orders Defined

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

(a) *Market Order*. A market order is an order to buy or sell a stated number of option contracts and is to be executed at the best price obtainable when the order reaches the post.

(b) *Limit Order*. A limit order is an order to buy or sell a stated number of option contracts at a specified price, or better.

(c) *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.

- (1) *Stop-Limit Order*. A stop-limit order is a contingency order to buy or sell at a limited price when a trade or quote on the Exchange for a particular option contract reaches a specified price. A stop-limit order to buy becomes a limit order executable at the limit price or better when the option contract trades or is bid on the Exchange at or above the stop-limit price. A stop-limit order to sell becomes a limit order executable at the limit price or better when the option contract trades or is offered on the Exchange at or below the stop-limit price.
- (2) *Stop (stop-loss) Order*. A stop order is a contingency order to buy or sell when a trade or quote on the Exchange for a particular option contract reaches a specified price. A stop order to buy becomes a market order when the option contract trades or is bid on the Exchange at or above the stop price. A stop order to sell becomes a market order when the option contract trades or is offered on the Exchange at or below the stop price. Notwithstanding the foregoing, a stop or stop-limit order shall not be elected by a trade that is reported late or out of sequence.
- (3) *All or None Order*. An all-or-none order is a market or limit order which is to be executed in its entirety or not at all.
- (4) *Cancel-Replacement Order*. A cancel-replacement order is a contingency order consisting of two or more parts which require the immediate cancellation of a previously received order prior to the replacement of a new order with new terms and conditions. If the previously placed order is already filled partially or in its entirety the replacement order is automatically canceled or reduced by such number.
- (5) *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.

(d) *Not Held Order*. A not held order is an order marked "not held", "take time" or which bears any qualifying notation giving discretion as to the price or time at which such order is to be executed.

(e) *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:

- (1) *Spread Order*. A spread order is an order to buy a stated number of option contracts and to sell a stated number of option contracts in a different series of the same option and may be bid for or offered on a total net debit or credit basis.
- (2) *Straddle Order*. A straddle order is an order to buy a number of call option contracts and the same number of put option contracts with respect to the same underlying security (in the case of options on a stock or Exchange-Traded Fund Share) or the same underlying foreign currency (in the case of options on a foreign currency) and having the same exercise price and expiration date; or an order to sell a number of call option contracts and the same number of put option contracts with respect to the same underlying security (in the case of options on a stock or Exchange-Traded Fund Share) or the same

underlying foreign currency (in the case of options on a foreign currency) and having the same exercise price and expiration date (e.g., an order to buy two XYZ July 50 calls and to buy two XYZ July 50 puts is a straddle order). In the case of adjusted stock option contracts, a straddle order need not consist of the same number of put and call contracts if such contracts both represent the same number of shares at option.

- (3) *Combination Order.* A combination order is an order involving a number of call option contracts and the same number of put option contracts in the same underlying security and representing the same number of shares at option (if the underlying security is a stock or Exchange-Traded Fund Share) or the same number of foreign currency units (if the underlying security is a foreign currency). A combination order includes a conversion (generally, buying a put, selling a call and buying the underlying stock or Exchange-Traded Fund Share) and a reversal (generally, selling a put, buying a call and selling the underlying stock or Exchange-Traded Fund Share). In the case of adjusted option contracts, a combination order need not consist of the same number of shares at option.
- (4) *Tied Hedge Order.* A tied hedge order is an option order that is tied to a hedge transaction as defined in Options 8, Section 30(d)(3)(A), following the receipt of an option order in a class determined by the Exchange as eligible for "tied hedge" transactions.
- (5) *Synthetic Option.* A synthetic option order is an order to buy or sell a stated number of units of an underlying stock or a security convertible into the underlying stock ("convertible security") coupled with either (i) the purchase or sale of option contract(s) on the opposite side of the market representing either the same number of units of the underlying stock or convertible security or the number of units of the underlying stock or convertible security necessary to create a delta neutral position, or (ii) the purchase or sale of an equal number of put and call option contracts, each having the same exercise price, expiration date, and each representing the same number of units of stock as, and on the opposite side of the market from, the stock or convertible security portion of the order.
- (6) *Spread Type Order -* A spread type order is a multi-leg order submitted through the Floor Based Management System ("FBMS") involving the simultaneous purchase and/or sale of two or more different options series (up to 15) 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 spread type order may include as one of the legs 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.
- (7) *Complex Order.* A Complex Order is a multi-leg order that meets the definition of Complex Order in Rule 1098(a)(i).
- (8) *DNA Order.* A DNA Order is an order submitted through FBMS that meets the definition of DNA Order in Rule 1098(a)(viii).

(f) *Routing order types.* In the System, the following order types will be available and governed by Rule 1080(m): DNR (do not route), FIND and SRCH.

(g) For options on foreign currencies, a multi-spread transaction consisting of spread, straddle or combination orders may be executed. A multi-spread transaction combines any two spread type orders for the same account as defined in Options 8, Section 32(e), a permissible multi-spread transaction combines any of the following: a two-way transaction with another two-way transaction of the same spread type; a three-way transaction with another three-way transaction of the same spread type; or a two-way transaction with a three-way transaction of the same spread type. In addition, a multi-spread transaction includes the combination of a spread type order with a ratio spread type order. The ratio between the spread type order and the ratio spread type order comprising the multi-spread transaction may range from one-to-one to three-to-one, which will be determined by the Exchange.

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Nasdaq PHLX Rules, Regulation, Section 33. Accommodation Transactions

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(a) A "cabinet order" is a closing limit order at a price of \$1 per option contract for the account of a customer, firm, Specialist or ROT. An opening order is not a "cabinet order" but may in certain cases be matched with a cabinet order pursuant to subsection (a)(iii) below. Only Floor Brokers may represent cabinet orders. Cabinet trading shall be available for each series of options open for trading on the Exchange under the following terms and conditions:

- (1) Trading shall be conducted in accordance with other Exchange Rules except as otherwise provided herein or unless the context otherwise requires.
- (2) Cabinet orders may be submitted to Floor Brokers and represented by them in the designated trading crowd of the option class. Floor Brokers must use the designated cabinet transaction forms provided by the Exchange to document receipt of a cabinet order and the execution of a cabinet transaction. Options 8, Section 29(e)(i) shall not apply to cabinet orders.
- (3) (A) *Floor Broker Holds the Cabinet Order Only.* If a Floor Broker holds a cabinet order but does not hold contra-side interest, he shall follow the procedures set forth in this subsection (3)(A). In the trading crowd, and in the presence of at least one market maker and Nasdaq Market Regulation Floor Surveillance, the Floor Broker shall announce the terms of the cabinet order to the trading crowd to solicit interest to participate on the closing position. All matching cabinet orders shall be assigned priority based upon the sequence in which such orders are received by the Floor Broker. If there is no matching cabinet order, the Floor Broker may match the cabinet order with a matching opening buy or sell limit order priced at \$1 per option contract. If there is no matching cabinet order or opening order, the Floor Broker may seek matching bids or offers for accounts of Specialists and ROTs. Specialists and ROTs can only participate after all other orders have been matched.

(B) *Floor Broker Holds the Cabinet Order and also a Contra-Side Cabinet Order.* If the Floor Broker holds a cabinet order as well as contra-side cabinet order, the Floor Broker shall follow the procedures set forth in this subsection (3)(B). In the trading crowd, and in the presence of at least one market-maker and Nasdaq Market Regulation Floor Surveillance, the Floor Broker shall announce the terms of the cabinet orders to the trading crowd. The cabinet orders shall then be immediately crossed by the Floor Broker.

(C) *Floor Broker Holds Cabinet Order and a Contra-Side Opening Order.* If the Floor Broker holds a cabinet order as well as contra-side opening order, the Floor Broker shall follow the procedures set forth in this subsection (3)(C). In the trading crowd, and in the presence of at least one market-maker and Nasdaq Market Regulation Floor Surveillance, the Floor Broker shall announce the terms of the cabinet order to the trading crowd. If there is a matching cabinet order, the Floor Broker shall match the two cabinet orders. If there is no matching cabinet order, the cabinet order shall then be immediately crossed by the Floor Broker with the opening order held by the Floor Broker.
- (4) Once the cabinet order has been either crossed or matched, the Floor Broker shall submit the designated cabinet form to the Nasdaq Market Operations staff for clearance and reporting at the close of the business day.
- (5) Specialists and ROTs shall not be subject to the requirements of Options 8, Section 25 in respect of orders placed pursuant to this Rule. The provisions of Options 8 Section 24(b) and (c) and Rule 1034 shall not apply to orders placed in the cabinet. Cabinet transactions shall not be reported on the ticker.

(b) Any (i) member, or (ii) other person who is a non-member broker or dealer and who directly or indirectly controls, is controlled by, or is under common control with, a member (any such other person being referred to as an affiliated person) may effect any transaction as principal in the over-the-counter market in any class of option contracts listed on the Exchange for a premium not in excess of \$1.00 per contract.

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(c) For each transaction executed by a member or affiliated person pursuant to paragraph (b) a record of such transaction shall be maintained by the member and shall be available for inspection by the Exchange for a period of three years. Such record shall include the circumstances under which the transaction was executed in conformity with this Rule.

(d) **Limit Orders Priced Below \$1:** Limit orders with a price of at least \$0 but less than \$1 per option contract may trade under the terms and conditions in Options 8, Section 33 above in each series of option contracts open for trading on the Exchange, except that:

- (1) Bids and offers for opening transactions are only permitted to accommodate closing transactions.
- (2) These procedures are available for trading in all options classes trading on the Exchange, including options classes participating in the Penny Pilot Program.
- (3) Transactions shall be reported for clearing utilizing forms, formats and procedures established by the Exchange.

(e) Pursuant to Options 8, Section 34(h), open FLEX option positions are eligible to be closed in accordance with this Options 8, Section 33 at the minimum increments specified herein. The FLEX option cabinet order may be executed against contra-side interest which closes a FLEX option position or, to the extent permitted under Rule 1059(a)(iii), against contra-side interest which opens a FLEX option position. Sections (b) and (c) of Rule Options 8, Section 34 shall not apply to FLEX option transactions executed pursuant to Options 8, Section 34(h), and Options 8, Section 33. However, Sections (d) - (h) of Options 8, Section 34 shall apply to any FLEX option position opened pursuant to Options 8, Section 33.

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Nasdaq PHLX Rules, Regulation, Section 34. FLEX Index, Equity and Currency Options

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(a) A Requesting Member shall obtain quotes and execute trades in certain non-listed FLEX options at the post of the non-FLEX option on the Exchange. The term "FLEX option" means a FLEX option contract that is traded subject to this Rule. Although FLEX options are generally subject to the Rules in this section, to the extent that the provisions of this Rule are inconsistent with other applicable Exchange Rules, this Rule takes precedence with respect to FLEX options.

(b) Characteristics:

- (1) Underlying interest —
 - (A) any index upon which options currently trade on the Exchange. The applicable index multiplier shall be the same multiplier, in the case of U.S. dollar-denominated FLEX index options, that applies to non-FLEX index options on the same underlying index;
 - (B) any security which is options-eligible pursuant to Rule 1009; or
 - (C) any foreign currency which is options-eligible pursuant to Rule 1009 and which underlies non-FLEX U.S. dollar-settled foreign currency options that are trading on the Exchange.
- (2) Type—put, call or hedge order (as defined in Options 8, Section 32).
- (3) Exercise price—
 - (A) with respect to FLEX index options, may be specified in terms of a specific index value number, a percentage of the index value calculated as of the open or close of trading on the Exchange on the trade date, or a method for fixing such number;
 - (B) with respect to FLEX equity options, may be specified in terms of a specific dollar amount rounded to the nearest \$.10 or a percentage of the underlying security rounded to the nearest minimum increment; or
 - (C) with respect to FLEX currency options, may be specified in terms of a specific dollar amount rounded to the nearest hundredth of a dollar.
- (4) Quote format—
 - (A) in the case of FLEX index options and equity options, a bid and/or offer in the form of a decimal price (e.g. .10 or .25), pursuant to Rule 1034, a specific dollar amount, or a percentage of the underlying equivalent value, in the case of FLEX index options, or security, in the case of FLEX equity options, rounded to the nearest minimum increment; or
 - (B) in the case of FLEX currency options, in the form of dollars per unit of underlying foreign currency in the minimum increments set forth for U.S. dollar settled foreign currency options in Rule 1034(a).
- (5) Exercise style—American or European in the case of FLEX index options and FLEX equity options, and European only in the case of FLEX U. S. dollar-settled foreign currency options;
- (6) Expiration date—
 - (A) any month, business day and year within five years for FLEX index options and within three years for FLEX currency options, except that (i) a FLEX index option that expires on or within two business days prior or subsequent to a third Friday-of-the-month expiration day for a non-FLEX option (except quarterly expiring index options) or underlying currency may only have an exercise settlement value on the expiration date determined by reference to the reported level of the index as derived from the opening prices of the component securities

- ("a.m. settlement") and (ii) all FLEX currency options will expire at 11:59 p.m. eastern time on their designated expiration date; or
- (B) any month, business day and year within three years for FLEX equity options, provided, however, that a Requesting Member may request a longer term to a maximum of five years, and upon the assessment of the Regulatory staff that sufficient liquidity exists among FLEX equity participants, such request may be granted. Regulatory staff are Exchange employees responsible for, among other things, assessing that sufficient liquidity exists among FLEX equity participants requesting a term exceeding three years to a maximum of five years. The Exchange may also designate other qualified Exchange employees to assist the Regulatory staff as the need arises.
 - (C) Provided the options on an underlying security or index are otherwise eligible for FLEX trading, FLEX options shall be permitted in puts and calls that do not have the same exercise style, same expiration date and same exercise price as non-FLEX options that are already available for trading on the same underlying security or index. FLEX options shall also be permitted before the options are listed for trading as non-FLEX options. Once and if the option series are listed for trading as non-FLEX options, then (i) all existing open positions established under the FLEX trading procedures shall be fully fungible with transactions in the respective non-FLEX option series, and (ii) any further trading in the series would be as non-FLEX options subject to the non-FLEX trading procedures and Rules. However, in the event the Non-FLEX series is added intra-day, a position established under the FLEX trading procedures would be permitted to be closed using the FLEX trading procedures for the balance of the trading day on which the Non-FLEX series is added against another closing only FLEX position. For such FLEX series, the Exchange will make an announcement that the FLEX series is now restricted to closing transactions; a FLEX Request for Quotes ("RFQ") may not be disseminated for any order representing a FLEX series having the same terms as a Non-FLEX series, unless such FLEX Order is a closing order (and it is the day the Non-FLEX series has been added); and only responses that close out an existing FLEX position are permitted. Any transactions in a restricted series that occur that do not conform to these requirements will be nullified by the Exchange.
- (7) Requesting quotes—to request a quote in FLEX options, an RFQ shall be submitted pursuant to paragraph (c) of this Rule;
 - (8) Minimum size—
 - (A) **Opening**—If there is no open interest in the particular series when an RFQ is submitted, the minimum size of an RFQ is:
 - (i) One contract in the case of FLEX market index options, and one contract in the case of FLEX industry index options;
 - (ii) One contract in the case of FLEX equity options; and
 - (iii) 50 contracts in the case of FLEX currency options.
 - (B) **Opened**—If there is open interest, the minimum size of an RFQ is:
 - (i) respecting FLEX index options, \$1 million underlying equivalent value, or the remaining size on a closing transaction, whichever is less;
 - (ii) respecting FLEX equity options, the lesser of 100 contracts or the number of contracts overlying \$1 million of the underlying securities in the case of an

- opening transaction, or 25 contracts or the remaining size in the case of a closing transaction, whichever is less; or
 - (iii) respecting FLEX currency options, 25 contracts, or the remaining size on a closing transaction, whichever is less.
- (C) **Responsive**—The minimum value size for a responsive quote, other than an assigned ROT or assigned Specialist, is (includes non-assigned ROTs and a non-assigned Specialist):
- (i) respecting FLEX index options, \$1 million underlying equivalent value respecting index options, or the remaining size on a closing transaction, whichever is less. However, an assigned ROT and assigned Specialist are required to respond with at least \$10 million underlying equivalent value respecting FLEX market index options, and \$5 million underlying equivalent value respecting FLEX industry index options or Alpha Index options, or the size amount requested in the RFQ, whichever is less;
 - (ii) respecting FLEX equity options, 25 contracts, or the remaining size on a closing transaction, whichever is less. However, an assigned ROT and assigned Specialist are required to respond with at least 250 contracts, or the size amount requested in the RFQ, whichever is less; or
 - (iii) respecting FLEX currency options, 50 contracts, or the remaining size on a closing transaction, whichever is less. However, an assigned ROT and assigned Specialist are required to respond with at least 250 contracts, or the size amount requested in the RFQ, whichever is less.
- (D) "Underlying equivalent value" means the aggregate value of a FLEX index option (index multiplier times the current index value) multiplied by the number of FLEX index options.
- (9) Settlement
- (A) respecting FLEX index options, the settlement value may be specified as the index value reported at the: (i) close (P.M.-settled); (ii) opening (A.M.-settled) of trading on the Exchange, or (iii) as an average over a specified period of time, within parameters established by the Exchange. American style index options exercised prior to the expiration date can only settle based on the closing value on the exercise date. FLEX index options are settled in U.S. dollars; or
 - (B) The settlement value for FLEX options on the Australian dollar, the Euro, the British pound, the Canadian dollar, the Swiss franc, 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, and the Swedish krona shall be the Exchange Spot Price at 12:00:00 Eastern Time (noon) on expiration day, unless the Exchange determines to apply an alternative closing settlement value as a result of extraordinary circumstances. FLEX currency options are settled in U.S. dollars. FLEX currency options will cease trading at 10:15 a.m. eastern time on their designated expiration date.
- (10) Requesting Member—a member of the Exchange qualified to trade FLEX options pursuant to paragraph (d) of this Rule who initiates an RFQ for a FLEX option.
- (11) Request for Quotes—the term "Request for Quotes" means the initial request supplied by a Requesting Member to initiate FLEX bidding and offering.
- (12) Request Response Time—the term "Request Response Time" means the minimum period of time established by the Exchange, during which Exchange members participating in FLEX options may provide FLEX Quotes in response to a Request for Quotes.
- (13) FLEX Quote - the term "FLEX Quote" means (i) FLEX bids and offers entered by Specialists and Registered Options Traders and (ii) orders to purchase and orders to sell FLEX Options entered by Floor Brokers, in each case in response to a Request for Quotes.

- (14) BBO—the term "BBO" means the best bid or offer, or both, as applicable, entered in response to a Request for Quotes.
- (15) BBO Improvement Interval—the term "BBO Improvement Interval" means the minimum period of time, to be established by the Exchange, during which members may submit FLEX Quotes to meet or improve the BBO established during the Request Response Time.

(c) **Procedure for Quoting and Trading FLEX Options.** FLEX options will not be continuously quoted and series are not pre-established. The Exchange's electronic quoting and trading system will not be available for FLEX options. The variable terms of FLEX options shall be established through the process described in this Rule. All transactions must be in compliance with Section 11(a) of the Securities Exchange Act of 1934 and the rules promulgated thereunder, which may include yielding priority to customer orders.

- (1) **Requesting Quotations.** The Requesting Member may initiate a Request-for-Quote ("RFQ") by first announcing all of the following contract terms to the trading crowd of the non-FLEX option and then submitting an RFQ ticket to the post: (1) underlying index, security or foreign currency; (2) type, size, and crossing intention; (3) in the case of FLEX index options and FLEX equity options, exercise style; (4) expiration date; (5) exercise price; and (6) respecting index options, the settlement value. Thereafter, on receipt of an RFQ in proper form, the assigned Specialist or the Requesting Member shall cause the terms of the RFQ to be disseminated as an administrative text message through the Options Price Reporting Authority ("OPRA").
- (2) **Responses.** Members may enter at the FLEX post FLEX Quotes responsive to each Request for Quotes. FLEX Quotes must be entered during the Request Response Time. Each FLEX Quote shall refer to a reference indicator as the Exchange determines appropriate from time to time. All FLEX Quotes may be entered, modified or withdrawn at any point during the request response time. At the expiration of the Request Response Time, the BBO shall be identified in accordance with the price and time priority principles set forth by the Exchange.
- (3) **Formation of Contracts Following the Process of Initial Quotes.** At the expiration of the Request Response Time, the assigned Specialist, or if none, the Requesting Member shall determine the BBO and the BBO shall be displayed on such market data systems as are available. If the Requesting Member has not indicated an intention to cross or act as principal with respect to any part of the FLEX trade, the member shall promptly accept or reject the displayed BBO: provided, however, that if such a Requesting Member either rejects the BBO or is given a BBO for less than the entire size requested, all FLEX participating members other than the Requesting Member will have an opportunity during the BBO Improvement Interval in which to match, or improve, (as applicable), the BBO. At the expiration of any such BBO Improvement Interval, the Requesting Member must promptly accept or reject the BBO(s). If the Requesting Member has indicated an intention to cross or act as principal with respect to any part of the FLEX trade, acceptance of the displayed BBO shall be automatically delayed until the expiration of the BBO Improvement Interval. Prior to the BBO Improvement Interval, the Requesting Member must indicate at the post the price at which the member expects to trade. In these circumstances, the Requesting Member may participate with all other FLEX-participating members in attempting to improve or match the BBO during the BBO Improvement Interval. At expiration of the BBO Improvement Interval, the Requesting Member must promptly accept or reject the BBO(s). The Requesting Member has no obligation to accept any FLEX bid or offer. Whenever, following the completion of FLEX bidding and offering responsive to a given RFQs, the Requesting Member rejects the BBO or the BBO size exceeds the FLEX transaction size indicated in the RFQs, members may accept the entire order or the unfilled balance of the BBO.
- (4) **Priority.** The highest bid shall have priority, but where the two or more best bids are submitted at the same price, the bid(s) submitted first in time will have priority. The lowest offer shall have priority, but where the two or more best offers are submitted at the same price, the offer(s) submitted first in time will have priority.
- (5) **BBO Improvement Interval.** In the case of FLEX equity options only and notwithstanding paragraph (c)(4), whenever the Requesting Member has indicated an intention to cross or act as principal on the

trade and has matched or improved the BBO during the BBO Improvement Interval, the Requesting Member will be permitted to execute the contra side of the trade that is the subject of the RFQs, to the extent of at least 40% of the trade, provided the order is a public customer order or an order respecting the Requesting Member's firm proprietary account. Notwithstanding the foregoing, all market participants may effect crossing transactions.

- (6) **Reporting Requirements.** RFQs, responsive quotes and completed trades will be promptly reported to OPRA and disseminated as an administrative text message.
- (7) **Trading Rotations.** There will be no trading rotations in FLEX options, either at the opening or at the close of trading.
- (8) **Hours of Trading.** FLEX options trading must be effected during the hours established by the Exchange. Such hours shall be within regular Exchange trading hours (for the non-FLEX option) on each business day, except that the Exchange in its discretion may determine at any time to narrow or expand FLEX trading hours to encompass, but not exceed, the trading hours of the non-FLEX option.

(d) Who May Trade FLEX Options.

- (1) **Assigned ROTs and Assigned Specialists.** An ROT or Specialist may apply on a form prescribed by the Exchange to be assigned in FLEX options. At least two members shall be assigned to each FLEX option. Only the Specialist in the non-FLEX option may be the assigned Specialist in that FLEX option ("FLEX Specialist"). The provisions of Rule Options 8, Section 27(c) regarding market making obligations shall be applicable to assigned ROTs and assigned Specialists, such that a market must be provided in any FLEX option when requested by an Options Exchange Official.
- (2) **Financial Requirements.** An assigned ROT in FLEX index options shall be required to maintain a minimum of \$100,000 in net liquid assets. An assigned Specialist in FLEX index options shall be required to maintain a minimum of \$1,000,000 in net capital. Floor Brokers shall be required to maintain a minimum of \$50,000 in net capital to qualify to trade FLEX options. Each such assigned ROT, assigned Specialist or Floor Broker shall immediately inform the Exchange upon failure to be in compliance with such requirements. The Exchange may waive the financial requirements of this Rule in unusual circumstances.
- (3) **Letters of Guarantee.** No ROT or Specialist shall effect any FLEX option unless a Letter of Guarantee has been issued by a clearing member organization and filed with the Exchange pursuant to Rule 703 specifically accepting financial responsibility for all FLEX option transactions made by such person and such letter has not been revoked.

(e) **Position Limits.**

- (1) FLEX index options shall be subject to a separate position limit of 200,000 contracts on the same side of the market respecting market index options; 36,000, 48,000, or 60,000 contracts respecting industry index options, depending on the position limit tier determined pursuant to Rule 1001A(b)(i); the same number of contracts respecting Alpha Index options that would apply to such Alpha Index options if they were not FLEX; the same number of contracts respecting MSCI EM Index options that would apply to such MSCI EM Index options if they were not FLEX; and the same number of contracts respecting MSCI EAFE Index options that would apply to such MSCI EAFE Index options if they were not FLEX. Reduced value or mini-size FLEX index option contracts shall be aggregated with full value or full-size FLEX index option contracts and counted by the amount by which they equal a full value contract (e.g. ten (10) one tenth (1/10th) value contracts equal one (1) full value contract). Positions in P.M.-settled FLEX index options shall be aggregated with positions in quarterly expiring options listed pursuant to Rule 1101A(b)(iv) on the same underlying index, if the FLEX index option expires at the close of trading on or within two business days of the last day of trading in each calendar quarter. However, except as provided in subsection (4) of this section (d), positions in FLEX index options shall otherwise not be taken into account when calculating position limits for non-FLEX index options. There shall be no position limits for full value options on the Russell 2000® Index ("Full Value Russell 2000® Options") and for one tenth (1/10th) value options on the Russell 2000® Index ("Reduced

Value Russell 2000® Options"). There shall be no position limits for full value options on the Nasdaq 100 Index ("Full Value Nasdaq 100 Options") and for the reduced value options on the Nasdaq 100 Index ("Reduced Value Nasdaq 100 Options"). Options on the Full Value and Reduced Value Russell Indexes for the following products (collectively "Russell U.S. Indexes"): Russell 3000® Index, Russell 3000® Value Index, Russell 3000® Growth Index, Russell 2500™ Index, Russell 2500™ Value Index, Russell 2500™ Growth Index, Russell 2000® Value Index, Russell 2000® Growth Index, Russell 1000® Index, Russell 1000® Value Index, Russell 1000® Growth Index, Russell Top 200® Index, Russell Top 200® Value Index, Russell Top 200® Growth Index, Russell MidCap® Index, Russell MidCap® Value Index, Russell MidCap® Growth Index, Russell Small Cap Completeness® Index, Russell Small Cap Completeness® Value Index and Russell Small Cap Completeness® Growth Index, are subject to an aggregate position limit of 50,000 contracts on the same side of the market, provided that no more than 30,000 of such contracts are in the nearest expiration month series.

- (2) FLEX equity options shall not be subject to a separate FLEX position limit. Except as provided in subsection (4) of this section (d), positions in FLEX equity options shall not be taken into account when calculating position limits for non-FLEX equity options, or FLEX or non-FLEX index options.

However, each member or member organization (other than a Specialist or ROT) that maintains a position on the same side of the market in excess of the standard limit under Rule 1001 for non-FLEX equity options of the same class on behalf of its own account or for the account of a customer shall report information on the FLEX equity option position, positions in any related instrument, the purpose or strategy for the position and the collateral used by the account. This report shall be in the form and manner prescribed by the Exchange. In addition, whenever the Exchange determines that a higher margin requirement is necessary in light of the risks associated with a FLEX equity option position in excess of the standard limit for non-FLEX equity options of the same class, the Exchange may consider imposing additional margin upon the account maintaining such under-hedged position. Additionally, it should be noted that the clearing firm carrying the account will be subject to capital charges under SEC rule 15c3-1 to the extent of any margin deficiency resulting from the higher margin requirement.

- (3) Positions in FLEX currency options will be aggregated with positions in non-FLEX U.S. dollar-settled foreign currency option contracts for purposes of determining compliance with the position limits established by Rule 1001.
- (4) As long as the options positions remain open, positions in FLEX index options that expire on a third Friday-of-the-month shall be aggregated with positions in non-FLEX index options on the same underlying security ("comparable non-FLEX index options"), positions in FLEX equity options that expire on a third Friday-of-the-month shall be aggregated with positions in non-FLEX equity options on the same underlying security ("comparable non-FLEX equity options"), and shall be subject to the position and exercise limits set forth in this rule, and 1001, 1002, 1001A, and 1002A, as applicable.

(f) Exercise Limits. In determining compliance with Rules 1002 and 1002A, exercise limits for FLEX options shall be equivalent to position limits established in this Rule. Positions in FLEX options shall not be taken into account when calculating exercise limits for non-FLEX options, except as provided in paragraph (d) above. The minimum exercise size shall be the lesser of \$1 million underlying equivalent value for FLEX index options, and 25 contracts for FLEX equity and currency options, or the remaining size of the position.

(g) FLEX equity and currency options shall be subject to the exercise-by-exception procedure of Rule 805 of The Options Clearing Corporation.

(h) Notwithstanding Rule (c)(4) of this rule regarding FLEX Index, Equity and Currency Options minimum increments, open FLEX option positions are eligible to be closed in accordance with Options 8, Section 33, Accommodation Transactions, at the minimum increments specified therein. The FLEX option cabinet order may be executed against contraside interest to close a FLEX option position or, to the extent permitted under Rule Options 8, Section 33(a)(3)(B), against contraside interest which opens a FLEX option position. Sections (a) and (b) of this rule shall not apply to FLEX option transactions executed pursuant to this paragraph and Options 8,

Section 33. Sections (d) - (h) of this rule shall apply to any FLEX option position opened pursuant to Options 8, Section 33.

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Nasdaq PHLX Rules, Regulation, Section 35. Disputes

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(a) Disputes occurring on and relating to the Trading Floor, if not settled by agreement between the members interested, shall be settled, if practicable, by vote of the members knowing of the transaction in question; if not so settled, they shall be settled by an Options Exchange Official.

In issuing decisions for the resolution of trading disputes, an Options Exchange Official shall institute the course of action deemed to be most fair to all parties under the circumstances at the time. An Options Exchange Official may direct the execution of an order on the floor, or adjust the transaction terms or participants to an executed order on the floor. An Options Exchange Official may nullify a transaction if the Options Exchange Official determines the transaction to have been in violation of Rules 1014 (Obligations and Restrictions Applicable to Specialists and Registered Options Traders), Options 8, Section 25 (Floor Allocation) or Options 8, Section 24 (Bids and Offers-Premium). This Rule shall not apply to options transactions that are the result of an Obvious Error or Catastrophic Error (as defined in Rule 1092). Options transactions that are the result of an Obvious Error or Catastrophic Error shall be subject to the provisions and procedures set forth in Rule 1092.

(b) All rulings rendered by an Options Exchange Official are effective immediately and must be complied with promptly. Failure to promptly comply with an initial Options Exchange Official ruling may result in referral to the Phlx Regulation Department, Department of Market Regulation, or Department of Enforcement. Failure to promptly comply with other Options Exchange Official rulings issued pursuant to Order and Decorum Regulations (Rule 9216(c)) or Floor Procedure Advices (Rule 9216(b)) and not concerning a trading dispute may result in an additional violation.

(c) Review—Options Exchange Official rulings issued pursuant to Order and Decorum Regulations are reviewable pursuant to Rule 9216(c). Options Exchange Official rulings issued pursuant to Floor Procedure Advices are subject to the Rule 9000 Series. All other Options Exchange Official rulings are reviewable pursuant to paragraph (d) of this Rule.

(d) Review of Options Exchange Official Rulings (Trading Disputes)—All Options Exchange Official rulings are reviewable by the Exchange Review Council.

- (i) Regulatory staff must be advised within 15 minutes of an Options Exchange Official's ruling that a party to such ruling has determined to appeal from such ruling to the Exchange Review Council. The Exchange may establish the procedures for the submission of a request for a review of an Options Exchange Official ruling. Options Exchange Official rulings (including those concerning the nullification or adjustment of transactions) may be sustained, overturned or modified by the Exchange Review Council. The Exchange Review Council may act as a panel with a minimum of three Committee members, of which no more than 50% can be engaged in market making activity or employed by an Exchange member organization whose revenues from market making activity exceed ten percent of its total revenues.

In making a determination, the Exchange Review Council may consider facts and circumstances not available to the ruling Options Exchange Official as well as action taken by the parties in reliance on the Options Exchange Official's ruling (e.g., cover, hedge and related trading activity).

- (ii) All decisions made by the Exchange Review Council in connection with initial rulings on requests for relief and with the review of an Options Exchange Official ruling pursuant to this paragraph (d) shall be documented in writing and maintained by the Exchange in accordance with the record keeping requirements set forth in the Securities Exchange Act of 1934, as amended, and the rules thereunder.
- (iii) A member or member organization seeking review of an Options Exchange Official ruling shall be assessed a fee of \$250.00 for each Options Exchange Official ruling to be reviewed that is sustained and not overturned or modified by the Exchange Review Council. In addition, in instances where the

Exchange, on behalf of a member or member organization, requests a review by another options exchange, the Exchange will pass any resulting charges through to the relevant member organization.

- (iv) Decisions of the Exchange Review Council shall be final and may not be appealed to the Exchange's Board of Directors.
- (v) All decisions of the Exchange Review Council are effective immediately and must be complied with promptly. Failure to promptly comply with a decision of the Exchange Review Council may result in referral to the Phlx Regulation Department, Department of Market Regulation or Department of Enforcement.

(e) Exchange staff may determine that an Options Exchange Official is ineligible to participate in a particular ruling where it appears that such Options Exchange Official has a conflict of interest. For purposes of this Rule, and without limitation, a conflict of interest exists where an Options Exchange Official: (a) is directly or indirectly affiliated with a party seeking an Options Exchange Official ruling; (b) is a participant or is directly or indirectly affiliated with a participant in a transaction that is the subject of a Option Exchange Official ruling; (c) is a debtor or creditor of a party seeking an Options Exchange Official ruling; or (d) is an immediate family member of a party seeking an Options Exchange Official ruling. Exchange staff may consider other circumstances, on a case-by-case basis, in determining the eligibility or ineligibility of a particular Options Exchange Official to participate in a particular ruling due to a conflict of interest.

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Nasdaq PHLX Rules, Regulation, Section 36. Resolution Of Uncompared Trade

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(a) When a disagreement between members or member organizations arising from an uncompared Exchange options transaction cannot be resolved by mutual agreement prior to 10:00 a.m. on the first business day following the trade date (in the case of options on stocks or Exchange-Traded Fund Shares) or prior to 8:30 a.m. on the first business day following the trade date (in the case of options on foreign currencies), the parties shall promptly, but not later than 3:30 p.m. on such day (in the case of options on stocks or Exchange-Traded Fund Shares) or 2:00 p.m. on such day (in the case of options on foreign currencies (unless otherwise excused by the Exchange) close out the transaction in the following manner. The member or member organization representing the purchaser in the uncompared Exchange options transaction shall promptly enter into a new Exchange options transaction on the Floor of the Exchange to purchase the option contract that was the subject of the uncompared Exchange options transaction. The member or member organization representing the writer in the uncompared Exchange options transaction shall promptly enter into a new Exchange options transaction on the Floor of the Exchange to sell (write) the option contract that was the subject of the uncompared Exchange options transaction. Any claims for damages resulting from such transactions must be made promptly for the accounts of the members or member organizations involved and not for the accounts of their respective customers. Notwithstanding the foregoing, if either member or member organization is acting for a firm account in an uncompared Exchange options transaction and not for the account of a customer, such member organization need not enter into a new transaction, in which event money differences will be based solely on the closing transaction of the other party to the uncompared transaction.

(b) In the event an uncompared transaction involves an option contract of a series in which trading has been terminated or suspended before a new Exchange options transaction can be effected to establish the amount of any loss, the member or member organization not at fault may claim damages against the other member or member organization involved in the transaction based on the terms of such transaction. All such claims for damages shall be made promptly.

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Nasdaq PHLX Rules, Regulation, Section 37. Letters of Authorization

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(a) *Required of each Options Floor Broker.* No Options Floor Broker shall act as such on the Exchange unless there is in effect and filed with the Exchange a Letter of Authorization that has been issued for such Options Floor Broker by a Clearing Member.

(b) *Terms of Letter of Authorization.* A Letter of Authorization shall provide that the issuing Clearing Member shall be responsible for the clearance of the Exchange transactions of the Options Floor Broker when the name of such Clearing Member is given up.

(c) *Revocation of Letter of Authorization.* A Letter of Authorization shall remain in effect until a written notice of revocation has been filed with the Exchange. If such written notice has not been filed for at least one hour prior to the opening of trading on a particular business day, such revocation shall not become effective until the close of trading on such day.

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Nasdaq PHLX Rules, Regulation, Section 38. Communications and Equipment

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(a) No member or member organization shall establish or maintain any private wire connection, private radio, television or wireless system, between the Exchange Trading Floor and a nonmember without application to and approval by the Exchange.

Every such means of communication shall be registered with the Exchange. Notice of the discontinuance of any such means of communication shall be promptly given to the Exchange.

(b)(1) No member, member organization or person associated with a member organization shall establish or maintain any telephonic communication between the Options Floor and any other location, or between locations on the Options Floor, without the prior written approval of the Exchange.

(2) No member, member organization or person associated with a member organization shall:

- (A) establish or maintain any telephonic, electronic or wireless transmitting system or device, including related antennas, on the Options Floor or
- (B) operate any other equipment on the Options Floor that creates radio frequency (RF) or other interference with the systems of the Exchange or other members.

(c) The Exchange may remove any telephonic, electronic or wireless equipment that has not received written approval under subsection (b)(1) from any Exchange facility.

(d) The Exchange may remove any telephonic, electronic or wireless equipment that violates subsection (b)(2) from any Exchange facility.

(1) The Exchange may deny, limit or revoke the use of any communication device whenever it determines that use of such communication device: (1) interferes with normal operation of the Exchange's own systems or facilities or with the Exchange's regulatory duties, (2) is inconsistent with the public interest, the protection of investors or just and equitable principles of trade, or (3) interferes with the obligations of a member or member organization to fulfill its duties under, or is used to facilitate any violation of, the Securities Exchange Act or rules thereunder, or Exchange rules.

(2)

(e)(1) *Registration.* Members and member organizations must register, prior to use, any new telephone to be used on the Options Floor. Each phone registered with the Exchange must be registered by category of user. If there is a change in the category of any user, the member or member organization must immediately inform the Exchange in writing on the same day as when the change occurs. At the time of registration, members and member organization representatives must sign a statement that they are aware of and understand the rules and procedures governing the use of telephones on the Options Floor.

(2) *Capacity and Functionality.* No person on the Options Floor may use any device for the purpose of maintaining an open line of continuous communication whereby a person not located in the trading crowd may continuously monitor the activities in the trading crowd. This prohibition covers, but is not limited to, intercoms, walkie-talkies and any similar devices, and open mic and web-based communication applications. Speed-dialing features are permitted on any member telephone.

(3) *Specialists and Registered Options Traders.*

(A) Specialists and Registered Options Traders ("ROTs") may use their own cellular and cordless phones to place calls to any person at any location (whether on or off the Options Floor).

(B) ROTs located off the Options Floor may not place an order by calling a Floor Broker who is present in a trading crowd. ROTs located off the Options Floor may not otherwise place an

order by calling the Specialist phone in the trading crowd. Any telephonic order entered from off the Options Floor must be placed with a person located in a member organization booth.

(4) *Floor Brokers.*

(A) Floor Brokers may use cellular and cordless telephones, but only to communicate with persons located on the Options Floor. These telephones may not use a call forwarding or open mic feature on the Options Floor; if a call forwarding or open mic feature is available on the phone then such feature must be disengaged at all times when the phone is on the Options Floor. Headsets are permitted for Floor Brokers, but if the Exchange determines that a Floor Broker is maintaining a continuous open line through the use of a headset, the Floor Broker will be prohibited from future use of any headset for a length of time to be determined by the Exchange.

(B) All orders phoned to Floor Brokers must be received initially at the Floor Broker's booth. Floor Brokers may not receive telephonic orders while in the trading crowd except from their booth. Any telephonic order entered from off the Options Floor must be placed with a person located in a member organization booth.

(5) *Clerks.*

(A) Floor Broker clerks are subject to the same terms and conditions on telephone use as Floor Brokers.

(B) The Exchange reserves the right to prohibit clerks from using cellular or cordless phones on the floor at any time that it is necessary due to electronic interference problems or capacity problems resulting from the number of such phones then in use on the Options Floor.

(6) *Telephone Records.* Members must maintain logs of calls and chats, including their cellular or cordless telephone records and logs of calls placed, for a period of not less than three years, the first two years in an easily accessible place. The Exchange reserves the right to inspect and/or examine such telephone records.

(7) *Exchange Liability.* The Exchange assumes no liability to members or member organizations due to conflicts between telephones in use on the Options Floor or due to electronic interference problems resulting from the use of telephones on the trading floor.

(f) The Exchange has established a Wireless Telephone System policy. Violations of the Wireless Telephone System policy may result in disciplinary action by the Exchange.

(g) This Rule and any relevant Exchange policy are intended to apply to all communication and other electronic devices on the floor of the Exchange, including, but not limited to, wireless, wired, tethered, voice, and data.

Adopted: April 16, 2019 (19-17).

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Nasdaq PHLX Rules, Regulation, Section 39. Option Minor Rule Violations and Order and Decorum Regulations

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A. SPECIALISTS

A-1 Options Floor Based Management System

Options Floor Based Management System. In order to create an electronic audit trail for options orders negotiated by Specialists on the Exchange's Options Floor, a Specialist or such Specialist's employees shall, prior to the negotiation of such an order in the trading crowd, record all options orders negotiated by such Specialist onto the electronic Options Floor Based Management System as described in Options 8, Section 28(e) (1). The following specific information with respect to orders negotiated by a Specialist shall be recorded by such Specialist or such Specialist's employees: (i) the order type (i.e., market maker) and order receipt time; (ii) the option symbol; (iii) buy, sell, cross or cancel; (iv) call, put, complex (i.e., spread, straddle) or contingency order as described in Options 8, Section 32; (v) number of contracts; (vi) limit price or market order or, in the case of a multi-leg order, net debit or credit, if applicable; and (vii) whether the transaction is to open or close a position, as applicable (collectively, the "required information"). A Specialist must enter complete alpha/numeric identification assigned by the Exchange for all orders entered. Any additional information with respect to the order shall be inputted into the Options Floor Based Management System contemporaneously upon receipt, which may occur after the negotiation and execution of the order.

Pursuant to Options 8, Section 22(a) Specialists are not permitted to execute orders in the Exchange's options trading crowd (subject to certain exceptions). In the event that Specialists execute orders in the Exchange's options trading crowd pursuant to Options 8, Section 22(a)(2) (other than for the use of Snapshot, as set forth in Options 8, Section 22(a)(2)(E)), Specialists shall record the required information on trade tickets, and shall not negotiate an order for execution which has not been time stamped with the time of entry on the trading floor. Such trade tickets also shall be time stamped upon the execution of such an order. Specialists or their employees shall ensure the required information that is recorded on such trade tickets is entered into the Exchange's electronic trading system by DETs for inclusion in the electronic audit trail.

Specialists or their employees shall enter the required information (as described above) for FLEX options, or ensure that such information is entered, into the Exchange's electronic audit trail in the same electronic format as the required information for equity, equity index and U.S. dollar-settled foreign currency options. Specialists or their employees shall enter the required information for FLEX options into the electronic audit trail on the same business day that a specific event surrounding the lifecycle of an order in FLEX options (including, without limitation, orders, price or size changes, execution or cancellation) occurs.

FBMS is designed to execute orders entered by Specialists, including multi-leg orders up to 15 legs, after negotiation in the trading crowd. When a Specialist submits an order for execution through FBMS, the order will be executed based on market conditions at the time of execution and in accordance with Exchange rules. FBMS execution functionality will assist the Specialist in clearing the Exchange book, consistent with Exchange priority rules. If the order cannot be executed, the System will attempt to execute the order a number of times for a period of no more than one second, which period shall be established by the Exchange and announced by Options Trader Alert, after which it will be returned to the Specialist on the FBMS. The Specialist may resubmit the order for execution, as long as the quotes that comprise the order have not been withdrawn. Specialists are responsible for handling all FBMS orders in accordance with Exchange priority and trade-through rules, including Rules 1014 and 1084 and Options 8, Section 24.

A Specialist is prohibited from triggering the Snapshot feature for the purpose of obtaining favorable priority or trade-through conditions or avoiding unfavorable priority or trade-through conditions.

FINE SCHEDULE (Implemented on a two-year running calendar basis)

1st Occurrence \$500.00

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2nd Occurrence	\$1,000.00
3rd Occurrence	\$2,000.00
4th Occurrence and Thereafter	Sanction is discretionary with Phlx Regulation Department, Department of Market Regulation, or Department of Enforcement

A-2 Requesting Market Quotations

A Specialist may request an ROT in the crowd to state his current bid and offer (including size) for any series of options traded at the post. A Specialist may request that staff or an Options Exchange Official call for additional ROTs to enter the trading crowd.

FINE SCHEDULE

Fine not applicable

A-3 All-or-None Option Orders

An all-or-none option order is a limit order which is to be executed in its entirety, or not at all. Unlike a fill-or-kill order, an all-or-none order is not cancelled if it is not executed as soon as it is represented in the trading crowd. An all-or-none order has no standing respecting executions in the crowd except with respect to other all-or-none orders.

When represented in the crowd, all-or-none orders are not included as part of the bid or offer.

When entered electronically pursuant to Rule 1080 or into Options Floor Based Management System pursuant to Options 8, Sections 28 and 29, an all-or-none order has standing and is eligible for execution in time priority with all other customer orders and all-or-none professional orders (as specified in Rule 1000(b)(14)) at that price if the all-or-none contingency can be met.

FINE SCHEDULE

Fine not applicable

B. REGISTERED OPTIONS TRADERS

B-1 Responsibility to Make Markets

An ROT shall not refuse a request by a Floor Broker, Specialist, or Options Exchange Official to make a two sided market for any option series trading in the same crowd at which such ROT is trading.

FINE SCHEDULE (Implemented on a three-year running calendar basis)

1st Occurrence	\$500.00
2nd Occurrence	\$1,000.00
3rd Occurrence	\$2,000.00
4th Occurrence and Thereafter	Sanction is discretionary with Phlx Regulation Department, Department of Market Regulation, or Department of Enforcement

B-2 Crowd Courtesy

An ROT shall position himself in the trading crowd so as to permit easy access to the time clock located at the Specialist post.

FINE SCHEDULE (Implemented on a two-year running calendar basis)

1st Occurrence	\$250.00
2nd Occurrence	\$500.00
3rd Occurrence	\$1,000.00
4th Occurrence and Thereafter	Sanction is discretionary with Phlx Regulation Department, Department of Market Regulation, or Department of Enforcement

B-3 Trading Requirements

(a) An ROT (other than an RSQT or a Remote Specialist) is required to trade in person, and not through the use of orders (except that non-streaming ROTs can use orders entered in person), the greater of 1,000 contracts

or 50% of his contract volume on the Exchange each quarter. Also, at least 50% of an ROT's trading activity in each quarter must be in assigned options. No application by an ROT to change options assignments will be approved unless such ROT is in compliance with the above requirements at the time the application for change is made.

FINE SCHEDULE (Implemented on a two-year running calendar basis)

(a)

1. Quarterly requirement to trade the greater of 1,000 contracts or 50% of contract volume in person

1st Occurrence	\$250.00
2nd Occurrence	\$500.00
3rd Occurrence	\$1,000.00
4th Occurrence and Thereafter	Sanction is discretionary with Phlx Regulation Department, Department of Market Regulation, or Department of Enforcement

2. Quarterly requirement to trade 50% in assigned options

1st Occurrence	\$250.00
2nd Occurrence	\$500.00
3rd Occurrence	\$1,000.00
4th Occurrence and Thereafter	Sanction is discretionary with Phlx Regulation Department, Department of Market Regulation, or Department of Enforcement

(b) For any calendar quarter, in addition to the requirements of paragraph (a) above, in order for an ROT (other than an RSQT or a Remote Specialist) to receive Specialist margin treatment for off-floor orders in accordance with Options 8, Section 27(f), the ROT must execute the greater of 1,000 contracts or 80% of his total contracts that quarter in person (not through the use of orders except that non-streaming ROTs can use orders entered in person) and 75% of his total contracts that quarter in assigned options. Violations of this trading requirement are subject to Phlx Regulation Department, Department of Market Regulation, or Department of Enforcement review.

B-4 ROTs Entering Orders from On-Floor and Off-Floor for Execution on the Exchange

An ROT may not enter from off the floor opening orders for his market maker accounts, but may enter from off the floor or on the floor opening orders for his customer account. An ROT may enter from off the floor closing orders for either his market maker or customer account.

However, an ROT who has executed the greater of 1,000 contracts or 80% of his total contracts in a calendar quarter in person and 75% of his total contracts that quarter in assigned options may enter an opening transaction from off the floor for his market maker account if such transaction is for the purpose of hedging, reducing risk of, or rebalancing positions of the ROT. The off-floor orders for which an ROT receives Specialist margin treatment shall be subject to the obligations of Rule 1014(a) and an ROT is responsible for evidencing reliance of these provisions. Violations of this paragraph are subject to Phlx Regulation Department, Department of Market Regulation, or Department of Enforcement review.

An ROT who enters an order from off the floor must advise the person receiving the order that it is an order for an ROT and must state whether the order is opening or closing, for a customer or market maker account, or opening from off-floor pursuant to the previous paragraph.

While on the floor, an ROT may place opening orders for his market maker account with a Floor Broker or with a Specialist which may then be executed even if the ROT has left the floor prior to its execution.

An ROT may cancel from off the floor opening or closing orders for his market maker or customer accounts; but if he wishes to effect a change in the terms of an opening order (e.g., security, price, volume, series, class or contingencies) from off the floor such changed order must be executed in his customer account, except in accordance with the second paragraph of this Advice.

An ROT shall not give discretion to a Floor Broker and shall not give a Floor Broker "not held" orders. With respect to delta orders placed with a Floor Broker for the account of an ROT, such orders may only be placed as

day orders and must have the applicable delta legibly recorded on both the broker's floor ticket and the ROT's record of the order.

FINE SCHEDULE (Implemented on a three-year running calendar basis)

1st Occurrence	\$500.00
2nd Occurrence	\$1,000.00
3rd Occurrence	\$2,000.00
4th Occurrence and Thereafter	Sanction is discretionary with Phlx Regulation Department, Department of Market Regulation, or Department of Enforcement

B-5 Agency-Principal Restrictions

Except under extraordinary circumstances and with the prior approval of an Options Exchange Official, a member may not act as an ROT and as a Floor Broker during the same trading session in options on the same underlying security. A member has acted as a Floor Broker if he has accepted an order even though such order was not executed. However, an ROT may close out positions held in his customer account in options on the same underlying security while he is acting as an ROT in those options.

FINE SCHEDULE (Implemented on a two-year running calendar basis)

1st Occurrence	\$500.00
2nd Occurrence	\$1,000.00
3rd Occurrence	\$2,000.00
4th Occurrence and Thereafter	Sanction is discretionary with Phlx Regulation Department, Department of Market Regulation, or Department of Enforcement

B-6 Priority of Options Orders for Equity Options, Index Options and U.S. Dollar-Settled Foreign Currency Options by Account Type (EQUITY OPTION, INDEX OPTION AND U.S. DOLLAR-SETTLED FOREIGN CURRENCY OPTION ONLY)

Section A

Exchange Rules 119 and 120 direct members in the establishment of priority of orders on the floor. An account type is either a controlled account or a customer account. A controlled account includes any account controlled by or under common control with a broker-dealer. Customer accounts are all other accounts. Equity option, index option and U.S. dollar-settled foreign currency option orders of controlled accounts are required to yield priority to customer orders when competing at the same price, as described below. Orders of controlled accounts are not required to yield priority to other controlled account orders, except as provided in sub-paragraph (ii) below.

For the purposes of this Advice, "Initiating Order" means an incoming contra-side order.

- (i) Respecting transactions that are executed and allocated in open outcry by a participant other than the Specialist, "Remainder of the Order" means the portion of an Initiating Order that remains following the allocation of contracts to customers that are on parity in accordance with this Advice. The Remainder of the Order shall be allocated pursuant to this Advice.
- (ii) An Initiating Order executed manually by the Specialist shall be allocated as follows: first, to customer orders, and next to off-floor broker-dealer limit orders (as defined in Rule 1080(b)(i)(C)) resting on the limit order book. This provision shall not apply to electronically executed contracts, the allocation of which is described in Section F of this Advice. "Remainder of the Order" means the portion of an Initiating Order that remains following the allocation of contracts to customers and to off-floor broker-dealers in accordance with this sub-paragraph (ii).

Section B

Orders of controlled accounts, other than ROTs and Specialists market making in-person, must be

- (1) verbally communicated as for a controlled account when placed on the floor and when represented to the trading crowd and

- (2) recorded as for a controlled account by making the appropriate notation in the Options Floor Based Management System.

In any instance where an order is misrepresented in this fashion due to factors which give rise to the concern that it was the result of anything other than an inadvertent error, the Exchange may determine to bypass the fine schedule below and refer the incident to the Phlx Regulation Department, Department of Market Regulation, or Department of Enforcement for possible disciplinary proceedings in accordance with those procedures set forth under the Rule 8000 and 9000 Series.

Section C

The Enhanced Specialist Participation is a percentage of the Remainder of the Order to which the Specialist is entitled.

Enhanced Specialist Participation - In equity option, index option and U.S. dollar-settled foreign currency option classes, when the registered Specialist is on parity with a controlled account, as defined above, in accordance with Exchange Rules 119 and 120 and the number of contracts to be bought or sold is greater than five, the Specialist is entitled to receive an enhanced participation of 30% of the Remainder of the Order ("Enhanced Specialist Participation"), except in the following circumstances:

- (1) where there is one controlled account on parity, in which case the Specialist is entitled to receive 60% of the Remainder of the Order; or
- (2) where there are two controlled accounts on parity, in which case the Specialist is entitled to receive 40% of the Remainder of the Order.

Section D

Reserved.

Section E

Allocation of the Remainder of the Order Among Specialist and ROTs on Parity. After the application of this Advice to an Initiating Order, the Remainder of the Order shall be allocated by the Allocating Participant (as defined in Options 8, Section 25(c)(4)) as follows:

- (A) *Entitlement.* ROTs and Specialists on parity are entitled to their Defined Participation (as described below), subject to: (1) any Waiver, as described below; and (2) rounding, as described below.
- (B) *Size.* The term "stated size" in respect of an order or electronic quotation shall mean:
 - (1) in the case of orders handled manually by the Specialist:
 - (a) (a) (i) if a crowd participant (including the Specialist) has actually stated a size ("Actual Size"), such crowd participant's stated size shall be his or her Actual Size;
(ii) if the Specialist, an SQT or RSQT is disseminating an electronic quotation at the Exchange's disseminated price in a particular series at the time of the execution of an Initiating Order in such series, such Specialist, SQT or RSQT's disseminated size at the Exchange's disseminated price shall be his or her Actual Size, and such Specialist, SQT and/or RSQT shall be deemed a "crowd participant" for purposes of this Advice;
 - (b) unless the Specialist has an Actual Size, the stated size of the Specialist shall be the amount (if any) by which the disseminated size exceeds the sum of (x) the aggregate size of limit orders included in the disseminated size and (y) the aggregate sizes of all ROTs who have Actual Sizes;
 - (c) the stated size of an ROT who does not have an Actual Size is zero.
 - (2) in the case of floor brokered orders, each crowd participant's stated size shall be his or her Actual Size.

(C) *Defined Participation.* Defined Participation is the portion of the Remainder of the Order to which a crowd participant is entitled. Defined Participation is determined as follows:

- (1) in the case of a Specialist entitled to an Enhanced Specialist Participation, the Enhanced Specialist Participation, up to the Specialist's stated size, as set forth in C of this Advice, as applicable. The Specialist may decline to receive the Enhanced Specialist Participation, in which case the Specialist shall be entitled to participate as one crowd participant, up to the Specialist's stated size.
- (2) except as provided in (1) above, the Defined Participation of the Specialist and ROTs on parity is determined as follows:
 - (a) where all participants have equal stated sizes, their Defined Participations shall be equal;
 - (b) where participants have unequal stated sizes, the Defined Participations shall equal their Base Participations (as defined below) plus their Supplemental Participations (as defined below):
 - (i) the "Base Participations" of all of the participants shall equal the stated size of the smallest participant; to the extent that there remains any excess to be allocated after all participants have been allocated their Base Participations, the smallest participant shall have no Supplemental Participation, and the other participants shall have "Supplemental Participations" as determined under (ii) and (iii) below;
 - (ii) if the remaining stated sizes (i.e., after taking into account Base Participations) of all participants having Supplemental Participations is equal, then their Supplemental Participations shall be equal; otherwise the initial Supplemental Participations of such participants shall equal the remaining stated size of the smallest such participant; to the extent that there remains any excess to be allocated after all participants have been allocated their initial Supplemental Participations, the smallest participant shall have no further Supplemental Participation, and the other participants shall have further "Supplemental Participations" as determined under (iii) below; and
 - (iii) if the remaining stated sizes (i.e., after taking into account Base Participations and prior Supplemental Participations) of all participants having further Supplemental Participations is equal, then their further Supplemental Participations shall be equal; otherwise the next Supplemental Participations of such participants shall equal the remaining stated size of the smallest such participant; to the extent that there remains any excess to be allocated after all participants have been allocated the next Supplemental Participations, the smallest participant shall have no further Supplemental Participation, and the other participants shall have successive further Supplemental Participations determined in the same manner as provided in this clause (iii).

The process described in clause (iii) shall be followed to determine successive further Supplemental Participations until the sum of the Defined Participations equals the amount of the Remainder of the Order.
 - (iv) (a) If the sum of the Base Participations pursuant to sub-paragraph (i) above exceeds the number of contracts remaining to be allocated, such

contracts shall be divided equally among crowd participants who are entitled to receive Base Participations, subject to rounding.

(b) If the sum of the Supplemental Participations pursuant to sub-paragraph (ii) above exceeds the number of contracts remaining to be allocated, such contracts shall be divided equally among crowd participants who are entitled to receive Supplemental Participations, subject to rounding.

(c) If the sum of the further Supplemental Participations pursuant to sub-paragraph (iii) above exceeds the number of contracts remaining to be allocated, such contracts shall be divided equally among crowd participants who are entitled to receive further Supplemental Participations, subject to rounding.

- (3) Participation in additional contracts in excess of the Exchange's disseminated size among willing crowd participants shall be allocated under the applicable provisions of this Advice. Notwithstanding the limitation set forth in sub-paragraph (C)(1) that limits the Specialist's entitlement to his/her stated size, for all contracts executed in excess of the disseminated size, the Specialist shall be entitled to receive the Enhanced Specialist Participation as set forth in Section C of this Advice, as applicable, but not to exceed the Specialist's Actual Size (if the Specialist has an Actual Size) in such excess contracts.

(D) *Waiver.* (1) Any ROT (other than an RSQT) or Specialist may, in his or her sole discretion, offer to waive, in whole or in part, any part of a trade to which they were entitled to be allocated (an "Offer to Waive").

(a) Any Offer to Waive shall be made by stating it in a loud and audible voice to the other members of the trading crowd and the Allocating Participant.

(b) If the Allocating Participant has determined that the other crowd participant(s) then on parity is willing to take the number of contracts that are subject to the Offer to Waive, the Allocating Participant may (but shall not be required to), accept such Offer to Waive by (i) allocating the Remainder of the Order in accordance with this Advice, taking into account the Offer to Waive; or (ii) otherwise indicating, following the execution of the Remainder of the Order, that such Offer to Waive will be accepted (in which case, it shall be referred to as a "Waiver"). No Offer to Waive shall be an effective Waiver until the Allocating Participant has allocated the order or otherwise indicated that it is accepted.

(c) (i) In the case of an option which is not subject to an Enhanced Specialist Participation, as set forth in Section C of this Advice, if the Specialist or an ROT effects a Waiver in the manner provided above, the number of contracts to which such Specialist or ROT is entitled under this Advice shall be reduced by the number of contracts waived, and the entitlements of the other participants on parity shall be determined by redistributing the waived number of contracts to willing participants (including the Specialist) in accordance with this Advice.

(ii) In the case of an option which is subject to an Enhanced Specialist Participation, as set forth in Section C of this Advice, and one or more ROTs effect Waivers of their entire entitlements ("Total Waivers"), the number of ROTs with whom the Specialist is deemed to be on parity for purposes of determining the Enhanced Specialist Participation shall be reduced by the number of ROTs effecting Total Waivers and the following additional Rules shall apply:

- (A) in the event that one or more ROTs on parity with the Specialist effect a Total Waiver of their respective entitlements such that the Specialist is on parity with three or more ROTs, the number of contracts to be allocated to each crowd participant shall be determined as provided in sub-paragraph (c)(i) above, provided that the maximum number of contracts to be allocated to the Specialist shall be

that which the Specialist would be entitled to receive under this Advice, as if the Specialist had been on parity with three ROTs.

- (B) in the event that one or more ROTs on parity with the Specialist effect a Total Waiver of their respective entitlements such that the Specialist is on parity with two ROTs, the number of contracts to be allocated to each crowd participant shall be determined as provided in sub-paragraph (c)(i) above, provided that the maximum number of contracts to be allocated to the Specialist shall be that which the Specialist would be entitled to receive under this Advice as if the Specialist had been on parity with two ROTs.
- (C) In the event that one or more ROTs on parity with the Specialist effect a Total Waiver of their respective entitlements such that the Specialist is on parity with one ROT, the number of contracts to be allocated to each crowd participant shall be determined as provided in sub-paragraph (c)(i) above, provided that the maximum number of contracts to be allocated to the Specialist shall be that which the Specialist would be entitled to receive under this Advice as if the Specialist had been on parity with one ROT. In no event shall any non-waiving ROT be required to participate in fewer contracts than he/she would have received absent the Waiver(s).

(iii) Partial Waiver. In the case of an option which is subject to an Enhanced Specialist Participation, in the event that one or more ROTs effect a Waiver of a portion of their respective entitlements, but not a Total Waiver, in the manner provided above (a "Partial Waiver"), the number of contracts to be allocated to each crowd participant shall be determined as provided in sub-paragraph (c)(i) above, provided that the Specialist shall not be entitled to receive a number of contracts that is greater than 40% of the Remainder of the Order except in the situation referred to in the following sentence, unless all remaining crowd participants on parity have waived their entitlements or have been satisfied. In the case of the Specialist being on parity with only one ROT, the Specialist shall not be entitled to receive a number of contracts that is greater than 60% of the Remainder of the Order unless all remaining crowd participants on parity have waived their entitlements or have been satisfied.

In no event shall any non-waiving ROT be required to participate in fewer contracts than he/she would have received absent the Partial Waiver(s).

(iv) In no event shall two or more crowd participants enter into any agreement regarding the number of contracts to be waived by any crowd participant (i.e., subject to the provisions of sub-paragraph (D)(1)(b) above, any decision by a crowd participant to waive all or a portion of such crowd participant's entitlement must be an individual decision, and not the subject of an agreement among crowd participants).

- (E) Rounding. In situations where the allocation of contracts pursuant to this Rule result in fractional amounts of contracts to be allocated to crowd participants, the number of contracts to be allocated shall be rounded in a fair and equitable manner.
 - (F) Just and Equitable Principles of Trade. (1) It shall be considered conduct inconsistent with just and equitable principles of trade for a member:
 - (a) to allocate initiating orders other than in accordance with this Advice;
 - (b) to enter into any agreement with another member concerning allocation of trades; or (c) to harass, intimidate or coerce any member to enter into any Waiver, or to make or refrain from making any complaint or appeal.
- (2) A pattern or practice of waiving all or a portion of a crowd participant's entitlement, with the result that such crowd participant receives no allocation or a lesser allocation than he or she would otherwise have been entitled to, may be considered conduct inconsistent with just and equitable principles of trade.

- (G) Notwithstanding the first sentence of this Advice, neither Rule 119(b) and (c) concerning precedence based on the size of bids on parity, nor Rule 120 (insofar as it incorporates those provisions by reference) shall apply to the allocation of orders covered by this Advice.

Section F

Allocation of Automatically Executed Trades. After public customer market and marketable limit orders have been executed, trades automatically executed in such options shall be allocated among the Specialist and crowd participants with orders or quotations at the Exchange's disseminated price in the following manner:

- (i) If the Specialist or any crowd participant is quoting alone at the disseminated price and their quote is not matched by another market participant prior to execution, such Specialist or crowd participant shall be entitled to receive a number of contracts up to the size associated with his/her quotation.
- (ii) *Parity.* Quotations entered electronically by the Specialist or an SQT that do not cause an order resting on the limit order book to become due for execution may be matched at any time by quotations entered electronically by the Specialist and/or other SQTs, and by ROT limit orders entered and shall be deemed to be on parity, subject to the requirement that orders of controlled accounts must yield priority to customer orders as set forth in Options 8, Section 25(c)(1)(A).
 - (A) if the Specialist is quoting at the Exchange's disseminated price:
 - (1) orders for 5 contracts or fewer shall be allocated first to the Specialist, provided, however, that on a quarterly basis, the Exchange will evaluate what percentage of the volume executed on the Exchange is comprised of orders for 5 contracts or fewer allocated to Specialists, and will reduce the size of the orders included in this provision if such percentage is over 25%. In order to be entitled to receive the 5 contract or fewer order preference set forth in this sub-paragraph (ii)(A)(1), the Specialist must be quoting at the Exchange's disseminated price, and shall not be entitled to receive a number of contracts that is greater than the size that is associated with its quote.
 - (2) Respecting orders for greater than 5 contracts, the Specialist shall be entitled to receive a number of contracts that is the greater of: (i) the proportion of the aggregate size associated with the Specialist's quote, SQT quotes, and non-SQT ROT limit orders entered on the book at the disseminated price represented by the size of the Specialist's quote, or (ii) 60% of the contracts to be allocated if the Specialist is on parity with one SQT or one non-SQT ROT that has placed a limit order on the book at the Exchange's disseminated price; (iii) 40% of the contracts to be allocated if the Specialist is on parity with two SQTs or non-SQT ROTs that have placed a limit order on the book at the Exchange's disseminated price; and (iv) 30% of the contracts to be allocated if the Specialist is on parity with three or more SQTs or non-SQT ROTs that have placed a limit order on the book at the Exchange's disseminated price. In order to be entitled to receive the number of contracts set forth in this sub-paragraph (ii)(A)(2), the Specialist must be quoting at the Exchange's disseminated price, and shall not be entitled to receive a number of contracts that is greater than the size that is associated with its quote.
 - (3) Thereafter, SQTs quoting at the disseminated price and non-SQT ROTs that have placed limit orders on the limit order book at the Exchange's disseminated price shall be entitled to receive a number of contracts that is the proportion of the total remaining aggregate size associated with SQT quotes and non-SQT ROT limit orders on the book at the disseminated price represented by the size of the SQT's quote or, in the case of a non-SQT ROT, by the size of the limit order they have placed on the limit order book. Such SQT(s) and non-SQT ROTs shall not be

entitled to receive a number of contracts that is greater than the size associated with their quotation or limit order.

- (4) If any contracts remain to be allocated after the Specialist, SQTs and non-SQT ROTs with limit orders on the limit order book have received their respective allocations, off-floor broker-dealers (as defined in Rule 1080(b)(i)(C)) that have placed limit orders on the limit order book which represent the Exchange's disseminated price shall be entitled to receive a number of contracts that is the proportion of the aggregate size associated with off-floor broker-dealer limit orders on the limit order book at the disseminated price represented by the size of the limit order they have placed on the limit order book. Such off-floor broker-dealers shall not be entitled to receive a number of contracts that is greater than the size that is associated with each such limit order.
- (B) If the Specialist is not quoting at the Exchange's disseminated price, SQTs quoting at the disseminated price and non-SQT ROTs that have placed limit orders on the limit order book which represent the Exchange's disseminated price shall be entitled to receive a number of contracts equal to the proportion of the aggregate size associated with SQT quotes and non-SQT ROT limit orders on the book at the disseminated price represented by the size of the SQT's quote or, in the case of a non-SQT ROT, by the size of the limit order they have placed on the limit order book. Thereafter, off-floor broker-dealers that have placed limit orders on the limit order book which represent the Exchange's disseminated price shall be entitled to receive a number of contracts as specified in paragraph (ii)(A)(4) above.
- (iii) Notwithstanding the first sentence of Options 8, Section 25(c)(1) neither Rule 119(a)-(d) and Options 8, Section 23(f), nor Rule 120 (insofar as it incorporates those provisions by reference) shall apply to the allocation of automatically executed trades.

FINE SCHEDULE (Implemented on a two-year running calendar basis)

Section A	No fine applicable. Matters subject for review by the Phlx Regulation Department, Department of Market Regulation, or Department of Enforcement.	
Section B	1st Occurrence	\$500.00
	2nd Occurrence	\$1,000.00
	3rd Occurrence	\$2,000.00
	4th Occurrence and thereafter	Sanction is discretionary with Phlx Regulation Department, Department of Market Regulation, or Department of Enforcement
Section C	Fine not applicable	
Section D	Fine not applicable	
Section E	Fine not applicable	

B-7 Options Floor Based Management System

Options Floor Based Management System. In order to create an electronic audit trail for options orders negotiated by Registered Options Traders on the Exchange's Options Floor, a Registered Options Trader or such Registered Options Trader's employees shall, prior to the negotiation of such an order in the trading crowd, record all options orders negotiated by such Registered Options Trader onto the electronic Options Floor Based Management System as described in Options 8, Section 28(e)(1). The following specific information with respect to orders negotiated by a Registered Options Trader shall be recorded by such Registered Options Trader or such Registered Options Trader's employees: (i) the order type (i.e., market maker) and order receipt time; (ii) the option symbol; (iii) buy, sell, cross or cancel; (iv) call, put, complex (i.e., spread, straddle) or contingency order as described in Options 8, Section 32; (v) number of contracts; (vi) limit price or market order or, in the case of a multi-leg order, net debit or credit, if applicable; and (vii) whether the transaction is to open or close a position, as applicable (collectively, the "required information"). A Registered Options Trader must enter complete alpha/numeric identification assigned by the Exchange for all orders entered. Any additional

information with respect to the order shall be inputted into the Options Floor Based Management System contemporaneously upon receipt, which may occur after the negotiation and execution of the order.

Pursuant to Rule 1000(f), Registered Options Traders are not permitted to execute orders in the Exchange's options trading crowd (subject to certain exceptions). In the event that Registered Options Traders execute orders in the Exchange's options trading crowd pursuant to Rule Options 8, Section 22(a) (other than for the use of Snapshot, as set forth in Options 8, Section 22(a)(2)(E)), Registered Options Traders shall record the required information on trade tickets, and shall not negotiate an order for execution which has not been time stamped with the time of entry on the trading floor. Such trade tickets also shall be time stamped upon the execution of such an order. Registered Options Traders or their employees shall ensure the required information that is recorded on such trade tickets is entered into the Exchange's electronic trading system by DETs for inclusion in the electronic audit trail.

Registered Options Traders or their employees shall enter the required information (as described above) for FLEX options, or ensure that such information is entered, into the Exchange's electronic audit trail in the same electronic format as the required information for equity, equity index and U.S. dollar-settled foreign currency options. Registered Options Traders or their employees shall enter the required information for FLEX options into the electronic audit trail on the same business day that a specific event surrounding the lifecycle of an order in FLEX options (including, without limitation, orders, price or size changes, execution or cancellation) occurs.

FBMS is designed to execute orders entered by Registered Options Traders, including multi-leg orders up to 15 legs, after negotiation in the trading crowd. When a Registered Options Trader submits an order for execution through FBMS, the order will be executed based on market conditions at the time of execution and in accordance with Exchange rules. FBMS execution functionality will assist the Registered Options Trader in clearing the Exchange book, consistent with Exchange priority rules. If the order cannot be executed, the System will attempt to execute the order a number of times for a period of no more than one second, which period shall be established by the Exchange and announced by Options Trader Alert, after which it will be returned to the Registered Options Trader on the FBMS. The Registered Options Trader may resubmit the order for execution, as long as the quotes that comprise the order have not been withdrawn. Registered Options Traders are responsible for handling all FBMS orders in accordance with Exchange priority and trade-through rules, including Rules 1014, Option 8, Section 24 and 1084.

A Registered Options Trader is prohibited from triggering the Snapshot feature for the purpose of obtaining favorable priority or trade-through conditions or avoiding unfavorable priority or trade-through conditions.

FINE SCHEDULE (Implemented on a two-year running calendar basis)

1st Occurrence	\$500.00
2nd Occurrence	\$1,000.00
3rd Occurrence	\$2,000.00
4th Occurrence and Thereafter	Sanction is discretionary with Phlx Regulation Department, Department of Market Regulation, or Department of Enforcement

B-8 Use of Floor Brokers by an ROT While on the Floor

(a) When an ROT who is on the floor gives an order to a Floor Broker for execution, the ROT must initial and time stamp the order ticket. The Floor Broker or his employees must indicate on the Options Floor Based Management System whether such order is opening or closing.

(b) If such order opens or increases a position in the account of an ROT, the ROT must be aware of the terms of the trade, initial and time stamp the order and retain a copy of the ticket.

FINE SCHEDULE (Implemented on a three-year running calendar basis)

1st Occurrence	\$250.00
2nd Occurrence	\$500.00
3rd Occurrence	\$1,000.00

4th Occurrence and
Thereafter

Sanction is discretionary with Phlx Regulation Department,
Department of Market Regulation, or Department of Enforcement

B-9 Use of Tickets

When an issue of parity arises among yielding and non-yielding orders, unless the field which reads "closing" on an options ticket is checked, the order for an ROT shall be presumed to be an opening order.

FINE SCHEDULE

Fine not applicable

B-10 Responsibility for Mismatched or "Out" Trades

In order for an ROT to be held responsible on mismatches or other "out" trades of listed options, the ROT must have been informed of the problem before 9:30 A.M. on the business day following the transaction in question.

FINE SCHEDULE

Fine not applicable

B-11 ROTs and Specialists Entering Orders for Execution on Other Exchanges in Multiply Traded Options

(a) A ROT or Specialist may not for the Market Functions Account send an opening order to buy or sell options on any other exchange unless such ROT or Specialist is registered in that specific option on the Exchange.

(b) Each opening order sent for execution on another market for the market maker account of a ROT or Specialist must be initiated from on the Exchange floor, except if executed pursuant to Options 8, Section 27(f) and the corresponding provisions in Advice B-4 respecting off-floor orders. In initiating any such order, the ROT or Specialist, or Floor Broker, in the case of orders initiated from off-floor, is required to clear the crowd on the Exchange when the bid or offer of the order is on or between the Exchange disseminated market. Clearing the crowd on the Exchange requires that the order be loudly and audibly voiced in the crowd and, if not then executed, the order may be sent away.

FINE SCHEDULE (Implemented on a three-year running calendar basis)

1st Occurrence \$250.00

2nd Occurrence \$500.00

3rd Occurrence \$1,000.00

4th Occurrence of Thereafter Sanction is discretionary with Phlx Regulation Department,
Department of Market Regulation, or Department of Enforcement

C. FLOOR BROKERS

C-1 Ascertaining the Presence of Registered Options Traders in a Trading Crowd

A Floor Broker representing an order in options shall ascertain that at least one Registered Options Trader is present in the trading crowd at the post where such order is traded. This Floor Procedure Advice C-1 shall not apply to a Floor Broker in any foreign currency option if no Registered Options Trader registered in such foreign currency option is present on the Exchange's trading floor at that time.

FINE SCHEDULE (Implemented on a two-year running calendar basis)

1st Occurrence \$250.00

2nd Occurrence \$500.00

3rd Occurrence \$1,000.00

4th Occurrence and Thereafter Sanction is discretionary with Phlx Regulation Department,
Department of Market Regulation, or Department of Enforcement

C-2 Options Floor Based Management System

Options Floor Based Management System. In order to create an electronic audit trail for options orders represented by Floor Brokers on the Exchange's Options Floor, a Floor Broker or such Floor Broker's employees

shall, contemporaneously upon receipt of an order and prior to the representation of such an order in the trading crowd, record all options orders represented by such Floor Broker onto the electronic Options Floor Based Management System (as described in Rule 1080(a)(i)(C)). The following specific information with respect to orders represented by a Floor Broker shall be recorded by such Floor Broker or such Floor Broker's employees: (i) the order type (i.e., customer, firm, broker-dealer, professional, market maker) and order receipt time; (ii) the option symbol; (iii) buy, sell, cross or cancel; (iv) call, put, complex (i.e., spread, straddle), or contingency order as described in Options 8, Section 32; (v) number of contracts; (vi) limit price or market order or, in the case of a complex or multi-leg order, net debit or credit, if applicable; (vii) whether the transaction is to open or close a position; and (viii) The Options Clearing Corporation ("OCC") clearing number of the broker-dealer that submitted the order (collectively, the "required information"). A Floor Broker must enter complete alpha/numeric identification assigned by the Exchange for all orders entered on behalf of Exchange Registered Option Traders. Any additional information with respect to the order shall be inputted into the Options Floor Based Management System contemporaneously upon receipt, which may occur after the representation and execution of the order.

Pursuant to Options 8, Section 22(a), Floor Brokers are not permitted to execute orders in the Exchange's options trading crowd (subject to certain exceptions). In the event of a malfunction in the Options Floor Based Management System or in the event that the Exchange determines that Floor Brokers are permitted to execute orders in the Exchange's options trading crowd for a specific reason pursuant to Options 8, Section 22(a)(3), (other than for the use of Snapshot, as set forth in Options 8, Section 22(a)(3)(E)), Floor Brokers shall record the required information on trade tickets, and shall not represent an order for execution which has not been time stamped with the time of entry on the trading floor. Such trade tickets also shall be time stamped upon the execution of such an order. Floor Brokers or their employees shall either enter the required information that is recorded on such trade tickets into the Exchange's electronic trading system or ensure that such information is entered for inclusion in the electronic audit ensure the required information that is recorded on such trade tickets is entered into the Exchange's electronic trading system by DETs for inclusion in the electronic audit trail.

Floor Brokers or their employees shall enter the required information (as described above) for FLEX options, or ensure that such information is entered, into the Exchange's electronic audit trail in the same electronic format as the required information for equity, equity index and U.S. dollar-settled foreign currency options. Floor Brokers or their employees shall enter the required information for FLEX options into the electronic audit trail on the same business day that a specific event surrounding the lifecycle of an order in FLEX options (including, without limitation, orders, price or size changes, execution or cancellation) occurs.

FBMS is also designed to execute two-sided orders entered by Floor Brokers, including multi-leg orders up to 15 legs, after representation in the trading crowd. When a Floor Broker submits an order for execution through FBMS, the order will be executed based on market conditions at the time of execution and in accordance with Exchange rules. FBMS execution functionality will assist the Floor Broker in clearing the Exchange book, consistent with Exchange priority rules. If the order cannot be executed, the System will attempt to execute the order a number of times for a period of no more than one second, which period shall be established by the Exchange and announced by Options Trader Alert, after which it will be returned to the Floor Broker on the FBMS. The Floor Broker may resubmit the order for execution, as long as the quotes/orders that comprise the cross have not been withdrawn. Floor Brokers are responsible for handling all FBMS orders in accordance with Exchange priority and trade-through rules, including Rules 1014, Option 8, Section 24 and 1084.

A Floor Broker is prohibited from triggering the Snapshot feature for the purpose of obtaining favorable priority or trade-through conditions or avoiding unfavorable priority or trade-through conditions.

FINE SCHEDULE (Implemented on a two-year running calendar basis)

1st Occurrence	\$500.00
2nd Occurrence	\$1,000.00
3rd Occurrence	\$2,000.00
4th Occurrence and Thereafter	Sanction is discretionary with Phlx Regulation Department, Department of Market Regulation, or Department of Enforcement

The Exchange anticipates that it will implement the Snapshot feature referenced herein and described further in Options 8, Section 28(e) during the Fourth Quarter of 2017. The Exchange will notify members via an Options Trader Alert, to be posted on the Exchange's website, at least seven calendar days prior to the date when Snapshot will be available for use.

C-3 Handling Orders of ROTs and Other Registered Options Market Makers

(a) A Floor Broker must announce to the trading crowd when he is handling an order for a ROT and must state whether such order is opening or closing. In addition, in handling such orders the Floor Broker must comply with Commentaries .07 of Rule 1014 and Options 8, Section 25(h) and (j).

(b) Upon receipt of an options order on the Exchange for any account of a person registered as an options market maker on another national securities exchange, the Floor Broker or his employees must so indicate on the Options Floor Based Management System and must ensure that the order is represented in the trading crowd as a "BD" order for the purposes of the Exchange's yielding requirements. A Floor Broker must make reasonable efforts to inquire which orders placed with him for execution on the Exchange qualify as such orders.

(c) Before handling an opening transaction on behalf of a ROT, the Floor Broker or his employees must ascertain that the ROT is aware of the terms of the trade and assure that the floor ticket has been initialed and time-stamped by the ROT and that the order is appropriately entered on the Options Floor Based Management System. The Floor Broker must note on the Options Floor Based Management System any opening off-floor order to be cleared into an Exchange market maker account, as indicated by a ROT seeking market maker margin treatment for such order pursuant to Options 8, Section 27(f) and Advice B-4, and comply with the requirements of Advice B-12 respecting multiply traded options.

(d) A Floor Broker may not exercise any discretion with respect to the order of a ROT or any order for the account of an options market maker registered on another exchange.

FINE SCHEDULE (Implemented on a two-year running calendar basis)

1st Occurrence	\$500.00
2nd Occurrence	\$1,000.00
3rd Occurrence	\$2,000.00
4th Occurrence and Thereafter	Sanction is discretionary with Phlx Regulation Department, Department of Market Regulation, or Department of Enforcement

C-4 Floor Brokers Handling Orders for Same Firm

A Floor Broker may not accept opening or discretionary orders for an ROT who is associated with the same member organization as such Floor Broker or who is associated with another member organization which is pursuant to Exchange Rule 793 affiliated with the same member organization as such Floor Broker.

FINE SCHEDULE (Implemented on a three-year running calendar basis)

1st Occurrence	\$500.00
2nd Occurrence	\$1,000.00
3rd Occurrence	\$2,000.00
4th Occurrence and Thereafter	Sanction is discretionary with Phlx Regulation Department, Department of Market Regulation, or Department of Enforcement

C-5 ROTs Acting as Floor Brokers

Whenever an order is handled as agent by a Floor Broker who is also an ROT, the Floor Broker must advise at the time a market is sought from the crowd for the order that he is acting as a Floor Broker. Bids or offers made in person by an ROT will be assumed to be for his account unless otherwise specified.

An exemption to the above exists in the instance where a Floor Broker is representing an order in an issue in which the broker has previously that day represented himself as an agent, provided that the Floor Broker obtain the prior approval of an Options Exchange Official. In such cases, a Floor Broker is not required to further advise the crowd of his role as agent in that issue for the remainder of that day.

FINE SCHEDULE (Implemented on a two-year running calendar basis)

1st Occurrence	\$500.00
2nd Occurrence	\$1,000.00
3rd Occurrence	\$2,000.00
4th Occurrence and Thereafter	Sanction is discretionary with Phlx Regulation Department, Department of Market Regulation, or Department of Enforcement

C-6 Responsibility to Represent Orders to the Trading Crowd

(a) Except as otherwise provided in Options Floor Procedure Advice B-11(c) and Exchange Options 8, Section 30(c), once an option order has been received on the floor, it must be represented to the trading crowd before it may be represented away from the crowd.

(b) A Floor Broker must be loud and audible when representing a market and/or representing an order in the trading crowd. A Floor Broker must make reasonable efforts to position himself in the trading crowd to be heard by the majority of the trading crowd.

FINE SCHEDULE (Implemented on a two-year running calendar basis)

(a) Fine not applicable. Matters subject for review by the Phlx Regulation Department, Department of Market Regulation, or Department of Enforcement.

(b)

1st Occurrence	\$500.00
2nd Occurrence	\$1,000.00
3rd Occurrence	\$2,000.00
4th Occurrence and Thereafter	Sanction is discretionary with Phlx Regulation Department, Department of Market Regulation, or Department of Enforcement

C-7 Floor Brokers and Clerks Trading in their Customer Accounts

All persons employed on the trading floor in association with a member organization, other than ROTs and Specialists, are prohibited from initiating trades in Exchange options in their customer accounts while on the floor. A member organization which accepts an order for the customer account of such a person must process the order through the channels it normally provides for its other customer orders. When any such order is received by the member organization and delivered to the floor for execution, it may not be handled by any person with a beneficial interest in the account, or by any associated person with knowledge that the order is for the account of an associate. Once such a person has placed an order for his/her customer account in an option, that person is prohibited from brokering orders in that option for the remainder of that day or until such order has been executed or cancelled whichever is later. This provision shall not apply to any transaction permissible under Section 11(a)(1) of the Securities Exchange Act of 1934.

FINE SCHEDULE (Implemented on a three-year running calendar basis)

Matters subject to review by Phlx Regulation Department, Department of Market Regulation, or Department of Enforcement.

D. STAFFING

D-1 Required Staffing of Options Floor

Every Options Specialist Unit, Floor Brokerage Unit, Clearing Firm, Floor Broker and ROT must have a representative available on the floor (except that a Remote Specialist must have a representative available via telephonic and/or electronic communication access) for the thirty minutes before the opening and the thirty minutes after the close of trading and one hour after the preliminary trade reports are distributed. Such representatives must be authorized to make appropriate changes and corrections to trades of or guaranteed by such Specialist Unit, Floor Brokerage Unit, Clearing Firm, Floor Broker and ROT. Additionally, on expiration such representatives must be available on the floor until the Exchange has announced the last call for adjustments in expiring options.

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FINE SCHEDULE (Implemented on a two-year running calendar basis)

1st Occurrence	\$500.00
2nd Occurrence	\$1,000.00
3rd Occurrence	\$2,000.00
4th Occurrence and Thereafter	Sanction is discretionary with Phlx Regulation Department, Department of Market Regulation, or Department of Enforcement

E. MISCELLANEOUS

E-1 Use of Identification Letters and Numbers

All Specialists, ROTs, and Floor Brokers must use the complete alpha/numeric identification assigned by the Exchange. All Floor Brokers or their employees must indicate their complete alpha/numeric identifiers on the Options Floor Based Management System for each order they receive and represent in the trading crowd.

Fine not applicable.

E-2 Allocation, Time Stamping, Matching and Access to Matched Trades

(a) In order to facilitate timely tape reporting of trades, it is the duty of the persons identified below to allocate, match and time stamp trades executed in open outcry and to submit the matched trade tickets to an Exchange Data Entry Technician ("DET") located on the trading floor immediately upon execution. When executing trades electronically, it is also the duty of the persons identified below to enter and submit trade information to the Trading System using the Options Floor Based Management System. Trades executed electronically via the System and through the Options Floor Based Management System are automatically trade reported without further action required by executing parties:

(i) in a trade involving a Floor Broker, the Floor Broker shall do so, provided that a Floor Broker may delegate this responsibility to the Specialist (or an assistant to the Specialist under the Specialist's direct supervision) if the Specialist agrees to accept such responsibility, and, in the event of such delegation, the Specialist (or an assistant to the Specialist under the Specialist's direct supervision) shall do so:

(ii) in all other cases where the Specialist is a participant (i.e., where there is no Floor Broker), the Specialist (or an assistant to the Specialist under the Specialist's direct supervision) shall do so.

(iii) in any other case (i.e., where there is no Floor Broker and no Specialist is involved), the largest participant shall do so (for example, where several Registered Options Traders are involved):

and

(iv) if there is only one seller and one buyer (no Floor Broker and no Specialist is involved), the seller shall do so (for example, where only two Registered Options Traders are involved).

The person responsible for trade allocation (the "Allocation Participant") shall, for each trade allocated by such Allocating Participant, circle his or her badge identification number on the trade tickets, identifying himself or herself as the Allocating Participant in the particular trade. If the Allocating Participant is not a participant in the trade to be allocated, he/she shall identify himself/herself/ by initialing the trade tickets. In the case of a trade, executed using the Floor Based Management System, such member shall allocate the trade using the Options Floor Based Management System.

(b) A member or member organization initiating an options transaction, whether acting as principal or agent, must report or ensure that the transaction is reported within 90 seconds of the execution to the tape. Transactions not reported within 90 seconds after execution shall be designated as late. A pattern or practice of late reporting without exceptional circumstances may be considered conduct inconsistent with just and equitable principles of trade.

(c) Execution times must be recorded on the reverse side of one or more of the tickets to a matched trade.

(d) Once a trade has been matched and submitted to a DET located on the trading floor for reporting, the respective parties to the trade must preserve the matched tickets, or copies thereof, for a period of not less than three years.

(e) Member access to tickets comprising a matched trade is available to any participant of that trade, as well as the respective Specialist and any Options Exchange Official acting in his capacity as an Options Exchange Official. Requests to review trade matches must be made with the Specialist Unit.

FINE SCHEDULE (Implemented on a three-year running calendar basis).

1st Occurrence	\$500.00
2nd Occurrence	\$1,000.00
3rd Occurrence	\$2,000.00
4th Occurrence and Thereafter	Sanction is discretionary with Phlx Regulation Department, Department of Market Regulation, or Department of Enforcement

E-2 (b)

1st Occurrence	\$500.00
2nd Occurrence	\$1,000.00
3rd Occurrence	\$2,500.00
4th Occurrence and Thereafter	Sanction is discretionary with Phlx Regulation Department, Department of Market Regulation, or Department of Enforcement

E-3 Orders Executed as Spreads, Straddles, Combinations or Synthetics and Other Order Ticket Marking Requirements

(a) Sp, St, Comb, Syn - Members executing spread, straddle or combination orders in reliance upon the "spread priority rule," Options 8, Section 34(d), or synthetic option (buy-write, synthetic put and synthetic call) orders, must mark the tickets as "sp" for spreads, "st" for straddles, "comb" for combinations and "syn" for synthetics. Members or their employees must make the appropriate notation on the Options Floor Based Management System.

(b) Additional Marking Requirements - The following is a list of requirements to mark order tickets or, in the case of trades involving the Options Floor Based Management System to make the appropriate notations on the Options Floor Based Management System, including a description and reference to the Rule or Advice requiring such mark or notation:

Circling "yield" acronym	yielding/11(a) (1) identification letter/#s	Advice B-6 Advice E-1
ROT initial/time stamp	on-floor brokered orders	Advice B-8, C-3
SS	sold sale	Minor Rule Plan F-3
F	facilitation	Advice B-11
BD	non-member BD	Advice A-11
B/X	bid-exempt	Rule 1072
N	non-Phlx ROTs	Advice C-3
P	off-floor/market maker margin	Options8, Section 27(f)
P/A	principal acting as agent	Rule 1015

FINE SCHEDULE (Implemented on a two-year running calendar basis)

1st Occurrence	\$250.00
2nd Occurrence	\$500.00
3rd Occurrence	\$1,000.00
4th Occurrence and Thereafter	Sanction is discretionary with Phlx Regulation Department, Department of Market Regulation, or Department of Enforcement

E-4 Changes or Corrections to Material Terms of a Matched Trade

(a) All correction sheet submissions which change material terms of a transaction (security, price, volume, series, class and customer to Firm participations) must be signed by all parties to the transaction and by a representative of the Specialist Unit. Also if one of the parties to the transaction is not present at a time such matter is being resolved, a signature by Regulatory staff is required to acknowledge the contra-side's absence. The Regulatory signature in any such case does not relieve any party to the trade of liability in connection with the change.

(b) Any person signing a correction sheet shall use due diligence to confirm the correction before signing the correction sheet, including checking the appropriate floor tickets or computerized report ("run") in any case where a sizeable error may result in the absence of appropriate corrective action.

Generally, a sizeable error with respect to equity options and index options exceeds \$1,000 and, with respect to foreign currency options, exceeds \$3,000. However, the circumstances surrounding each correction must be considered and these amounts are guidelines only.

FINE SCHEDULE (Implemented on a three-year running calendar basis)

1st Occurrence	\$500.00
2nd Occurrence	\$1,000.00
3rd Occurrence	\$2,000.00
4th Occurrence and Thereafter	Sanction is discretionary with Phlx Regulation Department, Department of Market Regulation, or Department of Enforcement

E-5 Option Quote Parameters

When bidding and/or offering in equity option or index option issues, the following parameters should be utilized after the opening for those quoting verbally:

<i>Current Option Bid</i>	<i>Maximum Quote Spread</i>
Less than \$2.00	.25
\$2.00 to less than \$5.00	.40
\$5.00 to less than \$10.00	.50
\$10.00 to less than \$20.00	.80
\$20.00 and greater	1

Quotations provided in open outcry may not be made with \$5 bid/ask differentials and instead must comply with the bid/ask differential requirements described above.

The bid/ask differentials stated above shall not apply to in-the-money series where the market for the underlying security is wider than the differentials set forth above. For such series, the bid/ask differential may be as wide as the quotation for the underlying security on the primary market, or its decimal equivalent rounded up to the nearest minimum increment.

Foreign Currency Options

When bidding and/or offering in U.S. dollar-settled foreign currency option issues, the following parameters should be utilized after the opening for those quoting verbally (in open outcry):

<i>Current Option Bid</i>	<i>Maximum Quote Spread</i>
Less than \$2.00	.25
\$2.00 to less than \$5.00	.40
\$5.00 to less than \$10.00	.50
\$10.00 to less than \$20.00	.80
\$20.00 and greater	1

Quotations provided in open outcry may not be made with \$5 bid/ask differentials and instead must comply with the bid/ask differential requirements described above.

The bid/ask differential as stated above shall apply to all listed series, including the longest term, except for the two longest term series open for trading in the Euro options and long-term foreign currency options.

Relief

Relief from the established bid/ask differentials may be granted upon the receipt of an approval of an Options Exchange Official.

Batching

The Exchange may aggregate individual violations and treat such violations as a single offense.

FINE SCHEDULE (Implemented on a one-year running calendar basis)

1st Occurrence	Warning letter
2nd Occurrence	Warning letter
3rd Occurrence	Warning letter
4th Occurrence	\$250.00
5th Occurrence	\$500.00
6th Occurrence	\$1,000.00
7th Occurrence and Thereafter	Sanction is discretionary with Phlx Regulation Department, Department of Market Regulation, or Department of Enforcement

E-6 Failure to Comply with an Exchange Inquiry

In addition to E-2 of the Options Minor Rule Plan, whenever the Exchange staff requests that a floor broker identify clients with respect to an order, regardless of whether that order has been executed or not, the floor broker must immediately provide the Exchange with sufficient information to reveal the identity of the floor broker's clients. If the floor broker fails to comply immediately with such request, the fines in the schedule above apply.

FINE SCHEDULE (Implemented on a three-year running calendar basis)

1st Occurrence	\$500.00
2nd Occurrence	\$1,000.00
3rd Occurrence	\$2,000.00
4th Occurrence and Thereafter	Sanction is discretionary with Phlx Regulation Department, Department of Market Regulation, or Department of Enforcement

E-7 Affiliations

In addition to F-3 of the Options Minor Rule Plan, Floor members shall adhere to the following requirements:

- (a) Pursuant to Rule 1020, an ROT is prohibited from receiving communications about trading interests or orders from an affiliated Floor Broker's customers prior to the respective trading crowd receiving the same information. In this regard, the ROT is prohibited from answering telephones at the affiliate's post, except that he may access a telephone at the post to communicate with associates of his Registered Options Trading Firm.
- (b) Any exchange of interests to trade between an ROT or his Firm and an affiliated Floor Broker Firm will require that the same information be provided to the respective trading crowd and shall also require that the crowd be advised that the order is presented for execution under Options 8, Section 30(c) - Solicited Orders.

FINE SCHEDULE (Implemented on a three-year running calendar basis)

1st Occurrence	\$500.00
2nd Occurrence	\$1,000.00
3rd Occurrence	\$2,000.00
4th Occurrence and Thereafter	Sanction is discretionary with Phlx Regulation Department, Department of Market Regulation, or Department of Enforcement

E-8 Splitting Orders

ROTs of the same Firm, affiliated or financially affiliated ROTs, when bidding or offering at the same price for the same option, are to be treated as one interest for purpose of splitting an order in the trading crowd.

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For the purposes of this Advice, affiliated ROT's are ROTs required to report such affiliations pursuant to Rule 908 and financially affiliated ROT's are ROT's required to report financial arrangements pursuant to Rule 783.

FINE SCHEDULE (Implemented on a two-year running calendar basis)

1st Occurrence	\$500.00
2nd Occurrence	\$1,000.00
3rd Occurrence	\$2,000.00
4th Occurrence and Thereafter	Sanction is discretionary with Phlx Regulation Department, Department of Market Regulation, or Department of Enforcement

E-9 Responsibility for Assigning Participation

- a) In each instance where a member effects a transaction on the options or foreign currency options floor, he must make reasonable efforts to ensure that a meeting of the minds occurred with the contra-side as to confirming the contra-side's participation in the trade. In trades where more than one contra-side is involved, each contra-side must immediately make known to the largest participant his understanding as to his respective level of participation in the trade.
- b) No such contra-side who has participated in the trade shall leave the crowd until the level of his participation in the trade has been confirmed by the largest participant.
- c) No person in the crowd shall submit a ticket for matching on a trade when that person is not due participation in the trade.
- d) Disputes as to participation on a trade shall be resolved by a majority vote of those persons present in the crowd during the relevant time or, if not so settled, then by an Options Exchange Official.

FINE SCHEDULE (Implemented on a two-year running calendar basis)

1st Occurrence	\$500.00
2nd Occurrence	\$1,000.00
3rd Occurrence	\$2,000.00
4th Occurrence and Thereafter	Sanction is discretionary with Phlx Regulation Department, Department of Market Regulation, or Department of Enforcement

E-10 Executing Multi-leg and Synthetic Option Orders

A multi-leg order (i.e. spread type order) as defined in Options 8, Section 32(e) may be executed as a single transaction at a single credit or debit in accordance with Options 8, Section 24(d) and the requirements below:

- (a) Bids (offers) for the total hedge order must be solicited from the crowd on the basis of a total credit or debit.
- (b) In the case of an "options-only hedge order" (spread, straddle, and combination orders), the trade may be immediately executed at a single credit or debit which is superior to the aggregate price of the established markets for the individual option legs (on a buy-on-the-bid or sell-on-the-offer basis), such that:
 - (1) no option leg is executed outside of the established bid/offer for that option contract; and
 - (2) at least one option leg is executed at a price better than the established bid/offer for that option contract.
- (c) In the case of conversions and reversals, the trade may be immediately executed at a single credit or debit which is superior to the aggregate price of the established markets for the individual option legs (on a buy-on-the-bid or sell-on-the-offer basis), such that:
 - (1) no option leg is executed outside of the established bid/offer for that option contract;
 - (2) at least one option leg is executed at a price better than the established bid/offer for that option contract.
- (d) In the case of a synthetic option order, the trade may be immediately executed at a single credit or debit which is superior to the aggregate price of the established market for the individual legs (on a buy-on-the-offer

and sell-on-the-bid basis), provided that the option leg is executed at a price better than the established bid/offer for that option contract.

Once the credit or debit execution price to a multi-leg option order is agreed upon, the stock portion of the order, if any, must be effected at or near the same time as the execution of the option portion.

FINE SCHEDULE

Fine not applicable.

E-11 Two-Way, Three Way and Multi-Spread Transactions (FOREIGN CURRENCY OPTION ONLY)

Execution of spread type orders (spread, straddle and combination orders, as defined in Options 8, Section 32(f) in foreign currency options must be effected in accordance with the provisions of Options 8, Section 24(d), which requires that a foreign currency options participant holding a spread type order must first determine that the order is best served by bidding or offering on the basis of a total credit or debit before executing the order as a single transaction. Options 8, Section 24(d), also requires the participant to ensure that at least one leg of the order is executed at a better price than the established bid/offer for that option and that no leg is executed at a price outside of the established bid/offer for that option.

Options 8, Section 24(g) governing ration spread type orders in foreign currency options permits the size of the respective legs of such orders to be either equal in size or related by a permissible ratio (two-to-one, three-to-one, and three-to-two). In addition, spread type orders may be comprised of two or more legs, as described below:

Two-Way Transaction

(a) A two-way transaction is comprised of two legs, which can be either equal in size or differ by a permissible ratio (two-to-one, three-to-one, and three-to two), forming one spread type. See Options 8, Section 24(d)

Three-Way Transaction

(b) A three-way transaction is comprised of three legs forming one spread type where (1) the order sizes of each of the three legs are equal to each other, or (2) the combined order size of any two legs on the same side of the market is either equal to the order size of the third leg or differs from the order size of the third leg by a permissible ratio (two-to-one, three-to-one, and three-to-two). See Options 8, Section 24(f).

Multi-Spread Transaction

(c) A multi-spread transaction, as defined in Options 8, Section 32(e), combines two of the same spread type orders for execution at a total net credit or debit, such as: a two-way order with another two-way order of the same spread type; a three-way order with another three-way order of the same spread type; or a two-way order with a three-way order of the same spread type. In addition, a multi-spread transaction may combine a spread type order with a ratio spread type order of the same spread type. In combining spread type orders to create a multi-spread transaction, each individual spread must meet the execution requirements of Options 8, Section 24(h) at least one leg of each spread must be executed at a price better than the established bid/offer for that option and no leg of any spread may be executed at a price outside of the established market for that option.

FINE SCHEDULE

Fine not applicable.

E-12 Intra-Day Addition of Strike Prices

The Exchange may, under appropriate circumstances, list and make available for trading on an intra-day basis one or more option series with new strike prices.

For the purposes of this Advice, appropriate circumstances may include instances where:

(1) bona fide off floor customer interest is expressed to effect a sizable transaction at a strike price at or within 5 points of the price of the underlying instrument, or within a comparable amount of ticks respecting foreign currency options; or

(2) an operational error in not adding a requested exercise strike price has occurred. Customer interest includes institutional (Firm), corporate or customer interest expressed directly to the Exchange or through the customer's Floor Brokerage unit, but not interest expressed by an ROT with respect to trading for the ROT's own account. Only strike prices which are consistent with the provision in Rules 1012 and 1101A imposing a "reasonably related" standard for listing additional strike prices may be added intra-day pursuant to this Advice.

In each instance where such approval has been granted, prior written disclosure of each strike price to be added shall be disseminated to the trading floor and electronically to the options members. No trading may occur in any such series until such dissemination has taken place.

New series of equity options, options on Exchange Traded Fund Shares and options on Trust Issued Receipts opened for trading shall be subject to the range limitations set forth in Commentary .10 to Rule 1012.

FINE SCHEDULE

Fine not applicable

E-13 Clerks in the Crowd

Clerks, other than Specialist clerks, are prohibited from a sustained presence in the trading crowd. In addition, clerks are prohibited from requesting market quotations from a Specialist or ROT, except that a Specialist clerk, under the supervision of a Specialist, may request the crowd's market in order to update disseminated markets or ascertain parity/priority splits in relation to the execution of an order. For purposes of this Advice, a clerk is any associated person not registered or eligible to effect transactions on the floor as a Specialist, ROT or Floor Broker, including member organizations whose membership privileges have been suspended or terminated as well as other member organizations without trading privileges.

A sustained presence shall be a period of time beyond such time that would, under the prevailing circumstances, be needed by the clerk to complete the allowable business function which brought the clerk to that crowd in the first place.

FINE SCHEDULE (Implemented on a three-year running calendar basis)

1st Occurrence	\$250.00
2nd Occurrence	\$500.00
3rd Occurrence	\$1,000.00
4th Occurrence and Thereafter	Sanction is discretionary with Phlx Regulation Department, Department of Market Regulation, or Department of Enforcement

E-14 Fingerprinting Floor Personnel

Member organizations are required to comply with Section 17(f) of the Securities Exchange Act of 1934 respecting the fingerprinting of required employees. Applicants for a permit must also be fingerprinted. Such fingerprints must be submitted to the FINRA for identification and appropriate processing prior to any employee performing the functions listed in SEC Rule 17f-2.

FINE SCHEDULE (Implemented on a two-year running calendar basis)

1st Occurrence	\$250.00
2nd Occurrence	\$500.00
3rd Occurrence	\$1,000.00
4th Occurrence and Thereafter	Sanction is discretionary with Phlx Regulation Department, Department of Market Regulation, or Department of Enforcement

E-15 Options Trading Floor Training

All members and persons employed by or associated with a member organization shall successfully complete mandatory training, as required by the Exchange. Training topics include, but are not limited to, training related to that member's or person's function at the Exchange, changes in existing automated systems or any new technology that is utilized by the Exchange, compliance with Exchange Rules and federal securities laws, and issues related to conduct, health and safety on the trading floor. In addition, floor members shall complete

mandatory training programs, on at least a semi-annual basis, that address compliance with the federal securities laws and the Exchange's Rules in place to prevent and deter unlawful trading by floor members.

Failure to attend the scheduled mandatory training described above may result in the issuance of a fine in accordance with the fine schedule below.

FINE SCHEDULE (Implemented on a three-year running calendar basis)

1st Occurrence	\$500.00
2nd Occurrence	\$1,000.00
3rd Occurrence	\$2,000.00
4th Occurrence and Thereafter	Sanction is discretionary with Phlx Regulation Department, Department of Market Regulation, or Department of Enforcement

E-16 Communications and Equipment

(1) **Registration.** Members and member organizations must register, prior to use, any new telephone to be used on the Options floor. Each phone registered with the Exchange must be registered by category of user. If there is a change in the category of any user, the phone must be re-registered with the Exchange. At the time of registration, members and representatives of member organizations must sign a statement that they are aware of and understand the Rules and procedures governing the use of telephones on the Options floor.

(2) **Capacity and Functionality.** No wireless telephone used on the Options floor may have an output greater than one watt. No person on the Options floor may use any device for the purpose of maintaining an open line of continuous communication whereby a person not located in the trading crowd may continuously monitor the activities in the trading crowd. This prohibition covers intercoms, walkie-talkies and any similar device. Speed-dialing features are permitted on any member telephone.

(3) Specialists and Registered Options Traders.

(a) Specialists and Registered Options Traders ("ROTs") may use their own cellular and cordless phones to place calls to any person at any location (whether on or off the Options floor).

(b) ROTs located off the Options floor may not place an order by calling a Floor Broker who is present in the trading crowd. ROTs located off the Options floor may not otherwise place an order by calling the Specialist phone in the trading crowd. Any telephonic order entered from off the Options floor must be placed with a person located in a member organization booth.

(4) Floor Brokers.

(a) Floor Brokers may use cellular and cordless telephones, but only to communicate with persons located on the Options floor. These telephones may not include a call forwarding feature. Headsets are permitted for Floor Brokers, but if the Exchange determines that a Floor Broker is maintaining a continuous open line through the use of a headset, the Floor Broker will be prohibited from future use of any headset for a length of time to be determined by the Exchange.

(b) All orders phoned to Floor Brokers must be received initially at the Floor Broker's booth. Floor Brokers may not receive telephonic orders while in the trading crowd except from their booth. Any telephonic order entered from off the Options floor must be placed with a person located in a member organization booth.

(5) Clerks.

(a) Floor Broker clerks are subject to the same terms and conditions on telephone use as Floor Brokers.

(b) Stock Execution clerks are subject to the same terms and conditions on telephone use as Floor Brokers.

(c) The Exchange reserves the right to prohibit clerks from using cellular or cordless phones on the floor at any time that it is necessary due to electronic interference problems or capacity problems resulting from the number of such phones then in use on the Options floor. In such circumstances, the Exchange will first consider restricting the use of such phones by Stock Execution Clerks, and then by Floor Broker Clerks.

(6) **General Access In-House Phones.** The general access in-house telephones located outside of the trading post areas may be used by any member, clerk or Floor Broker to communicate with persons located on the Options floor or within the Exchange complex.

(7) **Telephone Records.** Members must maintain their cellular or cordless telephone records, including logs of calls placed, for a period of not less than one year. The Exchange reserves the right to inspect and/or examine such telephone records.

(8) **Exchange Liability.** The Exchange assumes no liability to members or member organizations due to conflicts between telephones in use on the Options floor or due to electronic interference problems resulting from the use of telephones on the trading floor.

FINE SCHEDULE (Implemented on a three year running calendar basis)

1st Occurrence	\$250.00
2nd Occurrence	\$500.00
3rd Occurrence	\$1,000.00
4th Occurrence	Sanction is discretionary with Phlx Regulation Department, Department of Market Regulation, or Department of Enforcement

E-17 Solicitation of Quotations

In response to a Floor Broker's solicitation of a single bid or offer, the members of a trading crowd (including the Specialist and ROTs) may discuss, negotiate and agree upon the price or prices at which an order of a size greater than the Exchange's disseminated size can be executed at that time, or the number of contracts that could be executed at a given price or prices, subject to the provisions of the Options Order Protection and Locked/Crossed Market Plan and the Exchange's Rules respecting Trade-Throughs. Notwithstanding the foregoing, a single crowd participant may voice a bid or offer independently from, and differently from, the members of a trading crowd (including the Specialist and ROTs).

F. REGULATIONS Pursuant to Rule 9216(c)

Regulation 1 - Smoking and Alcohol

Smoking is prohibited on the trading floor and the lower level areas adjacent to the trading floor except for those areas specifically designated for smoking.

1st Occurrence	\$250.00
2nd Occurrence	\$500.00
3rd Occurrence	\$1,000.00
4th and Thereafter	Sanction is discretionary with Phlx Regulation Department

Alcoholic beverages are prohibited on the trading floor and the lower level areas adjacent to the trading floor.

1st Occurrence	\$1,000.00
2nd Occurrence	Sanction is discretionary with Phlx Regulation Department

Regulation 2 - Food, Liquids and Beverages, Trash, Litter and Vandalism

(a) Food, Liquids and Beverages

Food, liquids and beverages while allowed on the trading floor, should be kept and consumed in a way that does not unreasonably interfere with others. All drinks should be in cans or covered containers. Food and drink may not be consumed while in transit on the trading floor.

1st Occurrence	\$250.00
2nd Occurrence	\$500.00
3rd Occurrence	\$1,000.00
4th and Thereafter	Sanction is discretionary with Phlx Regulation Department

(b) Trash and Litter

All debris resulting from the consumption of food and drink, and other non-business trash, must be properly disposed of. Throwing or dropping objects on the trading floor, including food or drink, is strictly prohibited. All trading posts/booths must be free of debris, trash or litter at the end of each trading day.

The following fine schedule will apply to a violation of this section:

1st Occurrence	\$250.00
2nd Occurrence	\$500.00
3rd Occurrence	\$1,000.00
4th and Thereafter	Sanction is discretionary with Phlx Regulation Department

(c) Vandalism

The abuse, destruction, or theft ("Vandalism") of any property on the Exchange's premises, whether or not owned by the Exchange, is a serious offense and will be dealt with appropriately, including prompt disciplinary action.

The following fine schedule will apply to a violation of this section:

1st Occurrence	\$3,000.00 and restitution
2nd Occurrence	\$5,000.00 and restitution
3rd Occurrence	\$10,000.00 and restitution
4th and Thereafter	Sanction is discretionary with Phlx Regulation Department

Each Floor Manager, Post Supervisor, or Firm Representative will be responsible for monitoring staff compliance with this Regulation. A violation of this Regulation may result in fines to the members, member organizations and associated persons.

Regulation 3 - Identification Badges/Access Cards

(i) Identification badges must be worn chest high in full view and must accurately reflect the respective person's associations and affiliations.

1st Occurrence	Official Warning
2nd Occurrence	\$100.00
3rd Occurrence	\$200.00
4th and Thereafter	Sanction is discretionary with Phlx Regulation Department

(ii) Use of another person's Identification Badge or Access Card will carry a fine of \$250.00 for the first occurrence and \$500.00 for each subsequent occurrence. The fine may be assessed against both the user and the person who allowed such use.

Regulation 4 - Order

(a) Members and associated persons shall not conduct themselves in a disorderly manner on the trading floor or on the premises immediately adjacent to the trading floor. Further, members, participants and associated persons shall not conduct themselves in an indecorous manner that is disruptive to the conduct of business on the trading floor, including but not limited to the use of profanity.

The fines to be imposed for such violations shall be as follows:

1st Occurrence	\$500.00
2nd Occurrence	\$1,000.00
3rd Occurrence	\$2,500.00
4th Occurrence and Thereafter	Sanction is discretionary with Phlx Regulation Department

(b) Members and associated persons shall not direct any threatening, abusive, harassing or intimidating speech or conduct at anyone while on the trading floor or on the premises immediately adjacent to the trading floor. The fines to be imposed for such violations shall be as follows:

1st Occurrence	\$2,500.00
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2nd Occurrence \$5,000.00
3rd and thereafter Sanction is discretionary with Phlx Regulation Department

(c) Members and associated persons shall not possess a firearm on the trading floor or on the premises immediately adjacent to the trading floor. As stated in Rule 9216(c), members, participants and associated persons shall be excluded from the floor if they possess a firearm. In addition, the fines to be imposed for such violations shall be as follows

1st Occurrence \$5,000.00
2nd Occurrence Sanction is discretionary with Phlx Regulation Department

(d) Members and associated persons shall not possess illegal controlled substances on the trading floor or on the premises immediately adjacent to the trading floor.

1st Occurrence \$5,000.00
2nd Occurrence Sanction is discretionary with Phlx Regulation Department

(e) The Exchange must report fines over \$1,000 to the Securities and Exchange Commission.

(f) Each Floor Manager, Post Supervisor, or Firm Representative will be responsible for monitoring staff compliance with this Regulation. A violation of this Regulation may result in fines to the members, member organizations and associated persons.

Regulation 5 - Visitors

Non-member visitors will be permitted on the trading floor at the discretion of an Exchange official or Options Exchange Official. All visitors must be signed in by a member or Exchange official and accompanied at all times by a member, associated person or an Exchange official.

1st Occurrence Official Warning
2nd Occurrence \$50.00
3rd Occurrence \$100.00
4th Occurrence \$200.00
5th and Thereafter Sanction is discretionary with Phlx Regulation Department

Each Floor Manager, Post Supervisor, or Firm Representative will be responsible for monitoring staff compliance with this Regulation. A violation of this Regulation may result in fines to the members, member organizations and associated persons.

Non-member visitors who are performing contract work at the Exchange on behalf of a member are required to provide, upon request, a certificate of insurance evidencing Professional Liability Insurance in respect of all claims for injury, loss or damage arising out of any errors, acts or omissions in the performance of his or her duties for a sum of not less than \$1,000,000 for any one occurrence or series of occurrences and list Nasdaq PHLX as an insured. This includes any non-member visitors who are requesting access to perform any type of work at the Exchange or are utilizing any building facilities.

1st Occurrence \$1,000.00
2nd Occurrence \$5,000.00
3rd and Thereafter Sanction is discretionary with Phlx Regulation Department

Regulation 6 - Dress

(a) The Dress Code must be complied with at the point of entry to the trading floor. The Dress Code is in effect on the trading floor before, during and after trading hours. The Dress Code outlining acceptable and unacceptable dress for members and member organization staff, and changes thereto, shall be communicated to members and member organizations by the Exchange in writing. Changes to the Dress Code shall be effective three business days after they are so communicated. In addition, the Dress Code will be posted in at least one visible location on the trading floor of the Exchange.

(b) Each member will be responsible for compliance with this Regulation; and each member organization will be responsible for monitoring staff compliance with this Regulation. A violation of this Regulation may result in fines to the members, member organizations and associated persons.

The following is the fine schedule for dress code violations:

1st Occurrence	\$100.00
2nd Occurrence	\$250.00
3rd Occurrence	\$500.00
4th Occurrence and Thereafter	Sanction is discretionary with Phlx Regulation Department

Regulation 7 - Proper Utilization of the Security System

(a) Attempt to Circumvent the Security System of the Exchange

Any member or employee of a member organization who wishes to enter or exit the Exchange trading facilities must do so through the areas where the Exchange security systems are located.

1st Occurrence	\$250.00
2nd Occurrence	\$500.00
3rd and Thereafter	Sanction is discretionary with Phlx Regulation Department

(b) Required Filing for Floor Member Organization Employee Status Notices with the Exchange

Following the termination of, or the initiation of a change in the trading status of any member or any non-member/clerk and trading floor personnel including clerks, interns, stock execution clerks and any other associated person, of member organizations who have been issued an Exchange access card and trading floor badge, the appropriate Exchange form must be completed, approved and dated by a firm, principal, officer, or member of the firm with authority to do so, and submitted to the appropriate Exchange Department as soon as possible, but no later than 9:30 A.M. the next business day by the member organization employer. Further, every effort should be made to obtain the employee's access card and trading floor badge and to submit these to the appropriate Exchange Department.

1st Occurrence	\$100.00
2nd Occurrence	\$200.00
3rd and Thereafter	Sanction is discretionary with Phlx Regulation Department

(c) Required Filing for the Termination of, or the Initiation of a Change in the Status of, a Business Relationship between member organizations and their Clearing Organizations

Following the commencement or termination of a clearing arrangement between member organizations and their clearing organization, a completed "Clearing Arrangement Notice" must be submitted to the Exchange as soon as possible, but no later than 9:30 AM the next business day by such clearing organization.

1st Occurrence	\$100.00
2nd Occurrence	\$200.00
3rd and Thereafter	Sanction is discretionary with Phlx Regulation Department

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