



Memorandum

TO: Nasdaq Phlx Floor Brokers and Floor Market Makers

FROM: Michael Blackson

DATE: February 12, 2024

RE: Complex Orders (Stock-Tied Options)

The Nasdaq Floor Surveillance Department would like to remind members and member organizations that transact open outcry orders on Nasdaq Phlx's ("Phlx") trading floor that a Stock-Option Order, pursuant to Phlx Options 3, Section 14(a)(i), is defined in relevant part as "...**an order to buy or sell a stated number of units of an underlying security** (stock or Exchange Traded Fund Share ("ETF")) coupled with the purchase or sale of options contract(s)." The underlying security must be the deliverable for the options component of that Complex Order and represent exactly 100 shares per option for regular way delivery.

Additionally, pursuant to Phlx Options 8, Section 32(f)(5), "A Synthetic Option Order is **an order** to buy or sell a stated number of units of an underlying stock or a security convertible into the underlying stock ("convertible security") coupled with either (i) the purchase or sale of option contract(s) on the opposite side of the market representing either the same number of units of the underlying stock or convertible security or the number of units of the underlying stock or convertible security necessary to create a delta neutral position, or (ii) the purchase or sale of an equal number of put and call option contracts, each having the same exercise price, expiration date, and each representing the same number of units of stock as, and on the opposite side of the market from, the stock or convertible security portion of the order."

Any Stock-Tied Option Order consisting of more than one delta and stock component cannot be represented as a Stock-Tied Option Order. Further, an order that is misrepresented as a Stock-Tied Option Order to the trading crowd that results in a trade dispute will be subject to reallocation or nullification.

If you have any questions concerning the above, please contact Michael Blackson of Nasdaq Floor Surveillance at 215-496-5295 or michael.blackson@nasdaq.com