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<th>Description</th>
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<td>Provide a brief description of the action (limit 250 characters, required when Initial is checked *).</td>
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<td>Relating to an Extension of a Pilot Program for SPY Position and Exercise Limits</td>
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<th>Contact Information</th>
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<td>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.</td>
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<tr>
<td>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 *)</td>
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<td>By</td>
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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.
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 OMX 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,\(^2\) proposes to extend the pilot program for another fourteen (14) month time period, which was set to expire fourteen months after approval, to eliminate position limits for options on the SPDR® S&P 500® exchange-traded fund (“SPY ETF” or “SPY”),\(^3\) which list and trade under the symbol SPY (“SPY Pilot Program”).

   A notice of the proposed rule change for publication in the Federal Register is attached hereto as Exhibit 1 and the text of the amended Exchange Rule is attached hereto 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 on July 17, 2013. Exchange staff will advise the Board of Directors of any action taken pursuant to delegated authority. No other action by the Exchange is necessary for the filing of the rule change.

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

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\(^3\) “SPDR®,” “Standard & Poor’s®,” “S&P®,” “S&P 500®,” and “Standard & Poor’s 500” are registered trademarks of Standard & Poor’s Financial Services LLC. The SPY ETF represents ownership in the SPDR S&P 500 Trust, a unit investment trust that generally corresponds to the price and yield performance of the SPDR S&P 500 Index.
Saccomandi Dunn, Associate General Counsel, at (215) 496-5692.

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

   a. **Purpose**

   The purpose of the proposed rule change is to amend Rule 1001, entitled “Position Limits,” to extend the current pilot which expires on December 4, 2013 for an additional fourteen (14) month time period to February 4, 2015 (“Extended Pilot”). At this time, not all self-regulatory organizations (“SROs”) have adopted similar rules eliminating position limits on SPY. As a result, market participants that are members of such SROs are required to comply with the more restrictive SPY position limits and there has been no trading on Phlx wherein a position limit has not applied with respect to SPY.

   This filing does not propose any substantive changes to the SPY Pilot Program. In proposing to extend the SPY Pilot Program, the Exchange reaffirms its consideration of several factors that supported the original proposal of the SPY Pilot Program, including (1) the availability of economically equivalent products and their respective position limits; (2) the liquidity of the option and the underlying security; (3) the market capitalization of the underlying security and the related index; (4) the reporting of large positions and requirements surrounding margin; and (5) the potential for market on close volatility.

   The Exchange also states that it is not filing a report with this extension request, which report is due at this time pursuant to the current pilot. As noted above, the

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4 The Exchange noted in its original SPY Pilot Program that it would file a report analyzing the first twelve months of the SPY Pilot Program within thirty (30) days of the end of the twelve (12) month time period (“Pilot Report”). See Securities Exchange Act
Exchange does not have any data to report because as explained herein there has been no trading on its market wherein a position limit has not applied with respect to SPY.

As with the original proposal to establish the SPY Pilot Program, the Exchange represents that a Pilot Report will be submitted within thirty (30) days of the end of the first twelve (12) month time period of the Extended Pilot and would analyze that period. The Pilot Report will detail the size and different types of strategy employed with respect to positions established as a result of the elimination of position limits in SPY. In addition, the report will note whether any problems resulted due to the no limit approach and any other information that may be useful in evaluating the effectiveness of the Extended Pilot. The Pilot Report will compare the impact of the SPY Pilot Program, if any, on the volumes of SPY options and the volatility in the price of the underlying SPY shares, particularly at expiration during the Extended Pilot. In preparing the report the Exchange will utilize various data elements such as volume and open interest. In addition the Exchange will make available to Commission staff data elements relating to the effectiveness of the Spy Pilot Program.

Conditional on the findings in the Pilot Report, the Exchange will file with the Commission a proposal to extend the pilot program, adopt the pilot program on a permanent basis or terminate the pilot. If the Pilot Program is not extended or adopted on a permanent basis by the expiration of the Extended Pilot, the position limits for SPY would revert to limits in effect at the commencement of the SPY Pilot Program.

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b. Statutory Basis

The Exchange believes that its proposal is consistent with Section 6(b) of the Act in general, and furthers the objectives of Section 6(b)(5) of the Act in particular, in that it is designed to prevent fraudulent and manipulative acts and practices, to promote just and equitable principles of trade, to foster cooperation and coordination with persons engaged in facilitating transactions in securities, to remove impediments to and perfect the mechanism of a free and open market and a national market system and, in general, to protect investors and the public interest.

The Exchange believes that its proposal to extend the SPY Pilot Program would be beneficial to market participants, including market makers, institutional investors and retail investors, by permitting them to establish greater positions when pursuing their investment goals and needs.

4. Self-Regulatory Organization’s Statement on Burden on Competition

The proposed rule change does not impose any burden on competition that is not necessary or appropriate in furtherance of the purposes of the Act. In this regard and as indicated above, the Exchange notes that the rule change is being proposed as a competitive response to similar filings by other options exchanges. The Exchange believes this proposed rule change is necessary to permit fair competition among the options exchanges and to establish uniform positions for a multiply listed options class.

5. 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.

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6. **Extension of Time Period for Commission Action**

The Exchange does not consent to an extension of the time period for Commission action.

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

Pursuant to Section 19(b)(3)(A) of the Act and Rule 19b-4(f)(6) thereunder, the Exchange has designated this proposal as one that 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 Exchange’s proposal to extend the SPY Pilot Program is similar to a rule change by NYSE MKT LLC. The Exchange believes that extending the SPY Pilot Program is non-controversial and will not significantly affect the protection of investors because it permits market participants to establish greater positions when pursuing their investment goals and needs. At the same time, the Exchange believes that the continued elimination of the position limits for SPY options would not increase market volatility or facilitate the ability to manipulate the market. In addition, the Exchange believes that extending the SPY Pilot Program will provide additional time for other SROs to adopt similar rules

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eliminating position requirements for SPY so that the Exchange can compile data for a meaningful Pilot Report.

The Exchange respectfully requests a waiver of the 30-day operative delay so that the proposed rule change may become effective and operative upon filing with the Commission under Section 19(b)(3)(A) of the Act\(^\text{10}\) and Rule 19b-4(f)(6)\(^\text{11}\) thereunder. The Exchange believes that the waiver of the 30-day operative delay is appropriate and will benefit market participants because immediate operability will allow the SPY Pilot Program to continue without interruption.

For the foregoing reasons, the rule filing qualifies for immediate effectiveness as a “non-controversial” rule change under paragraph (f)(6) of Rule 19b-4. At any time within 60 days of the filing of the proposed rule change, the Commission 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 will institute proceedings to determine whether the proposed rule change should be approved or disapproved.

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

   The proposed rule change is based on a filing by NYSE MKT LLC.\(^\text{12}\)

9. **Security-Based Swap Submissions Filed Pursuant to Section 3C of the Act**

   Not applicable.

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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 for publication in the *Federal Register*.

Exhibit 1

SECURITIES AND EXCHANGE COMMISSION
(Release No. ; File No. SR-Phlx-2013-108)

Self-Regulatory Organizations; NASDAQ OMX PHLX LLC; Notice of Filing and Immediate Effectiveness of Proposed Rule Change Relating to an Extension of a Pilot Program for SPY Position and Exercise Limits

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 November 5, 2013, NASDAQ OMX 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 extend the pilot program for another fourteen (14) month time period, which was set to expire fourteen months after approval, to eliminate position limits for options on the SPDR® S&P 500® exchange-traded fund (“SPY ETF” or “SPY”), 3 which list and trade under the symbol SPY (“SPY Pilot Program”).

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3 “SPDR®,” “Standard & Poor’s®,” “S&P®,” “S&P 500®,” and “Standard & Poor’s 500” are registered trademarks of Standard & Poor’s Financial Services LLC. The SPY ETF represents ownership in the SPDR S&P 500 Trust, a unit investment trust that generally corresponds to the price and yield performance of the SPDR S&P 500 Index.

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 purpose of the proposed rule change is to amend Rule 1001, entitled “Position Limits,” to extend the current pilot which expires on December 4, 2013 for an additional fourteen (14) month time period to February 4, 2015 (“Extended Pilot”). At this time, not all self-regulatory organizations (“SROs”) have adopted similar rules eliminating position limits on SPY. As a result, market participants that are members of such SROs are required to comply with the more restrictive SPY position limits and there has been no trading on Phlx wherein a position limit has not applied with respect to SPY.

This filing does not propose any substantive changes to the SPY Pilot Program. In proposing to extend the SPY Pilot Program, the Exchange reaffirms its consideration of several factors that supported the original proposal of the SPY Pilot Program, including (1) the availability of economically equivalent products and their respective
position limits; (2) the liquidity of the option and the underlying security; (3) the market
capitalization of the underlying security and the related index; (4) the reporting of large
positions and requirements surrounding margin; and (5) the potential for market on close
volatility.

The Exchange also states that it is not filing a report with this extension request,
which report is due at this time pursuant to the current pilot. As noted above, the
Exchange does not have any data to report because as explained herein there has been no
trading on its market wherein a position limit has not applied with respect to SPY.

As with the original proposal to establish the SPY Pilot Program, the Exchange
represents that a Pilot Report will be submitted within thirty (30) days of the end of the
first twelve (12) month time period of the Extended Pilot and would analyze that period.
The Pilot Report will detail the size and different types of strategy employed with respect
to positions established as a result of the elimination of position limits in SPY. In
addition, the report will note whether any problems resulted due to the no limit approach
and any other information that may be useful in evaluating the effectiveness of the
Extended Pilot. The Pilot Report will compare the impact of the SPY Pilot Program, if
any, on the volumes of SPY options and the volatility in the price of the underlying SPY
shares, particularly at expiration during the Extended Pilot. In preparing the report the
Exchange will utilize various data elements such as volume and open interest. In

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addition the Exchange will make available to Commission staff data elements relating to the effectiveness of the Spy Pilot Program.

Conditional on the findings in the Pilot Report, the Exchange will file with the Commission a proposal to extend the pilot program, adopt the pilot program on a permanent basis or terminate the pilot. If the Pilot Program is not extended or adopted on a permanent basis by the expiration of the Extended Pilot, the position limits for SPY would revert to limits in effect at the commencement of the SPY Pilot Program.

2. Statutory Basis

The Exchange believes that its proposal is consistent with Section 6(b) of the Act in general, and furthers the objectives of Section 6(b)(5) of the Act in particular, in that it is designed to prevent fraudulent and manipulative acts and practices, to promote just and equitable principles of trade, to foster cooperation and coordination with persons engaged in facilitating transactions in securities, to remove impediments to and perfect the mechanism of a free and open market and a national market system and, in general, to protect investors and the public interest.

The Exchange believes that its proposal to extend the SPY Pilot Program would be beneficial to market participants, including market makers, institutional investors and retail investors, by permitting them to establish greater positions when pursuing their investment goals and needs.

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

The proposed rule change does not impose any burden on competition that is not necessary or appropriate in furtherance of the purposes of the Act. In this regard and as indicated above, the Exchange notes that the rule change is being proposed as a competitive response to similar filings by other options exchanges. The Exchange believes this proposed rule change is necessary to permit fair competition among the options exchanges and to establish uniform positions for a multiply listed options class.

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)(ii) of the Act\(^7\) and subparagraph (f)(6) of Rule 19b-4 thereunder.\(^8\)

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: (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. The Exchange has provided the Commission written notice of its intent to file the proposed rule change, along with a brief description and text of the proposed rule change, at least five business days prior to the date of filing of the proposed rule change.

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 e-mail to rule-comments@sec.gov. Please include File Number SR-Phlx-2013-108 on the subject line.

Paper comments:

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

All submissions should refer to File Number SR-Phlx-2013-108. 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-2013-108 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.\(^9\)

Kevin M. O’Neill  
Deputy Secretary

Exhibit 5

*New text is underlined; deleted text is in brackets.*

NASDAQ OMX PHLX Rules

* * * * *

Options Rules

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Rule 1001. Position Limits
Except with the prior written approval of the Exchange in each instance, no member or member organization shall effect, for any account in which such member or member organization has an interest or for the account of any partner, officer, director or employee thereof or for the account of any customer, an opening transaction (whether on the Exchange or on another participating exchange) in an option contract of any class of options dealt in on the Exchange if the member or member organization has reason to believe that, as a result of such transaction, the member or member organization or partner, officer, director or employee thereof or customer would, acting alone or in concert with others, directly or indirectly control an aggregate position: (a) of more than 25,000, 50,000, 75,000, 200,000 or 250,000 option contracts (whether long or short), put or call option contracts on the same side of the market relating to the same underlying security, which limit is determined in accordance with commentary .05(a), in the case of options on a stock or Exchange-Traded Fund Share, (except with respect to put or call option contracts overlying the PowerShares QQQ Trust ("QQQQ")® for which the position limit shall be 900,000 contracts on the same side of the market; options overlying the iShares® Russell 2000® Index ("IWM"), for which the position limit shall be 500,000 contracts; options overlying the Diamonds Trust ("DIA"), for which the position limit shall be 300,000 contracts on the same side of the market; options overlying the iShares MSCI Emerging Markets Index Fund ("EEM"), for which the position limit shall be 500,000 contracts on the same side of the market; and options overlying the Standard and Poor's Depositary Receipts ("SPDRs"), which shall have no position limits) or (b) with respect to a stock or Exchange-Traded Fund Share option not dealt in on the Exchange, exceeding the applicable position limit established by the exchange on which the option contract is transacted, when the member or member organization is not a member of that other exchange, or such other number of option contracts as may be fixed from time to time by the Exchange as the position limit for one or more classes or series. Position limits for foreign currency options shall be determined in accordance with Commentary .05(c).


* * * Commentary: ********

.01 - .10 No Change

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