

internet website (<http://www.sec.gov/rules/sro.shtml>). Copies of the submission, all subsequent amendments, all written statements with respect to the proposed rule change that are filed with the Commission, and all written communications relating to the proposed rule change between the Commission and any person, other than those that may be withheld from the public in accordance with the provisions of 5 U.S.C. 552, will be available for website viewing and printing in the Commission's Public Reference Room, 100 F Street NE, Washington, DC 20549, on official business days between the hours of 10:00 a.m. and 3:00 p.m. Copies of the filing also will be available for inspection and copying at the principal office of the Exchange. All comments received will be posted without change. Persons submitting comments are cautioned that we do not redact or edit personal identifying information from comment submissions. You should submit only information that you wish to make available publicly. All submissions should refer to File No. SR-NYSEAMER-2019-35, and should be submitted on or before October 10, 2019.

For the Commission, by the Division of Trading and Markets, pursuant to delegated authority.<sup>22</sup>

Jill M. Peterson,

Assistant Secretary.

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## SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-86959; File No. SR-Phlx-2019-33]

### Self-Regulatory Organizations; Nasdaq PHLX LLC; Notice of Filing and Immediate Effectiveness of Proposed Rule Change Relating to Specialists and Registered Options Traders

September 13, 2019.

Pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 ("Act"),<sup>1</sup> and Rule 19b-4 thereunder,<sup>2</sup> notice is hereby given that on September 10, 2019, Nasdaq PHLX LLC ("Phlx" or "Exchange") filed with the Securities and Exchange Commission ("Commission") the proposed rule change as described in Items I, II, and III, below, which Items have been prepared by the Exchange. The

Commission is publishing this notice to solicit comments on the proposed rule change from interested persons.

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

The Exchange proposes to amend Phlx Rule 1000, titled "Applicability, Definitions and References," Rule 1014, titled "Obligations and Restrictions Applicable to Specialists and Registered Options Traders," Rule 1020, titled "Registration and Functions of Options Specialists," Rule 1082, titled "Firm Quotations," Rule 1087, titled "Price Improvement XL ("PIXL"), Options 8, Section 2, titled "Definitions," Section 11, titled "Specialist Appointment," Section 39, titled "Options Minor Rule Violations and Order and Decorum Regulations" at E-16, titled "Communications and Equipment." The Exchange also proposes to relocate Rule 1064, titled "Crossing Facilitation and Solicited Orders" to Options 8, Section 30. The Exchange also proposes to relocate other rules, update cross-references and make various other technical amendments.

The text of the proposed rule change is available on the Exchange's website at <http://nasdaqphlx.cchwallstreet.com/>, at the principal office of the Exchange, and at the Commission's Public Reference Room.

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

In its filing with the Commission, the Exchange included statements concerning the purpose of and basis for the proposed rule change and discussed any comments it received on the proposed rule change. The text of these statements may be examined at the places specified in Item IV below. The Exchange has prepared summaries, set forth in sections A, B, and C below, of the most significant aspects of such statements.

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

###### 1. Purpose

Phlx proposes to: (1) Amend certain descriptions within Rule 1000, titled "Applicability, Definitions and References"; (2) amend Rule 1014, titled "Obligations and Restrictions Applicable to Specialists and Registered Options Traders" to amend the bid/ask differentials within current Rule 1014(c), relocate rule text within the

rule and delete certain obsolete rule text; (3) amend Rule 1020, "Registration and Functions of Options Specialists" so that a Specialist is not required to be appointed to an option series; (4) relocate other rules, update cross references in various rules, and make other technical amendments. Each change will be described below.

###### Rule 1000

The Exchange proposes to amend Rule 1000, titled "Applicability, Definitions and References" in several ways. First, the Exchange proposes some technical amendments to Rule 1000 to format the rule consistently by placing a title prior to each description where no title appears. This is a non-substantive change to make the rule consistent. The Exchange also proposes to update the name of The Options Clearing Corporation to add a "The" before the name. Second, the Exchange proposes to add a definition for "Public Customer" within the Rule 1000(b)(56) to provide, "Public Customer shall mean a person or entity that is not a broker or dealer in securities and is not a professional as defined within Phlx Rule 1000(b)(14)." With the addition of this definition, the Exchange proposes to amend the description of a Professional within Rule 1000(b)(14) to remove the following rule text, "A professional will be treated in the same manner as an off-floor broker-dealer for purposes of Rules 1014(g), 1033(e), 1064, Commentary .02 (except professional orders will be considered customer orders subject to facilitation), 1087 and 1098, as well as Options Floor Procedure Advices B-6 and F-5." Because the Exchange will be separately utilizing the terms "Public Customer" and "Professional" <sup>3</sup> throughout the Rulebook, the Exchange believes that the citations to other rules within the definition of "Professional" in Rule 1000(b)(14) are not necessary because each rule will distinguish whether it pertains to a Public Customer or a Professional. Today, the professional rule distinguishes where professional orders will be treated as an off-floor broker-dealer's orders and other instances where professional orders will be considered customer orders. The Exchange proposes, similar to other Rulebooks,<sup>4</sup> to make clear within the

<sup>3</sup> The following rules add both the terms "Public Customer" and "Professional" in place of "customer" or "public customer": Rule 1017, 1087, 1093 and Options 8, Section 28.

<sup>4</sup> Nasdaq ISE, LLC ("ISE"), Nasdaq GEMX, LLC ("GEMX") and Nasdaq MRX, LLC ("MRX"), Nasdaq BX, Inc. ("BX") and NOM Rules separately define Professional and Priority Customer and Public Customer, respectively within Options 1, Section

<sup>22</sup> 17 CFR 200.30-3(a)(12).

<sup>1</sup> 15 U.S.C. 78s(b)(1).

<sup>2</sup> 17 CFR 240.19b-4.

rule text whether the reference to customer is to a Professional, Public Customer or both. This proposal is technical in nature because it more specifically explains how the term “customer” or “public customer” is applied today. Where the terms “customer” or “public customer” are utilized the Exchange is proposing to replace those terms with more specific defined terms such as Public Customer, as that definition is proposed, or Professional, as that term is defined instead of citing applications of the term Professional in Rule 1000. The Exchange believes that a market participant reading a rule would benefit from the term “customer” or “public customer” being more specifically denoted within the actual rule text of each rule to make clear which type of participant applies today. The Exchange is not proposing to amend its rules or functionality with this change of terms, rather the Exchange is proposing to add defined terms within the rule text and eliminating the cross references within the Professional definition. Today, the term “customer” or “public customer” are not defined. The Exchange proposes the actual defined terms as they are utilized within the System.

As noted, the Exchange is adopting the term “Public Customer” at proposed Rule 1000(b)(56) and already has the term “professional” defined in the Rulebook. The Exchange is not amending any functionality, rather the Exchange is substantively retaining the same meaning as today for the term “customer” but substituting the proper defined term.<sup>5</sup> The Exchange proposes to specifically amend the term “customer” in certain rules to the defined term “Public Customer.”<sup>6</sup>

1(a)(36) and (39) (see definitions for Professional and Priority Customer).

<sup>5</sup> The Exchange defined the term Public Customer and is now removing that definition. See Phlx Rules 1087, 1089 and 1093.

<sup>6</sup> The Exchange proposes to capitalize the term “professional” in Rule 1000(b)(14) and 1093. The Exchange proposes to capitalize the term “public customer” in Rules 1000(b)(41), 1010, 1087, 1088 and Options 8, Sections 24, 28, relocated rule 30 and 34. The Exchange proposes to amend the term “customer” within Rule 1017, 1087 and Options 8, Section 22 to refer to “Public Customer” and “Professional.” The Exchange proposes to replace the term “non-broker-dealer customers” with the terms “Public Customer” and/or “Professional.” The current definition of Professional, which is proposed to be deleted, states that Professionals would be treated like broker-dealers for the rules cited. The Exchange proposes to capitalize the term “customer” within the term “Public Customer” within Rule 1098, Options 8, Sections 24, 28, 33 and 34. Further Rules 1087, 1089, 1093 define a Public Customer today. With the introduction of the defined term “Public Customer” within Phlx Rule 1000, these definitions, which are the same as the new defined term, are being deleted because the

The Exchange proposes to define “Registered Options Trader” or “ROT” within proposed Rule 1000(b)(57). The Exchange will continue to describe how a ROT is permitted to transact business within Rule 1014. Rule 1014 is described below in more detail. Since, the term ROT is utilized throughout the options Rules, it is being defined within Rule 1000 for ease of reference. Currently, Rule 1014(b) provides, “A ROT is a regular member or a foreign currency options participant of the Exchange located on the trading floor who has received permission from the Exchange to trade in options for his own account. For purposes of this Rule 1014, the term “ROT” shall include a Streaming Quote Trader, and a Remote Streaming Quote Trader, as defined below.” The Exchange proposes to provide that a Registered Options Trader “shall mean a Streaming Quote Trader or a Remote Streaming Quote Trader who enters quotations for his own account electronically into the System.” Phlx no longer has a separate “foreign currency options participation.” Those participations were eliminated.<sup>7</sup> Today, the Exchange has separately defined a “Floor Market Maker” within Options 8, Section 2(7) as a ROT who is neither an SQT or an RSQT so the reference to the floor is no longer necessary. This rule change also updates references to “non-SQT ROTs” to the “Floor Market Maker.”<sup>8</sup> Finally, this definition of ROT is utilized throughout the Rules, not simply for Rule 1014, so it is better placed among the other definitions.

The Exchange proposes to define a Specialist within Rule 1000(b)(58). Phlx Rule 1020 provides for the registration and functions of option specialists, however the term is not defined for purposes of the Rulebook. The Exchange proposes to state that a Specialist is “. . . a member who is registered as an options Specialist pursuant to Rule 1020(a). A Specialist includes a Remote Specialist which is defined as a

Phlx Rule 1000 definition will apply to the options rules.

<sup>7</sup> See Securities Exchange Act Release No. 63981 (February 25, 2011), 76 FR 12180 (March 4, 2011) (SR-Phlx-2011-13) (Approving Proposed Rule Change, as Modified by Amendment No. 1, Relating to Amendments to NASDAQ OMX PHLX LLC’s Limited Liability Company Agreement, By-Laws, Rules, Advices and Regulations).

<sup>8</sup> See Securities Exchange Act Release No. 85740 (April 29, 2019), 86 FR 19136 (May 3, 2019) (SR-Phlx-2019-17) (Notice of Filing and Immediate Effectiveness of Proposed Rule Change To Relocate the Floor Trading Rules to Options 8). This rule change proposes to replace the term “non-SQT ROT” with “Floor Market Maker.” The Exchange is replacing that term in Phlx Rules 1087 and 1098. Options 8 contains all Floor related rules including definitions.

Specialist in one or more classes that does not have a physical presence on an Exchange’s trading floor and is approved by the Exchange pursuant to Rule 501.” Phlx Rule 1020(a)(ii) provides, “A Remote Specialist is 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 Exchange proposes to define a Specialist within Rule 1000 for ease of reference.

The Exchange proposes to relocate current Rule 1014(b)(ii)(A) which provides, “An SQT is an ROT who has received permission from the Exchange to generate and submit option quotations electronically in options to which such SQT is assigned. An SQT may only submit such quotations while such SQT is physically present on the floor of the Exchange. An SQT may only trade in a market making capacity in classes of options in which the SQT is assigned.” The Exchange proposes to relocate this description to proposed Rule 1000(b)(59) without amendment. The Exchange proposes to relocate current Rule 1014(b)(ii)(B) which provides, “An RSQT is an ROT that is a member affiliated with and 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 qualified RSQT may function as a Remote Specialist upon Exchange approval.” The Exchange proposes to relocate this description to proposed Rule 1000(b)(60) and add the following reference to certain acronyms that are utilized in the Rulebook, “A Remote Streaming Quote Organization (“RSQTO”) or Remote Market Maker Organization (“RMO”) are Exchange member organizations that have qualified pursuant to Rule 507.” Today, Phlx Rule 507 provides that RSQTOs may also be referred to as Remote Market Maker Organizations (“RMOs”) and RSQTs may also be referred to as Remote Market Markers (“RMMs”). The Exchange proposes to add these terms to the definition for ease of reference in understanding the acronyms. The Exchange believes that relocating these definitions from Rule 1014 to Rule 1000 will bring greater transparency to the Rules. Also, adding a definition for a Specialist and describing an RSQTO and RMO within Rule 1000 will make it easier for market participants to understand the various registrations that exist on Phlx. The Exchange also proposes to amend Rule 501(f) to add a reference to the definition for ease of

reference as this rule discusses an RSQT.

The Exchange proposes to add a new term “Non-Public Customer” into the Rulebook. The Exchange proposes to define the term “Non-Public Customer” as a person or entity that is a broker or dealer in securities, or is a Professional.” This term is utilized within Phlx Rule 1089, “Electronic Execution Priority and Processing in the System.” The Exchange believes that defining this term will bring greater transparency to the term’s usage. Defining this term does not substantively amend the meaning of the term within Phlx Rule 1089 but further provides context to the current usage of the term.

The Exchange is deleting Rule 1000(e), which is reserved.

#### Rule 1014

The Exchange proposes to amend the title of Rule 1014 from “Obligations and Restrictions Applicable to Specialists and Registered Options Traders” to “Obligations of Market Makers.” The Exchange proposes to relocate text from Rule 1014 to Rule 1000 as described herein. The Exchange proposes to relocate descriptive terms of market participants in order to describe each type of market participant within the definition section of Rule 1000. The Exchange proposes to retain text within Rule 1014 which describes the manner in which a ROT or Specialist may transact options on the Exchange.

The Exchange proposes to add an “(i)” before the current text which provides, “Each ROT electing to engage in Exchange options transactions shall be assigned by the Exchange one or more classes of options, and Exchange options transactions initiated by such ROT on the Floor for any account in which he had an interest shall to the extent prescribed by the Exchange be in such assigned classes.” The Exchange proposes to relocate Commentary .04 of Rule 1014 to the end of proposed Rule 1014(a)(i), without amendment.<sup>9</sup> The Exchange proposes to relocate the second paragraph of Commentary .01 of Rule 1014 to proposed Rule 1014(a)(i)(A), without amendment. The Exchange proposes to modify the current paragraph at Rule 1014(b)(ii)(B) which provides,

Notwithstanding the provisions of subparagraph (b)(i) above, an RSQT may only submit such quotations electronically from off the floor of the Exchange. An RSQT shall

not submit option quotations in eligible options to which such RSQT is assigned to the extent that the RSQT is also approved as a Remote Specialist in the same options. An RSQT may only trade in a market making capacity in classes of options in which he is assigned or approved as a Remote Specialist.

The Exchange proposes to remove the words “Notwithstanding the provisions of subparagraph (b)(i) above” and “such” as unnecessary terms that related to rule text that existed previously but is no longer part of the rule text.

The Exchange proposes to relocate rule text from Commentary .05 of Rule 1014 to proposed Rule 1014(a)(iii), without amendment. The Exchange proposes to relocate the rule text of Commentary .06 to Rule 1014 to proposed Rule 1014(a)(iv), without amendment. The Exchange proposes to relocate rule text from the first paragraph of Commentary .01 of Rule 1014 to proposed Rule 1014(a)(v). The Exchange notes that the word “similarly” was removed as unnecessary. As noted herein, the Exchange proposes to relocate the second paragraph of Commentary .01 of Rule 1014 to proposed Rule 1014(a)(i)(A), without amendment.

#### Bid/Ask Differential

The Exchange proposes to amend the title of Rule 1014(c) from “*In Classes of Option Contracts to Which Assigned—Affirmative*” to “*Appointment*.” The Exchange proposes to amend the current requirements for quoting which provides,

(1) Options on equities (including Exchange-Traded Fund Shares), and on index options may be quoted electronically with a difference not to exceed \$5 between the bid and offer regardless of the price of the bid. The \$5 bid/ask differentials only apply to electronic quotations and only following the opening rotation in each security (*i.e.*, the bid/ask differentials specified in subparagraph (c)(i)(A)(1) above shall apply during opening rotation).

(2) Options on U.S. dollar-settled FCO may be quoted electronically with a difference not to exceed \$5.00 between the bid and offer regardless of the price of the bid. The bid/ask differentials set forth in this subparagraph (c)(i)(A)(2) (b) only apply to electronic quotations and only following the opening rotation in each security (*i.e.*, the bid/ask differentials specified in subparagraph (c)(i)(A)(1) above shall apply during opening rotation).

The Exchange also proposes to amend current Options 8, Section 27, Quoting Obligations and Required Transactions, which provides at Section 27(c)(1)(A),

(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.

The Exchange proposes to align the bid/ask requirements for in-the-money series for the trading floor with electronic bid/ask differentials for in-the-money series. Within Rule 1014(c), the Exchange proposes to capitalize “Opening Process” and remove rule text relating to rotations to make the rule text clear that the reference to differentials in Rule 1014(c) are intraday differentials. Phlx has separate Valid Width Quote requirements for the Opening Process within Rule 1017.

Further, the Exchange proposes to align in-the-money<sup>10</sup> bid/ask differentials for options on equities (including Exchange-Traded Fund Shares), index options and options on U.S. dollar-settled FCOs within Rule 1014(c) and Options 8, Section 27(c). The Exchange proposes within Rule 1014(c) to provide for in-the-money series, where the market for the underlying security is wider than the differentials currently set forth, the bid/ask differentials may be as wide as the

<sup>10</sup> The term “in-the-money” shall mean the following: For call options, all strike prices at or below the offer in the underlying security on the primary listing market; for put options, all strike prices at or above the bid in the underlying security on the primary listing market. This definition shall only apply for purposes of quoting obligations in Rules 1014 and 1017. See Rule 1000(b)(51).

<sup>9</sup> Commentary .04 to Rule 1014 provides, “The obligations of an ROT with respect to those classes of options to which he is assigned shall take precedence over his other ROT activities.”

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.<sup>11</sup> The Exchange is proposing a similar change to Options 8, Section 27(c)(1)(A)(ii) for U.S. dollar-settled FCOs. The Exchange proposes to align the language to make clear that options on equities applies to Exchange-Traded Fund Shares within Options 8, Section 27(c)(1)(A)(i). The Exchange believes that aligning the bid/ask differentials for all in-the-money options would cause the Exchange to have a single standard regardless of the product. Today, Options 8, Section 27(c)(1)(A)(i) provides, “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 is amending Options 8, Section 27(c)(1)(A)(i) to expand the provision to apply to equities (including Exchange-Traded Fund Shares) and index options. The Exchange also proposes to amend Options 8, Section 27(c)(1)(A)(ii), which applies to U.S. dollar-settled FCOs, similar to Rule 1014(c). Aligning the requirements for all in-the-money options across the Exchange will avoid confusion for Specialists and ROTs in submitting quotes on both the trading floor and electronically on Phlx. The Exchange is not amending bid/ask differentials for options which are not in-the-money.

The Exchange believes that amending the bid/ask differentials for in-the-money series for options on equities (including Exchange-Traded Fund Shares), index options and options on U.S. dollar-settled FCOs on the trading floor and electronically, to a spread which 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, where the market for the underlying security is wider than the \$5 allowance already provided for within the rule, will allow Specialists and ROTs to obtain the same flexibility in quoting as they experience on other options markets today.<sup>12</sup> A

Specialist or ROT quoting an in-the-money options series can hedge its position by trading in the underlying security at the NBBO, which may be narrower than the quotation on the primary market.

The Exchange also proposes to note that it may establish differences other than the above for one or more series or classes of options. The Exchange proposes to add the following rule text to Rule 1014(c)(1), “The Exchange may establish differences other than the above for one or more series or classes of options.” The Exchange is proposing this amendment to align the in-the-money intra-day bid/ask differentials with the requirements for the trading floor.<sup>13</sup> Today, the Exchange establishes differences as do all options markets.<sup>14</sup> The Exchange previously had rule text which allowed the difference.<sup>15</sup> In relocating text to Options 8 as part of the floor relocation, which stated, “The Exchange may establish differences other than the above for one or more series or classes of options” the Exchange inadvertently did not amend the text for electronic markets. The floor rule text was part of the Rule 1014 initially before the relocation.

The Exchange also proposes to amend Rule 1014(d) to amend the title from “*In Classes of Option Contracts Other Than*

contracts fairly by, among other things, bidding and offering so as to create differences of no more than \$5 between the bid and offer following the opening rotation in an equity or index options contract. The Exchange may establish differences other than the above for one or more series or classes of options. (i) The bid/offer differentials stated in subparagraph (b)(4) of this Rule shall not apply to in-the-money options series where the underlying securities market is wider than the differentials set forth above. For these series, the bid/ask differential may be as wide as the spread between the national best bid and offer in the underlying security.”

<sup>13</sup> Phlx Options 8, Section 27(c) which states, “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.”

<sup>14</sup> See ISE and GEMX at Options 2, Section 5, Miami International Securities Exchange LLC Rule 503(e)(2), BOX Exchange LLC Rule 8040 and NYSE American LLC Rule 925NY(b)(5) and (c).

<sup>15</sup> See note 8 above.

*Those Which Appointed*” to “Classes of Options To Which Not Appointed.” The Exchange proposes to add the following sentence, “With respect to classes of options to which an ROT is not appointed, it should not engage in transactions for an account in which it has an interest that are disproportionate in relation to, or in derogation of, the performance of his obligations as specified in paragraph (c) above with respect to those classes of options to which it is appointed,” before the phrase “an ROT should not.” The Exchange believes that adding this sentence will provide more context to the information which follows. This rule text is similar to rule text within ISE Options 2, Section 5(d).

The Exchange proposes to amend some lettering within Rule 1014(d) and amend Rule 1014(d)(ii) from “Be conspicuous in the general market or in the market in a particular option” to “effect purchases or sales on the Exchange except in a reasonable and orderly manner” which is the same rule text within ISE Rules at Options 2, Section 5(d). The Exchange believes that the current rule text is ambiguous. The Exchange proposes to revise the requirements for market makers similar to other options markets.<sup>16</sup> The Exchange proposes to delete Rule 1014(f) as the rule is unnecessary. Rule 1014(f)(1) provides that Rule 1014(d), which applies to classes of options in which a Specialist is not appointed in, shall not apply to “any transaction by a registered Specialist in an option in which he is so registered to contribute to the maintenance of a fair and orderly market in an option, or any purchase or sale to reverse any such transaction; or any transaction to offset a transaction made in error.” The Exchange notes that Rule 1014(d) does not govern options in which the Specialist is registered. The caveat does not need to be noted within the Rule. Specialists may transact options in classes in which they are appointed to contribute to the maintenance of a fair and orderly market in an option, or any purchase or sale to reverse any such transaction; or any transaction to offset a transaction made in error. Further, the Exchange proposes to delete Rule 1014(f)(ii) which provides, “. . . any transaction, other than a transaction for an account in which an ROT has an interest, made with the prior approval of an Options Exchange Official to permit a member to contribute to the maintenance of a fair and orderly market in an option, or any

<sup>11</sup> The Exchange is proposing to combine Rule 1014(c)(1) and (2) into one paragraph.

<sup>12</sup> See ISE, GEMX and MRX Options 2, Section 4. Options 2, Section 4 provides, “(4) To price options

<sup>16</sup> See ISE, GEMX and MRX Rules at Options 2, Section 5(d) and NOM and BX Chapter VII, Section 5(b).

purchase or sale to reverse any such transaction". The Exchange proposes to remove this exception because it is no longer necessary. The Exchange would not approve a market making transaction that is not done by a Specialist or ROT because these are the only two types of market participants that may act in a market making capacity on Phlx. No other market participant may submit quotes on Phlx or is subject to the requirements to contribute to the maintenance of a fair and orderly market as provided for in Rule 1014. This rule has been in existence for some time and the Exchange does not believe it has relevance.

The Exchange is deleting Rule 1014(g), which is currently reserved.

The Exchange proposes to delete Commentary .02<sup>17</sup> of Rule 1014 which refers to a paragraph (c)(i)(B) which was deleted in a prior filing.<sup>18</sup> The Exchange proposes to renumber Commentary .03<sup>19</sup> of Rule 1014 as ".01."

The Exchange proposes to renumber Commentary .07<sup>20</sup> to Rule 1014 as ".02." The Exchange also proposes to revise the second sentence to state, "A Specialist shall also not charge a commission or fee for the handling, execution or processing of an order delivered through the Exchange's System, whether the Specialist is acting as principal or agent for the order." The Exchange is capitalizing the proposed

<sup>17</sup> Commentary .02 to Rule 1014 provides, "The Exchange has determined that the limitations of paragraph (c)(i)(B) of this Rule should not be carried over from one day to the next and, therefore, are not applicable to the opening of stock or Exchange-Traded Fund Share option contracts on the Exchange."

<sup>18</sup> See Securities Exchange Act Release No. 76441 (November 16, 2015), 80 FR 72773 (November 20, 2015) (SR-Phlx-2015-91).

<sup>19</sup> Commentary .03 to Rule 1014 provides, ".03 The Exchange has determined for purposes of paragraph (c) of this Rule that, except for unusual circumstances, at least 50% of the trading activity in any quarter (measured in terms of contract volume) of an ROT (other than an RSQT) shall ordinarily be in classes of options to which he is assigned. Temporarily undertaking the obligations of paragraph (c) at the request of a member of the Exchange in non assigned classes of options shall not be deemed trading in non assigned option contracts."

The Exchange may, in computing the percentage specified herein, assign a weighting factor based upon relative inactivity to one or more classes or series of option contracts."

<sup>20</sup> Commentary .07 to Rule 1014 provides, "A Specialist acting in the course of his lead market making function, as agent or principal, on the Exchange is prohibited from charging a commission or fee for the execution of an order. A specialist shall also not charge a commission or fee for the handling, execution or processing of an order delivered through the Exchange's automated trading system, Phlx XL II, whether the specialist is acting as principal or agent for the order."

defined term "Specialist" and utilizing the defined term "System."<sup>21</sup>

Commentary .08<sup>22</sup> to Rule 1014 was superseded by the Phlx Rule 1017 which governs the Opening Process and provides for the price at which an option series may open. The rule text within Commentary .08 is no longer applicable and thus is proposed to be deleted.

Commentary .09 to Rule 1014 is obsolete and thus is proposed to be deleted. The Exchange notes that trading hours and ability to set them for foreign currency options are handled within Phlx Rule 101. Also, Phlx Rule 1014(e) no longer exists. Commentary .10 to Rule 1014 is being deleted because the Exchange requires ROTs to submit orders electronically similar to all other market participants. This rule text is not necessary. The deletion of these rules will bring greater clarity to the Rulebook.

#### Rule 1020

The Exchange proposes to amend Rule 1020 to provide that a Specialist is not required to be assigned to an options series. The Exchange permits one Specialist per options series. There is no limitation on the number of ROTs that may be assigned to an options series. The Exchange notes that if a Specialist cannot be acquired for an options series it may list the option series nonetheless for ROTs to quote and provide liquidity. The Exchange notes that a Specialist is not required to list an option series. Today, The Nasdaq Options Market LLC ("NOM") does not have such a Specialist and lists and trades option series.

#### Other Amendments

In addition to the amendments already noted herein, the Exchange proposes to relocate Rule 1064, "Crossing, Facilitation and Solicited Orders" into Options 8, Section 30. At the time the Exchange relocated rules it reserved Section 30 to relocate this floor rule at a later date. The Exchange now proposes to relocate this rule and update internal cross-references to other rules. This amendment is purely a technical relocation of the rule (and related cross-reference changes) and the rule is otherwise unchanged.

<sup>21</sup> See Phlx Rule 1000(b)(45).

<sup>22</sup> Commentary .08 to Rule 1014 provides, "The price of an opening transaction in an option series must be within an acceptable range (as determined by the Exchange and announced to Exchange members and member organizations on the Exchange's website) compared to the highest offer and the lowest bid (e.g., the upper boundary of the acceptable range may be 125% of the highest quote offer and the lower boundary may be 75% of the lowest quote bid)."

The Exchange proposes a technical amendment to Rule 1082, "Firm Quotations" to rename Risk Monitor Mechanism to its current name "Automated Quotation Adjustment" which rule is located within Rule 1099(c)(2). This is only a name change and therefore this amendment is non-substantive. Also, the Exchange proposes to update Rule 1087, "Price Improvement XL ("PIXL")" to amend "TOPO Plus Orders" to simply "TOPO data feed" as provided for in Rule 1070(a)(1) and note the location of the description of the Specialized Quote Feed within Rule 1080(a)(i)(B). This is only a name change and therefore this amendment is non-substantive.

The Exchange proposes to amend Options 8, Section 2, "Definitions" to add a sentence to Rule 2(7) Floor Market Maker to provide, "A Floor Market Maker may provide a quote in open outcry." Today, a Floor Market Maker is permitted to provide a quote in open outcry. This sentence merely makes clear that this type of market participant may submit quotes on the floor, similar to the electronic market. A Floor Market Maker is a ROT as noted within Options 8, Section 2(7), who is neither an SQT or RST, so they may not stream quotes electronically, rather they submit quotes in open outcry on the trading floor.

The Exchange proposes to relocate the text of Rule 2(7), except for the current first sentence to Options 8, Section 11, "Specialist Appointment" and retitle that rule "Floor Market Maker and Specialist Appointment." The Exchange proposes to renumber this rule and relocate the text from Options 8, Section 2(7) to proposed Section 11(b).

Finally, the Exchange proposes to correct cross-references to current rules within Rules 1000, 1082, 1087, 1098 and Options 8, Section 30 and also capitalize the word "floor" before "Broker" within Options 39, E-16 "Communications and Equipment."

#### 2. Statutory Basis

The Exchange believes that its proposal is consistent with Section 6(b) of the Act,<sup>23</sup> in general, and furthers the objectives of Section 6(b)(5) of the Act,<sup>24</sup> in particular, in that it is designed to promote just and equitable principles of trade, to remove impediments to and perfect the mechanism of a free and open market and a national market system, and, in general to protect investors and the public interest.

<sup>23</sup> 15 U.S.C. 78f(b).

<sup>24</sup> 15 U.S.C. 78f(b)(5).

## Rule 1000

The Exchange's proposal to amend Rule 1000, titled "Applicability, Definitions and References" to conform the formatting of the rule, update the name of The Options Clearing Corporation to add a "The" before the name, and relocate definitions from Rule 1014 to Rule 1000 are non-substantive amendments. The Exchange's proposal to add a definition for "Public Customer" within the Rule 1000(b)(56), amend the description of a Professional within Rule 1000(b)(14), and add the terms "Public Customer" and "Professional", where appropriate, throughout the Rulebook, is consistent with the Act because these amendments will bring greater transparency to the Rulebook. The Exchange desires to make clear where a customer order means a Public Customer order or both a Public Customer and a Professional order. By distinguishing the use of these terms, market participants will better understand Exchange Rules.

Relocating and amending the term "Registered Options Trader" within proposed Rule 1000(b)(57) is consistent with the Act because it will make the description of this market participant clear. Phlx no longer has a separate "foreign currency options participation." Those participations were eliminated.<sup>25</sup> The Exchange has separately defined a "Floor Market Maker" within Options 8, Section 2(7) as an ROT who is neither an SQT or an RSQT so the reference to the floor is no longer necessary. Finally, this definition of ROT is utilized throughout the Rules, not simply for Rule 1014, so it is better placed among the other definitions. The proposed new description will bring greater clarity to the term "ROT".

The Exchange's proposal to add a sentence to the description of an RSQT, which is being relocated to proposed Rule 1000(b)(60), which provides, "A Remote Streaming Quote Organization ("RSQTO") or Remote Market Maker Organization ("RMO") are Exchange member organizations that have qualified pursuant to Rule 507" is consistent with the Act because the proposed definition will make clear that the usage of the terms RSQTO and RMO in relation to an RSQT. Finally, the Exchange's proposal to define a Specialist within Rule 1000 will make it easier for market participants to understand the various registrations that exist on Phlx which would all be available within Rule 1000.

## Rule 1014

The Exchange's proposal to amend the title of Rule 1014 from "Obligations and Restrictions Applicable to Specialists and Registered Options Traders" to "Obligations of Market Makers," relocate text from Rule 1014 to Rule 1000, retitle certain sections within Rule 1014(c), renumber Rule 1014, and modify the current paragraph at Rule 1014(b)(ii)(B) are non-substantive amendments.

The Exchange's proposal to add the following sentence to Rule 1014(d) "With respect to classes of options to which an ROT is not appointed, it should not engage in transactions for an account in which it has an interest that are disproportionate in relation to, or in derogation of, the performance of his obligations as specified in paragraph (c) above with respect to those classes of options to which it is appointed," before the phrase "an ROT should not" is consistent with the Act. The Exchange believes that adding this sentence will provide more context to the information which follows. This rule text is similar to rule text within ISE Rules at Options 2, Section 5(d).

The Exchange's proposes to amend Rule 1014(d)(ii) from "Be conspicuous in the general market or in the market in a particular option" to "effect purchases or sales on the Exchange except in a reasonable and orderly manner" is consistent with the Act in that it protects investors and the public interest by providing a standard that is understandable. The Exchange notes that the quoting requirements within Rule 1081 require ROTs to be quoting a certain amount of the trading day. The new rule text is clear and unambiguous. It is the same requirement for market makers on other options markets.<sup>26</sup>

The Exchange's proposal to delete Rule 1014(f) is consistent with the Act because the provisions in this rule are no longer necessary. The rule text does not provide additional information to the current rule and additionally, the Exchange would not approve a market making transaction that is not done by a Specialist or ROT. This rule has been in existence for some time and the Exchange does not believe it has relevance. The Exchange's deletion of Commentary .02 of Rule 1014 is consistent with the Act because this rule text related to paragraph (c)(i)(B), which was deleted.<sup>27</sup>

<sup>26</sup> See GEMX and MRX Rules at Options 2, Section 5(d) and NOM and BX Chapter VII, Section 5(b).

<sup>27</sup> See Securities Exchange Act Release No. 76441 (November 16, 2015), 80 FR 72773 (November 20, 2015) (SR-Phlx-2015-91).

The Exchange's proposal to make minor amendments to Commentary .07 is consistent with the Act because the changes are not substantive. The Exchange's proposal to delete Commentary .08 is consistent with the Act as Phlx Rule 1017 governs the Opening Process and Specialists may not circumvent that process. The Exchange's proposal to delete Commentary .09 to Rule 1014 is consistent with the Act because the provision is redundant. Trading hours and ability to set them for foreign currency options are handled within Phlx Rule 101. Also, Phlx Rule 1014(e) no longer exists. The Exchange's proposal to delete Commentary .10 to Rule 1014 is consistent with the Act because the Exchange requires ROTs to submit orders electronically similar to all other market participants. This rule text is not necessary. The Exchange believes these proposed rule changes will bring greater transparency and clarity to the regulation of ROTs and Specialists on Phlx.

## Bid/Ask Differential

The Exchange proposes to amend its bid/ask differential requirements within Rule 1014(c) and Options 8, Section 27 for in-the-money series for options on equities (including Exchange-Traded Fund Shares), index options and options on U.S. dollar-settled FCOs, to a quote spread allowance which 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, provided the market for the underlying security is not wider than the differentials set forth above is consistent with the Act. The Exchange believes the proposed bid/offer differentials allow market makers greater flexibility with respect to their quoting obligations. Aligning the bid/ask differentials for all in-the-money options would cause the Exchange to have a single standard regardless of the product. Phlx believes that measuring the permissible width of a market maker's quote against the NBBO more accurately reflects the current trading environment where multiple trading venues contribute to the prevailing market price of a security underlying an options series traded on Phlx. Applying this standard only when the market for the underlying security is wider than the differentials set forth allows Specialists and ROTs to submit quotations that may be more reflective of the market for the security. Specialists and ROTs take into consideration market conditions, including trading and liquidity when

<sup>25</sup> See note 7 above.

quoting. Further, the Exchange also notes that Specialists and ROTs are consistently incentivized through allocation models, pricing, and rules enforcement of market maker obligations to submit quotes which reflect a quality market and are representative of the Specialist's or ROT's best quote.

With this proposal, Specialists and ROTs would obtain the same flexibility in quoting as they experience on other options markets today.<sup>28</sup> Aligning the requirements for all in-the-money options across the Exchange will avoid confusion for Specialists and ROTs in submitting quotes on both the trading floor and electronically on Phlx. The Exchange is not amending quote width allowances for options which are not in-the-money. Further, a Specialist or ROT quoting an in-the-money options series can hedge its position by trading in the underlying security at the NBBO, which may be narrower than the quotation on the primary market.

The Exchange also proposes to note that it may establish differences other than the above for one or more series or classes of options. The Exchange's proposal to amend its rule to permit intra-day discretion to conform to current practice is consistent with the Act because such discretion is necessary to permit the Exchange the ability to attract liquidity from Specialists and ROTs while also maintaining a fair and orderly market. Specialists and ROTs accept a certain amount of risk when quoting on the Exchange. The Exchange imposes quoting and other obligations on ROTs.<sup>29</sup> The Exchange notes that these risks which ROTs accept each trading day are calculated risks. The Exchange notes that it considers certain factors, which are likely unforeseen, in determining whether to grant relief either in individual options classes or for all option classes based upon specific criteria. Specifically, the Exchange considers, among other factors, the following: (i) Pending corporate actions with undisclosed or uncertain terms; (ii) company or industry news with anticipated

significant market impact; (iii) government news of a sensational nature. The Exchange believes that it is necessary to grant quote relief in certain circumstances where an ROT may not have enough information to maintain fair and orderly markets. The Exchange notes that other markets have similar discretion for intra-day quotes today.<sup>30</sup> The Exchange is proposing this amendment to align the in-the-money bid/ask differentials with the requirements for the Trading Floor. The Exchange believes that the in-the-money bid/ask requirements for electronic quoting should align with floor trading.

#### Rule 1020

The Exchange's proposal to amend Rule 1020 to provide that a Specialist is not required to be assigned to an options series is consistent with the Act because this provision will allow the Exchange to list options series without the need to assign a Specialist. Today, the Exchange permits one Specialist per options series. There is no limitation on the number of ROTs that may be assigned to an options series. The Exchange notes that if a Specialist cannot be acquired for an options series it proposes to list the option series nonetheless for ROTs to quote and provide liquidity. Today, NOM does not have such a Specialist and lists and trades option series. The Exchange believes that this provision will remove impediments to and perfect the mechanism of a free and open market and a national market system because it will permit Phlx to competitively list all options series for which it has rules.

#### Other Amendments

The Exchange's relocation of Rule 1064, "Crossing, Facilitation and Solicited Orders" into Options 8, Section 30 and retitling of that rule are non-substantive.

The Exchange's proposed technical amendments to Rule 1082, "Firm Quotations" to rename Risk Monitor Mechanism and its proposal to update Rule 1087, "Price Improvement XL ("PIXL")" to amend "TOPO Plus Orders" to simple and provide a citation are non-substantive rule changes.

The Exchange's proposal to amend Options 8, Section 2, "Definitions" to add a sentence to Rule 2(7) Floor Market Maker to provide, "A Floor Market Maker may provide a quote in open outcry" is consistent with the Act as this provision will further distinguish floor and electronic trading and bring greater clarity to the Rules.

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

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

#### Rule 1000

The Exchange's proposal to amend Rule 1000, titled "Applicability, Definitions and References" to conform the formatting of the rule, update the name of The Options Clearing Corporation to add the "The" before the name, and relocate definitions from Rule 1014 to Rule 1000 are non-substantive amendments. The Exchange's proposal to add a definition for "Public Customer" within the Rule 1000(b)(56), amend the description of a Professional within Rule 1000(b)(14), and add the terms "Public Customer" and "Professional", where appropriate, throughout the Rulebook, does not impose an undue burden on competition because these definitions will bring greater transparency to the Rulebook. The Exchange is not amending any provision of the rules, rather the Exchange is making clear where a Public Customer order is intended and where the term Professional is intended to avoid confusion.

Amending the term "Registered Options Trader" within proposed Rule 1000(b)(57) does not impose an undue burden on competition because it will make the description of this market participant clear. Phlx no longer has a separate "foreign currency options participation." Those participations were eliminated.<sup>31</sup>

The Exchange's proposal to add a sentence to the description of an RSQT also does not impose an undue burden on competition because the proposed definition will make clear that the usage of the terms RSQTO and RMO in relation to an RSQT. Finally, the Exchange's proposal to add a definition for a Specialist within Rule 1000 will make it easier for market participants to understand the various registrations that

<sup>28</sup> See ISE, GEMX and MRX Options 2, Section 4. Options 2, Section 4 provides, "(4) To price options contracts fairly by, among other things, bidding and offering so as to create differences of no more than \$5 between the bid and offer following the opening rotation in an equity or index options contract. The Exchange may establish differences other than the above for one or more series or classes of options. (i) The bid/offer differentials stated in subparagraph (b)(4) of this Rule shall not apply to in-the-money options series where the underlying securities market is wider than the differentials set forth above. For these series, the bid/ask differential may be as wide as the spread between the national best bid and offer in the underlying security."

<sup>29</sup> See Phlx Rules 1017 and Rule 1081.

<sup>30</sup> NOM does not require NOM Market Makers to quote during the opening, however if a NOM Market Maker decided to quote during the opening, the Market Maker would be permitted to submit a bid/ask differential with a difference not to exceed \$5 between the bid and offer regardless of the price of the bid. However, respecting in-the-money series where the market for the underlying security is wider than \$5, the bid/ask differential may be as wide as the spread between the national best bid and offer in the underlying security. See NOM Rules at Chapter VII, Section 6(d)(ii).

<sup>31</sup> See Securities Exchange Act Release No. 63981 (February 25, 2011), 76 FR 12180 (March 4, 2011) (SR-Phlx-2011-13).



exist on Phlx which would all be available within Rule 1000.

#### Rule 1014

The Exchange's proposal to amend titles, relocate text, renumber sections of Rule 1014 from "Obligations and Restrictions Applicable to Specialists and Registered Options Traders" to "Obligations of Market Makers," relocate text from Rule 1014 to Rule 1000, retitle certain sections within Rule 1014(c), renumber Rule 1014, and modify the current paragraph at Rule 1014(b)(ii)(B) are non-substantive amendments.

The Exchange's proposal to add the following sentence to Rule 1014(d) "With respect to classes of options to which an ROT is not appointed, it should not engage in transactions for an account in which it has an interest that are disproportionate in relation to, or in derogation of, the performance of his obligations as specified in paragraph (c) above with respect to those classes of options to which it is appointed," before the phrase "an ROT does not" does not impose an undue burden on competition. This rule will apply to all ROTs uniformly and does not apply to other market participants.

The Exchange's proposes to amend Rule 1014(d)(ii) from "Be conspicuous in the general market or in the market in a particular option" to "effect purchases or sales on the Exchange except in a reasonable and orderly manner" does not impose an undue burden on competition in that it protects investors and the public interest by providing a standard that is understandable. This rule will apply to all ROTs uniformly and does not apply to other market participants.

The Exchange's proposal to delete Rule 1014(f) does not impose an undue burden on competition because the provision is no longer necessary. The Exchange's deletion of Commentary .02 of Rule 1014 does not impose an undue burden on competition because this rule text related to paragraph (c)(i)(B), which was deleted.<sup>32</sup>

The Exchange's proposal to amend Commentary .07 to Rule 1014 does not impose an undue burden on competition because the amendment is non-substantive. The Exchange's proposal to delete Commentary .08 to Rule 1014 does not impose an undue burden on competition because all members are subject to the Opening Process described within Rule 1017 and the elimination of the rule text within

Commentary .08 will remove confusion. The Exchange's proposal to delete Commentary .09 to Rule 1014 does not impose an undue burden on competition because the provision is redundant. Trading hours and ability to set them for foreign currency options are handled within Phlx Rule 101. Also, Phlx Rule 1014(e) no longer exists. The Exchange's proposal to delete Commentary .10 to Rule 1014 does not impose an undue burden on competition because the Exchange requires ROTs to submit orders electronically similar to all other market participants. This rule text is not necessary. The Exchange believes these proposed rule changes will bring greater transparency and clarity to the regulation of ROTs and Specialists on Phlx.

#### Bid/Ask Differential

The Exchange's proposal to amend the bid/ask differentials within Rule 1014(c), for in-the-money series, from \$5 for electronic quotations to 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 does not impose an undue burden on competition as this requirement applies to all ROTs and Specialists today and the proposal will align the in-the-money quoting requirements for ROTs and Specialists transacting business electronically and on the trading floor. Today, this is the requirement for in-the-money bid/ask differentials on the trading floor as well as on other markets.<sup>33</sup>

The Exchange's proposal to amend its rule to permit intra-day discretion to conform to current practice because ROTs are the only market participants subject to quoting requirements and the proposal specifically considers the need for ROTs to have information to make informed decisions to make calculated risks in the marketplace so that they may provide liquidity while maintaining fair and orderly markets. The proposed amendments do not create an undue burden on inter-market competition because other options markets have the same intra-day requirements.<sup>34</sup>

#### Rule 1020

The Exchange's proposal to amend Rule 1020 to provide that a Specialist is not required to be assigned to an options series does not impose an undue burden

on competition because the Exchange will continue to send notices for each new options series requesting interested Specialists to express interest. In the event that it is unable to locate an interested Specialist, the Exchange proposes to list the option series nonetheless for ROTs to quote and provide liquidity. Today, the Exchange permits one Specialist per options series. There is no limitation on the number of ROTs that may be assigned to an options series. Today, NOM does not have such a Specialist and lists and trades option series.

#### Other Amendments

The Exchange's relocation of Rule 1064 and technical amendments to Rule 1082 and 1087 are non-substantive.

The Exchange's proposal to amend Options 8, Section 2, "Definitions" to add a sentence to Rule 2(7) Floor Market Maker does not impose an undue burden on competition, rather this provision will further distinguish floor and electronic trading and bring greater clarity to the Rules.

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

No written comments were either solicited or received.

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

Because the foregoing proposed rule change does not: (i) Significantly affect the protection of investors or the public interest; (ii) impose any significant burden on competition; and (iii) become operative for 30 days from the date on which it was filed, or such shorter time as the Commission may designate, it has become effective pursuant to Section 19(b)(3)(A)(iii) of the Act<sup>35</sup> and subparagraph (f)(6) of Rule 19b-4 thereunder.<sup>36</sup>

At any time within 60 days of the filing of the proposed rule change, the Commission summarily may temporarily suspend such rule change if it appears to the Commission that such action is necessary or appropriate in the public interest, for the protection of investors, or otherwise in furtherance of the purposes of the Act. If the Commission takes such action, the

<sup>35</sup> 15 U.S.C. 78s(b)(3)(A)(iii).

<sup>36</sup> 17 CFR 240.19b-4(f)(6). In addition, Rule 19b-4(f)(6) requires a self-regulatory organization to give the Commission written notice of its intent to file the proposed rule change at least five business days prior to the date of filing of the proposed rule change, or such shorter time as designated by the Commission. The Exchange has satisfied this requirement.

<sup>32</sup> See Securities Exchange Act Release No. 76441 (November 16, 2015), 80 FR 72773 (November 20, 2015) (SR-Phlx-2015-91).

<sup>33</sup> See ISE, GEMX and MRX Options 2, Section 4.

<sup>34</sup> See Miami International Securities Exchange LLC Rule 604(b)(4), Cboe Exchange, Inc. Rule 8.7(d), NYSE American LLC Rule 925NY(b)(4), NYSE Arca, Inc. 6.37-O(b)(4).



Commission shall institute proceedings to determine whether the proposed rule should be approved or disapproved.

#### IV. Solicitation of Comments

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

##### *Electronic Comments*

- Use the Commission's internet comment form (<http://www.sec.gov/rules/sro.shtml>); or
- Send an email to [rule-comments@sec.gov](mailto:rule-comments@sec.gov). Please include File Number SR-Phlx-2019-33 on the subject line.

##### *Paper Comments*

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

All submissions should refer to File Number SR-Phlx-2019-33. This file number should be included on the subject line if email is used. To help the Commission process and review your comments more efficiently, please use only one method. The Commission will post all comments on the Commission's internet website (<http://www.sec.gov/rules/sro.shtml>). Copies of the submission, all subsequent amendments, all written statements with respect to the proposed rule change that are filed with the Commission, and all written communications relating to the proposed rule change between the Commission and any person, other than those that may be withheld from the public in accordance with the provisions of 5 U.S.C. 552, will be available for website viewing and printing in the Commission's Public Reference Room, 100 F Street NE, Washington, DC 20549, on official business days between the hours of 10:00 a.m. and 3:00 p.m. Copies of the filing also will be available for inspection and copying at the principal office of the Exchange. All comments received will be posted without change. Persons submitting comments are cautioned that we do not redact or edit personal identifying information from comment submissions. You should submit only information that you wish to make available publicly. All submissions should refer to File Number SR-Phlx-2019-33 and should be submitted on or before October 10, 2019.

For the Commission, by the Division of Trading and Markets, pursuant to delegated authority.<sup>37</sup>

**Jill M. Peterson,**

*Assistant Secretary.*

[FR Doc. 2019-20223 Filed 9-18-19; 8:45 am]

**BILLING CODE 8011-01-P**

#### **SMALL BUSINESS ADMINISTRATION**

**[Disaster Declaration #16113 and #16114; Arkansas Disaster Number AR-00107]**

#### **Presidential Declaration of a Major Disaster for Public Assistance Only for the State of Arkansas**

**AGENCY:** U.S. Small Business Administration.

**ACTION:** Notice.

**SUMMARY:** This is a Notice of the Presidential declaration of a major disaster for Public Assistance Only for the State of Arkansas (FEMA-4460-DR), dated 09/13/2019.

*Incident:* Severe Storms, Straight-line Winds, Tornadoes, and Flooding.

*Incident Period:* 06/23/2019 through 06/24/2019.

**DATES:** Issued on 09/13/2019.

*Physical Loan Application Deadline Date:* 11/12/2019.

*Economic Injury (EIDL) Loan Application Deadline Date:* 06/15/2020.

**ADDRESSES:** Submit completed loan applications to: U.S. Small Business Administration, Processing and Disbursement Center, 14925 Kingsport Road, Fort Worth, TX 76155.

**FOR FURTHER INFORMATION CONTACT:** A. Escobar, Office of Disaster Assistance, U.S. Small Business Administration, 409 3rd Street SW, Suite 6050, Washington, DC 20416, (202) 205-6734.

**SUPPLEMENTARY INFORMATION:** Notice is hereby given that as a result of the President's major disaster declaration on 09/13/2019, Private Non-Profit organizations that provide essential services of a governmental nature may file disaster loan applications at the address listed above or other locally announced locations.

The following areas have been determined to be adversely affected by the disaster:

*Primary Counties:* Madison, Newton, Washington.

*The Interest Rates are:*

	Percent
<i>For Physical Damage:</i>	
Non-Profit Organizations with Credit Available Elsewhere ...	2.750

<sup>37</sup> 17 CFR 200.30-3(a)(12).

	Percent
Non-Profit Organizations without Credit Available Elsewhere .....	2.750
<i>For Economic Injury:</i>	
Non-Profit Organizations without Credit Available Elsewhere .....	2.750

The number assigned to this disaster for physical damage is 161136 and for economic injury is 161140.

(Catalog of Federal Domestic Assistance Number 59008)

**James Rivera,**

*Associate Administrator for Disaster Assistance.*

[FR Doc. 2019-20331 Filed 9-18-19; 8:45 am]

**BILLING CODE 8026-03-P**

#### **DEPARTMENT OF STATE**

**[Public Notice: 10885]**

#### **Designation of Hatib Hajan Sawadjaan as a Specially Designated Global Terrorist**

Acting under the authority of and in accordance with section 1(a)(ii)(B) of Executive Order 13224 of September 23, 2001, as amended by Executive Order 13268 of July 2, 2002, Executive Order 13284 of January 23, 2003, and the Executive Order titled "Modernizing Sanctions to Combat Terrorism" effective September 10, 2019, I hereby determine that the person known as Hatib Hajan Sawadjaan, also known as Hatib Hajjan Sawadjaan, also known as Pah Hajan, is a foreign person who is a leader of an entity whose property and interests in property are blocked pursuant to a determination by the Secretary of State pursuant to Executive Order 13224.

Consistent with the determination in section 10 of Executive Order 13224 that prior notice to persons determined to be subject to the Order who might have a constitutional presence in the United States would render ineffectual the blocking and other measures authorized in the Order because of the ability to transfer funds instantaneously, I determine that no prior notice needs to be provided to any person subject to this determination who might have a constitutional presence in the United States, because to do so would render ineffectual the measures authorized in the Order.

This notice shall be published in the **Federal Register**.