

PHLX System Settings

1. Hours Of Operation

7:30 a.m. ET – System begins accepting orders.

9:25 a.m. ET – System begins accepting quotes that can be considered for the opening process.

9:30 a.m. ET – System begins disseminating imbalance and price information for the opening auction.

9:30 a.m. ET – System begins executing orders.

4:00 p.m. ET – System stops accepting and executing equity options orders.

4:15 p.m. ET – System stops accepting and executing ETF and Index Options orders.

2. Opening

- The PHLX Opening Process utilizes the Primary Listing Market for the Underlying Security. The underlying security must be open on the primary market for 100ms for the Opening Process to commence.
- **Valid Width Quote Differentials Table** – The table of values defined as an acceptable bid/ask differential for individual market maker quotes required to begin the opening process and open with a trade in absence of an executable opening cross.

Bid Price low end of range	Bid Price high end of range	Maximum bid/ask differential
\$0.00	\$1.99	\$0.75
\$2.00	\$4.99	\$1.20
\$5.00	\$9.99	\$1.50
\$10.00	\$19.99	\$2.40
\$20.00	\$20.00+	\$3.00

- **Quality Opening Market Differentials Table** – The table of values defined as an acceptable bid/ask differential in order to establish a “quality opening market” made of Valid Width Quotes necessary to open with a trade.

Non-Penny Issues:

Price low end of range	Price high end of range	Maximum bid/ask differential
\$0.00	\$1.00	\$0.15
\$1.01	\$2.00	\$0.22
\$2.01	\$3.00	\$0.30
\$3.01	\$5.00	\$0.45
\$5.01	\$7.00	\$0.60
\$7.01	\$10.00	\$0.75
\$10.01	\$20.00	\$0.90
\$20.01	\$30.00	\$1.20
\$30.01	\$40.00	\$1.50
\$40.01	40.01+	\$2.25

Standard Penny Issues (excluding SPY/IWM/QQQ):

Price low end of range	Price high end of range	Maximum bid/ask differential
\$0.00	\$1.00	\$0.10
\$1.01	\$2.00	\$0.10
\$2.01	\$3.00	\$0.14
\$3.01	\$5.00	\$0.20
\$5.01	\$7.00	\$0.30
\$7.01	\$10.00	\$0.40
\$10.01	\$15.00	\$0.60
\$15.01	\$20.00	\$0.80
\$20.01	\$30.00	\$1.20
\$30.01	\$40.00	\$1.60
\$40.01	\$40.01+	\$2.00

Special Penny Issues (SPY/IWM/QQQ)

Price low end of range	Price high end of range	Maximum bid/ask differential
\$0.00	\$0.40	\$0.06
\$0.41	\$1.00	\$0.10
\$1.01	\$2.00	\$0.12
\$2.01	\$3.00	\$0.14
\$3.01	\$5.00	\$0.18
\$5.01	\$7.00	\$0.24
\$7.01	\$10.00	\$0.40
\$10.01	\$15.00	\$0.60
\$15.01	\$20.00	\$0.80
\$20.01	\$30.00	\$1.00
\$30.01	\$40.00	\$1.20
\$40.01	\$40.01+	\$1.60

- **Opening Quote Range Table** – The table of values added to the offer and subtracted from the bid to establish PHLX's maximum Opening Quote Range.

Non-Penny Issues:

Price low end of range	Price high end of range	Acceptable range (highest bid – X or lowest ask + X)	Range Multiplier for options that expire >9 months away
\$0.00	\$1.00	\$0.10	1.5X
\$1.01	\$2.00	\$0.15	1.5X
\$2.01	\$3.00	\$0.20	1.5X
\$3.01	\$5.00	\$0.30	1.5X
\$5.01	\$7.00	\$0.40	1.5X
\$7.01	\$10.00	\$0.50	1.5X
\$10.01	\$20.00	\$0.60	1.5X
\$20.01	\$30.00	\$0.80	1.5X

Price low end of range	Price high end of range	Acceptable range (highest bid – X or lowest ask + X)	Range Multiplier for options that expire >9 months away
\$30.01	\$40.00	\$1.00	1.5X
\$40.01	+	\$1.50	1.5X

Standard Penny Issues (excluding SPY/IWM/QQQ):

Price low end of range	Price high end of range	Acceptable range (highest bid – X or lowest ask + X)	Acceptable Range for options that expire >9 months away
\$0.00	\$1.00	\$0.05	\$0.10
\$1.01	\$2.00	\$0.05	\$0.14
\$2.01	\$3.00	\$0.07	\$0.18
\$3.01	\$5.00	\$0.10	\$0.40
\$5.01	\$7.00	\$0.15	\$0.50
\$7.01	\$10.00	\$0.20	\$0.60
\$10.01	\$15.00	\$0.30	\$0.75
\$15.01	\$20.00	\$0.40	\$0.90
\$20.01	\$30.00	\$0.60	\$1.20
\$30.01	\$40.00	\$0.80	\$1.50
\$40.01	+	\$1.00	\$2.25

Special Penny Issues (SPY/IWM/QQQ)

Price low end of range	Price high end of range	Acceptable range (highest bid – X or lowest ask + X)	Range Multiplier for options that expire >9 months away
\$0.00	\$0.40	\$0.03	2.0X
\$0.41	\$1.00	\$0.05	2.0X
\$1.01	\$2.00	\$0.06	2.0X
\$2.01	\$3.00	\$0.07	2.0X
\$3.01	\$5.00	\$0.09	2.0X
\$5.01	\$7.00	\$0.12	2.0X
\$7.01	\$10.00	\$0.20	2.0X
\$10.01	\$15.00	\$0.30	1.5X
\$15.01	\$20.00	\$0.40	1.5X
\$20.01	\$30.00	\$0.50	1.5X
\$30.01	\$40.00	\$0.60	1.5X
\$40.01	+	\$0.80	1.5X

- **Imbalance Timer** – 250 milliseconds – Amount of time the system may wait before opening an option with an imbalance after broadcasting an Imbalance Message.
- **Number of Imbalance Process Iterations Before an Opening with an Imbalance** – 4 iterations - Number of times the system will repeat the imbalance process before opening with a remaining imbalance.
- **Opening Order Cancel Timer** – 30 seconds – Period of time after the primary market underlying has opened and PHLX has not initiated an Opening Cross, at which all non-GTC orders submitted over FIX and OTTO in the affected option will be cancelled back to the sending firm. This feature is optional to participants and is engaged at the firm mnemonic level.

3. Routing

- **Order Exposure Period** – 200 milliseconds – The amount of time the system allows participants to interact with interest which triggered an Order Exposure Alert. *Options 5, Section 4*
- **Route Timer** – 200 milliseconds - Amount of time the system will allow participants and other market participants to interact with a FIND or SRCH order before the order is routed to an away market during an during normal trading. This timer runs concurrently with the Order Exposure Period. *Options 5, Section 4.*
- **Opening Route Timer** – 250 milliseconds - Amount of time the system waits before routing to an away market as part of the opening process.

4. Acceptable Trade Range

- **Max number of Acceptable Trade Range (ATR) Iterations** – 5 iterations – Number of iterations that ATR may occur before an aggressively priced order or quote will be cancelled back to the sending participant.
- **Acceptable Trade Range (ATR) Refresh Period** – 200 milliseconds - Amount of time an order or quote will be posted at the boundary price of an ATR to allow the market to refresh before continuing to execute at more aggressive prices.
- **Acceptable Range Table** – Acceptable Trade Range boundaries limiting the range of prices incoming Simple Orders and quotes (except for All-or-None Orders) will be allowed to execute.

Non-Penny Issues:

Price low end of range	Price high end of range	Acceptable Range from Reference Price	Acceptable Range for options that expire >9 months away
\$0.00	\$1.00	\$0.10	\$0.20
\$1.01	\$2.00	\$0.15	\$0.25
\$2.01	\$3.00	\$0.20	\$0.30
\$3.01	\$5.00	\$0.30	\$0.45
\$5.01	\$7.00	\$0.40	\$0.60
\$7.01	\$10.00	\$0.50	\$0.75
\$10.01	\$15.00	\$0.60	\$0.90
\$15.01	\$20.00	\$0.60	\$0.90
\$20.01	\$30.00	\$0.80	\$1.20
\$30.00	+	\$1.00	\$1.50

Standard Penny Issues (excluding SPY/IWM/QQQ):

Price low end of range	Price high end of range	Acceptable Range From Reference Price	Acceptable Range for options that expire >9 months away
\$0.00	\$1.00	\$0.07	\$0.14
\$1.01	\$2.00	\$0.10	\$0.20
\$2.01	\$3.00	\$0.15	\$0.30
\$3.01	\$5.00	\$0.20	\$0.40
\$5.01	\$7.00	\$0.25	\$0.50
\$7.01	\$10.00	\$0.30	\$0.60
\$10.01	\$15.00	\$0.50	\$0.75
\$15.01	\$20.00	\$0.60	\$0.90

Price low end of range	Price high end of range	Acceptable Range From Reference Price	Acceptable Range for options that expire >9 months away
\$20.01	\$30.00	\$0.80	\$1.20
\$30.01	+	\$1.00	\$1.50

Special Penny Issues (SPY/IWM/QQQ)

Price low end of range	Price high end of range	Acceptable Range From Reference Price	Acceptable Range for options that expire >9 months away
\$0.00	\$1.00	\$0.05	\$0.10
\$1.01	\$2.00	\$0.07	\$0.14
\$2.01	\$3.00	\$0.07	\$0.14
\$3.01	\$5.00	\$0.10	\$0.20
\$5.01	\$7.00	\$0.15	\$0.30
\$7.01	\$10.00	\$0.20	\$0.40
\$10.01	\$15.00	\$0.30	\$0.45
\$15.01	\$20.00	\$0.40	\$0.60
\$20.01	\$30.00	\$0.50	\$0.75
\$30.01	\$40.00	\$0.60	\$0.90
\$40.01	+	\$0.80	\$1.20

5. Risk Protection Thresholds

- **Limit Order Price protection:** Reject simple orders priced through the contra-side BBO (NBBO and internal market BBO) by the greater to absolute value of percentages configured below based on the option bid price.

LOPP Option contra Side BBO	Configurations
<= 1.00	Absolute: 0.05 Percentage: 100%
> 1.00	Absolute: 0.05 Percentage: 50%

- **Market Order Cancel Timer -4 Seconds** –Participants can designate that their Market Orders not executed after this pre-established period of time to be cancelled, once an option series has opened for trading.
- **Market Order Spread Protection** – default \$5.00 – Maximum bid/ask differential permissible for a Market Order to be accepted by the trading system; if the bid/ask differential of the NBBO and internal BBO is wider than a configurable amount (configured at the underlying symbol level), a Market Order submitted into the system will be rejected; this protection is not applicable to complex orders. All symbols are configured at 5.00, with the following exceptions:

Symbol	Width
AZO	\$20.00
BIO	\$20.00
BKNG	\$22.00
BLK	\$20.00
CHE	\$20.00
CHTR	\$20.00
CMG	\$20.00

Symbol	Width
EQIX	\$20.00
ISRG	\$20.00
LMT	\$20.00
MELI	\$20.00
MKL	\$22.00
MTD	\$20.00
NDX	\$100.00
NOC	\$20.00
ORLY	\$20.00
REGN	\$20.00
ROP	\$20.00
TDG	\$20.00
TSLA	\$20.00

6. Complex

- **Complex Limit Order Price Protection** – \$1.00 and 1% – Complex Orders with a net limit price more than \$1.00 and more than 1% through the contra side net price available from the individual options series on the Exchange will be rejected.
- **Complex Order Execution Limit** – \$0.05 - The maximum amount the System will permit any leg (including stock) of a Complex Order to execute through the NBBO for the series or NBBO of the underlying.
- **Vertical Spread Price Protection** – Lesser of \$1.00 or 5% - Vertical spread orders will be rejected when entered with a negative net price or a net price greater than the absolute difference of the strikes plus the lesser of \$1.00 or 5% of the absolute difference of the strikes. Vertical spreads entered as MKT orders to sell are prevented from legging at a negative net price; vertical spreads entered as MKT orders to buy are prevented from executing at a net price that is greater than the absolute difference of the strikes plus the protection value. This protection does not apply to complex crossing orders.
- **Calendar Spread Price Protection** - \$0.02 - Calendar spreads entered with a net price lower than \$0.02 below zero will be rejected. Calendar spreads to sell with a MKT price will be restricted from executing outside of this protection range. This protection does not apply to complex crossing orders.
- **Butterfly Spread Protection Maximum Buffer** - \$0.00 and 0% – Acceptable range for a Butterfly Spread to above the intrinsic value of the spread defined as the difference in the strike prices of the middle and outer leg for a Butterfly spread. This protection does not apply to complex crossing orders.
- **Butterfly Spread Protection Minimum Buffer** - \$0.00– Acceptable range for a Butterfly Spread to trade below zero. This protection does not apply to complex crossing orders.
- **Box Spread Protection Maximum Buffer** - \$0.00 and 0% – Acceptable range for a Box Spread to above the intrinsic value of the spread defined as the difference in the strike prices of the middle and outer leg for a Box spread. This protection does not apply to complex crossing orders.
- **Box Spread Protection Minimum Buffer** - \$0.00– Acceptable range for a Box Spread to trade below zero. This protection does not apply to complex crossing orders.

7. Auctions

- **Auction Timers** – Below are the auction timer configurations for PHLX:

Auction Type	Duration
Facilitation	100 milliseconds
PIM	100 milliseconds
Solicitation	100 milliseconds
Complex Exposure	100 milliseconds
Block	100 milliseconds

8. Message Traffic Mitigation

PHLX shall disseminate an updated bid and offer price together with the associated size to OPRA when the bid or offer price changes, the quantity decreases or the quantity increases by an amount greater than or equal to 10%.

9. Market Wide Risk Protection

The system will maintain separate counts over rolling time periods specified by the member for each count of:

1. The total number of orders entered into regular order book.
2. The total number of orders entered into complex order book with only option legs.
3. The total number of orders entered in the complex order book with both stock and option legs.
4. The total number of contracts traded in regular orders.
5. The total number of contracts traded in complex orders with only option legs.
6. The total number of contracts traded in complex orders with stock and option legs. (Only counts option contracts)

If the member exceeds any threshold that they have set, the system will automatically reject all subsequent incoming orders entered by the member across PHLX. The time period must be set for a minimum of one second.

For members that do not specify values, the default values will be utilized. The default values are as per the below table:

Threshold	Simple instrument	Standard Combo	Stock Combo
Max order Count	20,000	20,000	20,000
Max Order Count Timer	1 second	1 second	1 second
Max Order Count Action	KillSwitch	KillSwitch	KillSwitch
Max Trade Volume	100,000	200,000	250,000
Max trade Volume Timer	1 second	1 second	1 second
Max Trade Volume Action	KillSwitch	KillSwitch	KillSwitch