Memorandum

TO: Nasdaq Phlx Floor Members and Associated Persons

FROM: Dana Rutherford and Sean Feeney

DATE: December 31, 2019

RE: Floor Strategy Pricing Changes

Effective Thursday, January 2, 2020, pending filing with the SEC, Nasdaq Phlx (Phlx) amends its pricing related to strategy trades as described below.

**Dividend Strategy Trades**

Phlx’s fee cap for executing dividend strategy trades on the same trading day in the same options class will be reduced from $1,500 to $1,100. The dividend cap will apply when members are trading (1) in their own proprietary accounts (Phlx house account); or (2) on an agency basis. If transacted on an agency basis, the daily cap will apply per beneficial account.

The beneficial account of a Clearing Member will be capped at the account level as provided in the Supplemental ID field. If a trade is not executed in a proprietary account and a Supplemental ID is not provided, the strategy cap will not apply.

In order to qualify for the Dividend Strategy, the proper code (Z1) must be entered on the trade.

**Reversal and Conversion, Merger, Short Stock interest, Jelly Roll, and Box Spread Strategy Trades**

Phlx’s fee cap for executing reversal and conversion, merger, short stock interest, jelly roll, and box spread strategy trades on the same trading day for all options classes in the aggregate will be $1,100. This cap will apply when members are trading (1) in their own proprietary accounts (Phlx house account); or (2) on an agency basis. If transacted on an agency basis, the daily cap will apply per beneficial account.

The beneficial account of a Clearing Member will be capped at the account level as provided in the Supplemental ID field. If a trade is not executed in a proprietary account and a Supplemental ID is not provided, the strategy cap will not apply.
This pricing change permits volumes in all option classes to be aggregated throughout the trading day while including volumes in reversal and conversion, merger, short stock interest, jelly roll, and box spread strategies to this $1,100 daily fee cap.

To qualify for a strategy cap, the buy and sell side of a transaction must originate from the Exchange floor. Further, to qualify for a particular strategy cap, the following appropriate codes must be entered on the trade.

Dividend: Z1
Short Interest: Z2
Merger: Z2
Box Spreads: Z3
Jelly Roll: Z4
Reversal and Conversion: Z4

Reversal and conversion, jelly roll and box spread strategy executions will continue to not be included in the Monthly Strategy Cap for a Firm. Reversal and conversion, jelly roll and box spread strategy executions (as defined in this Options 7, Section 4) will continue to be included in the Monthly Firm Fee Cap. All dividend, merger, short stock interest, reversal and conversion, jelly roll and box spread strategy executions (as defined in this Options 7, Section 4) will continue to be excluded from the Monthly Market Maker Cap. NDX and NDXP Options Transactions will continue to be excluded from Strategy Cap pricing.

If you have any questions concerning the above please contact Dana Rutherford at 215-496-1564 or Sean Feeney at 212-231-5584.