

SECURITIES AND EXCHANGE COMMISSION

[Release No. 34–82245; File No. SR–Phlx–
2017–99]

Self-Regulatory Organizations; Nasdaq
PHLX LLC; Notice of Filing of
Proposed Rule Change To Amend the
Exchange Rules To Make Permanent a
Program That Allows Transactions To
Take Place in Open Outcry Trading at
Prices of at Least $0 But Less Than $1
per Option Contract ("Sub-Dollar
Cabinet Trades")

December 8, 2017.

Pursuant to Section 19(b)(1) of the
Securities Exchange Act of 1934
(“Act”), and Rule 19b–4 thereunder, notice is hereby given that on November 29, 2017 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 and II below, which Items have been prepared pursuant to and in compliance with Rule 19b–4 under the Act.

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

The Exchange proposes to amend Rule 1059 to make permanent a program that allows transactions to take place at a price that is below $1 per option contract. The program is currently subject to a pilot that is scheduled to expire on January 5, 2018.

An “accommodation” or “cabinet” trade refers to trades in listed options on the Exchange that are worthless or not actively traded. Trading is generally conducted in accordance with Exchange Rules, except as provided in Exchange Rule 1059, Accommodation Transactions (Cabinet Trades), which sets forth specific procedures for engaging in cabinet trades. Rule 1059 provides that a “cabinet order” is a limiting order at a price of $1 per option contract for the account of a customer, firm, specialist or ROT. An opening order is not a “cabinet order” but may in certain cases be matched with a cabinet order. Prior to the pilot program, only closing limit orders at a price of $1 per option contract for the account of customer, firm, specialist or ROT could be placed in the cabinet.

Rule 1059 currently provides that cabinet transactions at a price of $1 per option contract may occur via open outcry in any options series open for trading on the Exchange. The $1 Cabinet Trading procedures are not available in Penny Pilot Program classes.

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

The Exchange proposes to amend Rule 1059 to make permanent a program that allows transactions to take place at a price that is below $1 per option contract.

2. Statutory Basis
