

Required fields are shown with yellow backgrounds and asterisks.

Filing by Nasdaq PHLX LLC
Pursuant to Rule 19b-4 under the Securities Exchange Act of 1934

Initial *	Amendment *	Withdrawal	Section 19(b)(2) *	Section 19(b)(3)(A) *	Section 19(b)(3)(B) *
<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
			Rule		
Pilot	Extension of Time Period for Commission Action *	Date Expires *	<input type="checkbox"/> 19b-4(f)(1)	<input type="checkbox"/> 19b-4(f)(4)	
<input type="checkbox"/>	<input type="checkbox"/>	<input type="text"/>	<input type="checkbox"/> 19b-4(f)(2)	<input type="checkbox"/> 19b-4(f)(5)	
			<input type="checkbox"/> 19b-4(f)(3)	<input checked="" type="checkbox"/> 19b-4(f)(6)	

Notice of proposed change pursuant to the Payment, Clearing, and Settlement Act of 2010	Security-Based Swap Submission pursuant to the Securities Exchange Act of 1934
Section 806(e)(1) *	Section 806(e)(2) *
<input type="checkbox"/>	<input type="checkbox"/>
	Section 3C(b)(2) *
	<input type="checkbox"/>

Exhibit 2 Sent As Paper Document	Exhibit 3 Sent As Paper Document
<input type="checkbox"/>	<input type="checkbox"/>

Description

Provide a brief description of the action (limit 250 characters, required when Initial is checked *).

Proposal to amend Options 4A, Section 12, Terms of Option Contracts

Contact Information

Provide the name, telephone number, and e-mail address of the person on the staff of the self-regulatory organization prepared to respond to questions and comments on the action.

First Name * Angela	Last Name * Dunn
Title * Principal Associate General Counsel	
E-mail * angela.dunn@nasdaq.com	
Telephone * (215) 496-5692	Fax

Signature

Pursuant to the requirements of the Securities Exchange Act of 1934,

has duly caused this filing to be signed on its behalf by the undersigned thereunto duly authorized.

(Title *)

Date 03/18/2020	EVP and Chief Legal Officer
By John Zecca	
(Name *)	



NOTE: Clicking the button at right will digitally sign and lock this form. A digital signature is as legally binding as a physical signature, and once signed, this form cannot be changed.

SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

For complete Form 19b-4 instructions please refer to the EFFS website.

Form 19b-4 Information *

Add Remove View

The self-regulatory organization must provide all required information, presented in a clear and comprehensible manner, to enable the public to provide meaningful comment on the proposal and for the Commission to determine whether the proposal is consistent with the Act and applicable rules and regulations under the Act.

Exhibit 1 - Notice of Proposed Rule Change *

Add Remove View

The Notice section of this Form 19b-4 must comply with the guidelines for publication in the Federal Register as well as any requirements for electronic filing as published by the Commission (if applicable). The Office of the Federal Register (OFR) offers guidance on Federal Register publication requirements in the Federal Register Document Drafting Handbook, October 1998 Revision. For example, all references to the federal securities laws must include the corresponding cite to the United States Code in a footnote. All references to SEC rules must include the corresponding cite to the Code of Federal Regulations in a footnote. All references to Securities Exchange Act Releases must include the release number, release date, Federal Register cite, Federal Register date, and corresponding file number (e.g., SR-[SRO]-xx-xx). A material failure to comply with these guidelines will result in the proposed rule change being deemed not properly filed. See also Rule 0-3 under the Act (17 CFR 240.0-3)

Exhibit 1A- Notice of Proposed Rule Change, Security-Based Swap Submission, or Advance Notice by Clearing Agencies *

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The Notice section of this Form 19b-4 must comply with the guidelines for publication in the Federal Register as well as any requirements for electronic filing as published by the Commission (if applicable). The Office of the Federal Register (OFR) offers guidance on Federal Register publication requirements in the Federal Register Document Drafting Handbook, October 1998 Revision. For example, all references to the federal securities laws must include the corresponding cite to the United States Code in a footnote. All references to SEC rules must include the corresponding cite to the Code of Federal Regulations in a footnote. All references to Securities Exchange Act Releases must include the release number, release date, Federal Register cite, Federal Register date, and corresponding file number (e.g., SR-[SRO]-xx-xx). A material failure to comply with these guidelines will result in the proposed rule change, security-based swap submission, or advance notice being deemed not properly filed. See also Rule 0-3 under the Act (17 CFR 240.0-3)

Exhibit 2 - Notices, Written Comments, Transcripts, Other Communications

Add Remove View

Exhibit Sent As Paper Document

Copies of notices, written comments, transcripts, other communications. If such documents cannot be filed electronically in accordance with Instruction F, they shall be filed in accordance with Instruction G.

Exhibit 3 - Form, Report, or Questionnaire

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Exhibit Sent As Paper Document

Copies of any form, report, or questionnaire that the self-regulatory organization proposes to use to help implement or operate the proposed rule change, or that is referred to by the proposed rule change.

Exhibit 4 - Marked Copies

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The full text shall be marked, in any convenient manner, to indicate additions to and deletions from the immediately preceding filing. The purpose of Exhibit 4 is to permit the staff to identify immediately the changes made from the text of the rule with which it has been working.

Exhibit 5 - Proposed Rule Text

Add Remove View

The self-regulatory organization may choose to attach as Exhibit 5 proposed changes to rule text in place of providing it in Item I and which may otherwise be more easily readable if provided separately from Form 19b-4. Exhibit 5 shall be considered part of the proposed rule change.

Partial Amendment

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If the self-regulatory organization is amending only part of the text of a lengthy proposed rule change, it may, with the Commission's permission, file only those portions of the text of the proposed rule change in which changes are being made if the filing (i.e. partial amendment) is clearly understandable on its face. Such partial amendment shall be clearly identified and marked to show deletions and additions.

1. Text of the Proposed Rule Change

(a) Nasdaq PHLX LLC (“Phlx” or “Exchange”), pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 (“Act”)¹ and Rule 19b-4 thereunder,² is filing with the Securities and Exchange Commission (“SEC” or “Commission”) a proposal to amend Options 4A, Section 12, Terms of Option Contracts.

A notice of the proposed rule change for publication in the Federal Register is attached as Exhibit 1. The text of the proposed rule change is attached as Exhibit 5.

(b) Not applicable.

(c) Not applicable.

2. Procedures of the Self-Regulatory Organization

The proposed rule change was approved by senior management of the Exchange pursuant to authority delegated by the Board of Directors of the Exchange (the “Board”) on September 25, 2019. Exchange staff will advise the Board of any action taken pursuant to delegated authority. No other action is necessary for the filing of the rule change.

Questions and comments on the proposed rule change may be directed to:

Angela Saccomandi Dunn
Principal Associate General Counsel
Nasdaq, Inc.
215-496-5692

¹ 15 U.S.C. 78s(b)(1).

² 17 CFR 240.19b-4.

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

a. Purpose

The Exchange proposes to amend Options 4A, Section 12, Terms of Option Contracts. Specifically, the Exchange proposes to amend Options 4A, Section 12(b) and (b)(2) to change the number of expirations that the Exchange may open for trading in series of options related to Long-Term Options Series of index options. The Exchange also proposes to change the title of Options 4A, Section 12 from “Terms of Option Contracts” to “Terms of Index Options Contracts.”

Long-Term Options Series

The current rule text provides within Phlx Options 4A, Section 12(b):

After a particular class of stock index options has been approved for listing and trading on the Exchange, the Exchange shall from time to time open for trading series of options therein. Within each approved class of stock index options, the Exchange shall open for trading a minimum of one expiration month and series for each class of approved stock index options and may also open for trading series of options having not less than nine and up to 60 months to expiration (long-term options series) as provided in subparagraph (b)(2). Prior to the opening of trading in any series of stock index options, the Exchange shall fix the expiration month and exercise price of option contracts included in each such series.

The Exchange proposes to also amend the current text of Phlx Options 4A, Section 12(b)(2) which states the below with respect to Long-term³ Option Series:

The Exchange may list, with respect to any class of stock index options, series of options having not less than nine and up to 60 months to expiration, adding up to ten expiration months. Such series of options may be opened for trading simultaneously with series of options trading pursuant to this rule. Strike price interval, bid/ask differential and continuity rules shall not apply to such options series until the time to expiration is less than nine months.

³ The Exchange proposes to amend this title to capitalize “Term.”

Similar, in part, to Cboe Exchange, Inc. (“Cboe”) Rule 4.13(b),⁴ the Exchange proposes to amend the current rule text to provide “the Exchange shall open for trading a minimum of one expiration month and series for each class of approved stock index options and may also open for trading series of options having not less than **twelve** and up to 60 months to expiration (long-term options series) within Options 4A, Section 12(b) and, similarly, within Options 4A, Section 12(b)(2) amend the language to provide, “[t]he Exchange may list, with respect to any class of stock index options, series of options having not less than **twelve** and up to 60 months to expiration...”. This would change Phlx’s current expiration for index options from those series not having less than nine and up to 60 months to expirations to a number of expirations not having less than twelve and up to 60 months to expiration with respect to Long-Term Options Series. The Exchange is aligning its Rules, in part, to match those of Cboe with respect to the lower monthly limit of acceptable months for Long-Term Option Series in index options.

In addition, the Exchange proposes to internally harmonize its Rules with respect to Long-Term Options Series. In 2013, Phlx amended Rule 1101(A), currently Options 4A, Section 12, to make its rule consistent with Cboe’s rule.⁵ The 2013 Rule Change

⁴ Cboe Rule 4.13(b) provide for Long-Term Index Option Series, “Notwithstanding the provisions of subparagraph (a)(2) above, the Exchange may list long-term index option series that expire from 12 to 180 months from the date of issuance.”

⁵ See Securities Exchange Act Release No. 69031 (March 4, 2013), 78 FR 15073 (March 8, 2013) (SR-Phlx-2013-18) (“2013 Rule Change”). The 2013 Rule Change stated that, “The purpose of the proposed rule change is to amend subsection (b) of Rule 1101A to clarify that long-term options series must have a term of not less than nine months to expiration, and to reflect that certain rules will not apply to such long-term options series until the time to expiration is less than nine months. These changes are proposed to the limited extent needed to make subsection (b) regarding long-term options series consistent with the established rule language of Chicago Board Options Exchange, Inc. (“CBOE”) (e.g. CBOE Rule 24.9 regarding LEAPS), as well as with the established rule

amended the Phlx rule text at then Rule 1101A(b)(iii) from a maximum term of up to 60 months to expiration to an established minimum term of not less than nine months to expiration for long-term options series. The 2013 Rule Change established a floor for long-term options series which was not identical to CBOE Rule 24.9; Cboe's minimum floor was twelve months while Phlx established the floor at nine months. The Exchange noted in that filing that the intent of the 2013 Rule Change was to harmonize the Exchange's rules internally with Phlx Rule 1012,⁶ which is currently Phlx Options 4, Section 5, (regarding long-term equity and exchange traded fund options) as well as with the rules of another options exchange, namely CBOE. The 2013 Rule Change stated, "The Exchange believes this would eliminate potential confusion about competitive long term-index options listing opportunities on the Exchange, would allow better hedging and trading opportunities and efficiency, and would be beneficial to the Exchange and its traders, market participants, and public investors in general."⁷

Subsequent to the 2013 Rule Change, Phlx amended then Rule 1012(a)(i)(D)⁸ to change the expiration timeframe to twelve to thirty-nine months until expiration stating

language of the Exchange (e.g. Rule 1012 regarding long-term equity and exchange traded fund ("ETF") options)."

⁶ Phlx Rule 1012(a)(i)(D) contained language that was being harmonized. The Exchange noted that intervals, differentials, and continuity rules are equally not germane to long-term index options as to long-term equity and ETF options. That is, index options are no different from equity and ETF options in respect of the non-applicability of these three items until expiration time is less than nine months, and should, therefore, have similar rules. Phlx Rule 1012 was since relocated to current Options 4A, Section 5.

⁷ Id.

⁸ See Securities Exchange Act Release No. 80769 (June 1, 2017), 82 FR 25472 (May 25, 2017) (SR-Phlx-2017-41) ("Rule 1012 Rule Change").

that this change was consistent with the proposed rule change filings which adopted it.⁹ The Rule 1012 Rule Change resulted in current Phlx Options 4, Section 5(a)(i)(D) Long-Term Option Series having an expiration timeframe of twelve to thirty-nine months while the 2013 Rule Change resulted in current Phlx Options 4A, Section 12 having an expiration of nine to 60 months. At this time, the Exchange proposes to harmonize Phlx Options 4, Section 12 to Phlx Option 4, Section 5(a)(i)(D) and also mirror the lower monthly limit within Cboe's Rule 4.13(b).

Rulebook Correction

In addition, the Exchange proposes to correct rule text which was not correctly copied into the Phlx Rulebook from a prior rule change.¹⁰ Specifically, the Prior Rule Change adopted a new section (a)(2) which was not properly copied into the Rulebook before it was relocated into the new Rulebook as part of the Phlx Rulebook Relocation Rule Change.¹¹ The rule text, as adopted, stated, "The Exchange shall determine fixed point intervals of exercise prices for index options (options on indexes). Generally, except as provided in Commentary .04 below, the exercise (strike) price intervals will be no less than \$5, provided that the Exchange may determine to list strike prices at no less

⁹ See Securities Exchange Act Release Nos. 28910 (February 22, 1991), 56 FR 9032 (March 4, 1991) (SR-Phlx-90-38) (adopting Rule 1012 Commentary .03), and 29103 (April 18, 1991), 56 FR 19132 (April 25, 1991) (SR-Phlx-91-18). The provision was subsequently relocated to subsection (a)(i)(D) of Rule 1012. See Securities Exchange Act Release No. 63700 (January 11, 2011), 76 FR 2931 (January 18, 2011) (SR-Phlx-2011-04).

¹⁰ See Securities Exchange Act Release No. 85210 (February 27, 2019), 84 FR 7958 (March 5, 2019) (SR-Phlx-2019-02) ("Prior Rule Change").

¹¹ See Securities Exchange Act Release No. 88213 (February 14, 2020), 85 FR 9859 (February 20, 2020) (SR-Phlx-2020-03) ("Phlx Rulebook Relocation Rule Change").

than \$2.50 intervals for options on the following indexes (which may also be known as sector indexes):”. At this time, the Exchange proposes to restore the correct rule text into Phlx Options 4A, Section 12(a)(2) and amend the term “Commentary” to reflect the new term “Supplementary Material” as stated within the Phlx Rulebook Relocation Rule Change.

b. Statutory Basis

The Exchange believes that its proposal is consistent with Section 6(b) of the Act,¹² in general, and furthers the objectives of Section 6(b)(5) of the Act,¹³ in particular, in that it is designed to promote just and equitable principles of trade and to protect investors and the public interest by amending its rules, in part, to align them to Cboe’s Rule,¹⁴ as well Phlx Rules at Options 4, Section 12(a)(i)(D) with respect to Long-Term Option Series in index options. Harmonizing Phlx’s index options and equity and ETF options rules, with respect to Long-Term Option Series in index options, will allow Phlx to list these options in the same manner. The Exchange notes that this rule change will allow Phlx to list more non-Long-Term Option Series expirations as the front-months for Long-Term Options expirations would begin with month twelve instead of month nine. The Exchange believes that there is greater customer demand for a greater number of non-Long-Term Option Series expirations.

¹² 15 U.S.C. 78f(b).

¹³ 15 U.S.C. 78f(b)(5).

¹⁴ See Cboe Rule 4.13(b).

The remainder of the Rulebook changes are intended to restore the proper rule text from a prior rule change¹⁵ into the Rulebook and other non-substantive amendments.

4. 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. Specifically, the Exchange does not believe the proposal will impose any burden on intra-market competition as all market participants will be treated in the same manner with respect to expirations of Long-Term Options Series in index options. Additionally, the Exchange does not believe the proposal will impose any burden on inter-market competition as market participants are welcome to become Phlx Members and trade at Phlx if they determine that this proposed rule change has made Phlx more attractive or favorable. Finally, all options exchanges are free to compete by listing and trading their own broad-based index options with similar expirations. This proposal will harmonize Phlx's index options and equity and ETF options rules, with respect to Long-Term Option Series in index options.

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

The Exchange has not solicited, and does not intend to solicit, comments on this proposed rule change. The Exchange has not received any unsolicited written comments from members or other interested parties.

6. Extension of Time Period for Commission Action

Not Applicable.

¹⁵ See note 10 above.

7. Basis for Summary Effectiveness Pursuant to Section 19(b)(3) or for Accelerated Effectiveness Pursuant to Section 19(b)(2)

The foregoing rule change has become effective pursuant to Section 19(b)(3)(A)(iii)¹⁶ of the Act and Rule 19b-4(f)(6) thereunder¹⁷ in that it effects a change that: (i) does not significantly affect the protection of investors or the public interest; (ii) does not impose any significant burden on competition; and (iii) by its terms, does not become operative for 30 days after the date of the filing, or such shorter time as the Commission may designate if consistent with the protection of investors and the public interest.

The proposal to amend the current rule text to provide Phlx the ability to open for trading series of options having not less than twelve and up to 60 months to expiration (Long-Term Options Series) will harmonize Phlx's index options and equity and ETF options rules, with respect to Long-Term Option Series in index options as well as conform Phlx's rules to Cboe's Rule 4.13(b) with respect to the lower monthly limit. The proposal does not impose any significant burden on competition because it will apply to all market participants. The remainder of the proposed rule changes are non-substantive.

Furthermore, Rule 19b-4(f)(6)(iii) requires a self-regulatory organization to give the Commission written notice of its intent to file a proposed rule change under that subsection at least five business days prior to the date of filing, or such shorter time as designated by the Commission. The Exchange has provided such notice.

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

¹⁶ 15 U.S.C. 78s(b)(3)(A)(iii).

¹⁷ 17 CFR 240.19b-4(f)(6).

Commission that such action is: (i) necessary or appropriate in the public interest; (ii) for the protection of investors; or (iii) otherwise in furtherance of the purposes of the Act. If the Commission takes such action, the Commission shall institute proceedings to determine whether the proposed rule should be approved or disapproved.

A proposed rule change filed under Rule 19b-4(f)(6) normally does not become operative prior to 30 days after the date of filing. Rule 19b-4(f)(6)(iii), however, permits the Commission to designate a shorter time if such action is consistent with the protection of investors and the public interest. The Exchange requests that the Commission waive the operative delay to allow Phlx to harmonize its index options and equity and ETF options rules, with respect to Long-Term Option Series in index options, as well as conform Phlx's rules to Cboe's Rule 4.13(b) with respect to the lower monthly limit. The Exchange believes this proposal will allow Phlx to remain competitive with its ability to list additional non-Long-Term Option Series expirations as the front-months for Long-Term Option Series expirations similar to Cboe. In addition, the Exchange desires to bring greater clarity to its rules by restoring the correct rule text from a prior published rule change within Phlx Options 4A, Section 12(b)(2).

8. Proposed Rule Change Based on Rules of Another Self-Regulatory Organization or of the Commission

The Exchange notes that its proposal is similar to Cboe Rule 4.13(b),¹⁸ in part, as well as Phlx Rules at Options 4A, Section 12(a)(i)(D).

¹⁸ Cboe Rule 4.13(b) provides for Long-Term Index Option Series, "Notwithstanding the provisions of subparagraph (a)(2) above, the Exchange may list long-term index option series that expire from 12 to 180 months from the date of issuance." The Exchange is adopting the lower monthly limit of Cboe's Rule, but not the upper monthly limit.

9. Security-Based Swap Submissions Filed Pursuant to Section 3C of the Act
Not applicable.
10. Advance Notices Filed Pursuant to Section 806(e) of the Payment, Clearing and Settlement Supervision Act
Not applicable.
11. Exhibits
 1. Notice of Proposed Rule Change for publication in the Federal Register.
 5. Text of the proposed rule change.

EXHIBIT 1

SECURITIES AND EXCHANGE COMMISSION
(Release No. _____ ; File No. SR-Phlx-2020-10)

March __, 2020

Self-Regulatory Organizations; Nasdaq PHLX LLC; Notice of Filing and Immediate Effectiveness of Proposed Rule Change to Amend Options 4A, Section 12, Terms of Option Contracts

Pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 (“Act”),¹ and Rule 19b-4 thereunder,² notice is hereby given that on March 18, 2020, Nasdaq PHLX LLC (“Phlx” or “Exchange”) filed with the Securities and Exchange Commission (“SEC” or “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 Options 4A, Section 12, Terms of Option Contracts.

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

¹ 15 U.S.C. 78s(b)(1).

² 17 CFR 240.19b-4.

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

The Exchange proposes to amend Options 4A, Section 12, Terms of Option Contracts. Specifically, the Exchange proposes to amend Options 4A, Section 12(b) and (b)(2) to change the number of expirations that the Exchange may open for trading in series of options related to Long-Term Options Series of index options. The Exchange also proposes to change the title of Options 4A, Section 12 from “Terms of Option Contracts” to “Terms of Index Options Contracts.”

Long-Term Options Series

The current rule text provides within Phlx Options 4A, Section 12(b):

After a particular class of stock index options has been approved for listing and trading on the Exchange, the Exchange shall from time to time open for trading series of options therein. Within each approved class of stock index options, the Exchange shall open for trading a minimum of one expiration month and series for each class of approved stock index options and may also open for trading series of options having not less than nine and up to 60 months to expiration (long-term options series) as provided in subparagraph (b)(2). Prior to the opening of trading in any series of stock index options, the Exchange shall fix the expiration month and exercise price of option contracts included in each such series.

The Exchange proposes to also amend the current text of Phlx Options 4A, Section 12(b)(2) which states the below with respect to Long-term³ Option Series:

The Exchange may list, with respect to any class of stock index options, series of options having not less than nine and up to 60 months to expiration, adding up to

³ The Exchange proposes to amend this title to capitalize “Term.”

ten expiration months. Such series of options may be opened for trading simultaneously with series of options trading pursuant to this rule. Strike price interval, bid/ask differential and continuity rules shall not apply to such options series until the time to expiration is less than nine months.

Similar, in part, to Cboe Exchange, Inc. (“Cboe”) Rule 4.13(b),⁴ the Exchange proposes to amend the current rule text to provide “the Exchange shall open for trading a minimum of one expiration month and series for each class of approved stock index options and may also open for trading series of options having not less than **twelve** and up to 60 months to expiration (long-term options series) within Options 4A, Section 12(b) and, similarly, within Options 4A, Section 12(b)(2) amend the language to provide, “[t]he Exchange may list, with respect to any class of stock index options, series of options having not less than **twelve** and up to 60 months to expiration...”. This would change Phlx’s current expiration for index options from those series not having less than nine and up to 60 months to expirations to a number of expirations not having less than twelve and up to 60 months to expiration with respect to Long-Term Options Series. The Exchange is aligning its Rules, in part, to match those of Cboe with respect to the lower monthly limit of acceptable months for Long-Term Option Series in index options.

In addition, the Exchange proposes to internally harmonize its Rules with respect to Long-Term Options Series. In 2013, Phlx amended Rule 1101(A), currently Options 4A, Section 12, to make its rule consistent with Cboe’s rule.⁵ The 2013 Rule Change

⁴ Cboe Rule 4.13(b) provide for Long-Term Index Option Series, “Notwithstanding the provisions of subparagraph (a)(2) above, the Exchange may list long-term index option series that expire from 12 to 180 months from the date of issuance.”

⁵ See Securities Exchange Act Release No. 69031 (March 4, 2013), 78 FR 15073 (March 8, 2013) (SR-Phlx-2013-18) (“2013 Rule Change”). The 2013 Rule Change stated that, “The purpose of the proposed rule change is to amend subsection (b) of Rule 1101A to clarify that long-term options series must have a term of not less than nine months to expiration, and to reflect that certain rules

amended the Phlx rule text at then Rule 1101A(b)(iii) from a maximum term of up to 60 months to expiration to an established minimum term of not less than nine months to expiration for long-term options series. The 2013 Rule Change established a floor for long-term options series which was not identical to CBOE Rule 24.9; Cboe's minimum floor was twelve months while Phlx established the floor at nine months. The Exchange noted in that filing that the intent of the 2013 Rule Change was to harmonize the Exchange's rules internally with Phlx Rule 1012,⁶ which is currently Phlx Options 4, Section 5, (regarding long-term equity and exchange traded fund options) as well as with the rules of another options exchange, namely CBOE. The 2013 Rule Change stated, "The Exchange believes this would eliminate potential confusion about competitive long term-index options listing opportunities on the Exchange, would allow better hedging and trading opportunities and efficiency, and would be beneficial to the Exchange and its traders, market participants, and public investors in general."⁷

will not apply to such long-term options series until the time to expiration is less than nine months. These changes are proposed to the limited extent needed to make subsection (b) regarding long-term options series consistent with the established rule language of Chicago Board Options Exchange, Inc. ("CBOE") (e.g. CBOE Rule 24.9 regarding LEAPS), as well as with the established rule language of the Exchange (e.g. Rule 1012 regarding long-term equity and exchange traded fund ("ETF") options)."

⁶ Phlx Rule 1012(a)(i)(D) contained language that was being harmonized. The Exchange noted that intervals, differentials, and continuity rules are equally not germane to long-term index options as to long-term equity and ETF options. That is, index options are no different from equity and ETF options in respect of the non-applicability of these three items until expiration time is less than nine months, and should, therefore, have similar rules. Phlx Rule 1012 was since relocated to current Options 4A, Section 5.

⁷ Id.

Subsequent to the 2013 Rule Change, Phlx amended then Rule 1012(a)(i)(D)⁸ to change the expiration timeframe to twelve to thirty-nine months until expiration stating that this change was consistent with the proposed rule change filings which adopted it.⁹ The Rule 1012 Rule Change resulted in current Phlx Options 4, Section 5(a)(i)(D) Long-Term Option Series having an expiration timeframe of twelve to thirty-nine months while the 2013 Rule Change resulted in current Phlx Options 4A, Section 12 having an expiration of nine to 60 months. At this time, the Exchange proposes to harmonize Phlx Options 4, Section 12 to Phlx Option 4, Section 5(a)(i)(D) and also mirror the lower monthly limit within Cboe's Rule 4.13(b).

Rulebook Correction

In addition, the Exchange proposes to correct rule text which was not correctly copied into the Phlx Rulebook from a prior rule change.¹⁰ Specifically, the Prior Rule Change adopted a new section (a)(2) which was not properly copied into the Rulebook before it was relocated into the new Rulebook as part of the Phlx Rulebook Relocation Rule Change.¹¹ The rule text, as adopted, stated, "The Exchange shall determine fixed

⁸ See Securities Exchange Act Release No. 80769 (June 1, 2017), 82 FR 25472 (May 25, 2017) (SR-Phlx-2017-41) ("Rule 1012 Rule Change").

⁹ See Securities Exchange Act Release Nos. 28910 (February 22, 1991), 56 FR 9032 (March 4, 1991) (SR-Phlx-90-38) (adopting Rule 1012 Commentary .03), and 29103 (April 18, 1991), 56 FR 19132 (April 25, 1991) (SR-Phlx-91-18). The provision was subsequently relocated to subsection (a)(i)(D) of Rule 1012. See Securities Exchange Act Release No. 63700 (January 11, 2011), 76 FR 2931 (January 18, 2011) (SR-Phlx-2011-04).

¹⁰ See Securities Exchange Act Release No. 85210 (February 27, 2019), 84 FR 7958 (March 5, 2019) (SR-Phlx-2019-02) ("Prior Rule Change").

¹¹ See Securities Exchange Act Release No. 88213 (February 14, 2020), 85 FR 9859 (February 20, 2020) (SR-Phlx-2020-03) ("Phlx Rulebook Relocation Rule Change").

point intervals of exercise prices for index options (options on indexes). Generally, except as provided in Commentary .04 below, the exercise (strike) price intervals will be no less than \$5, provided that the Exchange may determine to list strike prices at no less than \$2.50 intervals for options on the following indexes (which may also be known as sector indexes):”. At this time, the Exchange proposes to restore the correct rule text into Phlx Options 4A, Section 12(a)(2) and amend the term “Commentary” to reflect the new term “Supplementary Material” as stated within the Phlx Rulebook Relocation Rule Change.

2. Statutory Basis

The Exchange believes that its proposal is consistent with Section 6(b) of the Act,¹² in general, and furthers the objectives of Section 6(b)(5) of the Act,¹³ in particular, in that it is designed to promote just and equitable principles of trade and to protect investors and the public interest by amending its rules, in part, to align them to Cboe’s Rule,¹⁴ as well Phlx Rules at Options 4, Section 12(a)(i)(D) with respect to Long-Term Option Series in index options. Harmonizing Phlx’s index options and equity and ETF options rules, with respect to Long-Term Option Series in index options, will allow Phlx to list these options in the same manner. The Exchange notes that this rule change will allow Phlx to list more non-Long-Term Option Series expirations as the front-months for Long-Term Options expirations would begin with month twelve instead of month nine.

¹² 15 U.S.C. 78f(b).

¹³ 15 U.S.C. 78f(b)(5).

¹⁴ See Cboe Rule 4.13(b).

The Exchange believes that there is greater customer demand for a greater number of non-Long-Term Option Series expirations.

The remainder of the Rulebook changes are intended to restore the proper rule text from a prior rule change¹⁵ into the Rulebook and other non-substantive amendments.

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. Specifically, the Exchange does not believe the proposal will impose any burden on intra-market competition as all market participants will be treated in the same manner with respect to expirations of Long-Term Options Series in index options. Additionally, the Exchange does not believe the proposal will impose any burden on inter-market competition as market participants are welcome to become Phlx Members and trade at Phlx if they determine that this proposed rule change has made Phlx more attractive or favorable. Finally, all options exchanges are free to compete by listing and trading their own broad-based index options with similar expirations. This proposal will harmonize Phlx's index options and equity and ETF options rules, with respect to Long-Term Option Series in index options.

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.

¹⁵ See note 10 above.

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 Act¹⁶ and subparagraph (f)(6) of Rule 19b-4 thereunder.¹⁷

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 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:

¹⁶ 15 U.S.C. 78s(b)(3)(A)(iii).

¹⁷ 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.

Electronic comments:

- Use the Commission's Internet comment form (<http://www.sec.gov/rules/sro.shtml>); or
- Send an e-mail to rule-comments@sec.gov. Please include File Number SR-Phlx-2020-10 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-2020-10. This file number should be included on the subject line if e-mail is used. To help the Commission process and review your comments more efficiently, please use only one method. The Commission will post all comments on the Commission's Internet Web site (<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; the Commission does not edit personal identifying information from submissions. You should submit only information that you wish to make available publicly.

All submissions should refer to File Number SR-Phlx-2020-10 and should be submitted on or before [insert date 21 days from publication in the Federal Register].

For the Commission, by the Division of Trading and Markets, pursuant to delegated authority.¹⁸

J. Matthew DeLesDernier
Assistant Secretary

¹⁸ 17 CFR 200.30-3(a)(12).

EXHIBIT 5

New text is underlined and deleted text is in brackets.

Nasdaq PHLX LLC Rules

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Options 4A Options Index Rules

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Section 12. Terms of Index Options Contracts**(a) General.**

(1) *Meaning of Premium Bids and Offers.* Bids and offers shall be expressed in terms of dollars and decimal equivalents of dollars per unit of the index (e.g., a bid of 85.50 would represent a bid of \$85.50 per unit).

(2) *Exercise Prices.* The Exchange shall determine fixed point intervals of exercise prices for index options (options on indexes). Generally, except as provided in Supplementary Material .04 below, the exercise (strike) price intervals will be no less than \$5, provided that the Exchange may determine to list strike prices at no less than \$2.50 intervals for options on the following indexes (which may also be known as sector indexes):
 [Meaning of Premium Bids and Offers. Bids and offers shall be expressed in terms of dollars and decimal equivalents of dollars per unit of the index (e.g., a bid of 85.50 would represent a bid of \$85.50 per unit).]

* * * * *

(b) After a particular class of stock index options has been approved for listing and trading on the Exchange, the Exchange shall from time to time open for trading series of options therein. Within each approved class of stock index options, the Exchange shall open for trading a minimum of one expiration month and series for each class of approved stock index options and may also open for trading series of options having not less than [nine]twelve and up to 60 months to expiration (long-term options series) as provided in subparagraph (b)(2). Prior to the opening of trading in any series of stock index options, the Exchange shall fix the expiration month and exercise price of option contracts included in each such series.

* * * * *

(2) Long-[t]Term Option Series

The Exchange may list, with respect to any class of stock index options, series of options having not less than [nine]twelve and up to 60 months to expiration, adding up to ten expiration months. Such series of options may be opened for trading simultaneously with series of options trading pursuant to this rule. Strike price interval, bid/ask differential and

continuity rules shall not apply to such options series until the time to expiration is less than [~~nine~~]twelve months.

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