The NASDAQ OMX PHLX Complex Order System enhances electronic execution possibilities for complex orders, providing potential for price improvement and spread price protection for vertical and time spreads. On February 1, 2011, PHLX introduced a new system to allow order types up to six legs and stock-option orders on the high-speed INET technology platform.

**KEY ATTRIBUTES**

- Flexible spreads: up to five options with a stock component, or six option legs
- Opportunity for price improvement in the Complex Order Live Auction (COLA)
- Do Not Auction (DNA) orders bypass auctions for faster execution against resting complex orders or the simple order book.
- Simultaneous executions of all order components, including stock.

Order types up to six legs and stock-option orders on the high-speed INET technology platform

**FUNCTIONALITY**

- Complex order messages will be FIX 4.2 compliant using FIX 4.3 tags.
- Orders may be entered as market or limit in penny increments.
- Options-only orders will be accepted for Equity, ETF and HOLDRS®, Index and PHLX World Currency Options® (all classes and series).
  - Stock-tied complex orders will be accepted for Equity and ETF options; the underlying represents 100 shares per option.
- Customer and non-Market Maker Broker-Dealer order may be Day, GTC or IOC.
- SOT, RSOT, Specialist, Non-Streaming ROT and Non-Market Makers orders may be submitted as IOC or DAY and will not initiate an auction.
- Real-time data is available via the TOPO Plus Orders data product.
- Ratio spreads must be $\geq 1:3$ and $\leq 3:1$ for option only spreads. Plus, the ratio between options components and the underlying for stock-tied complex trades must be $\leq 8$ contracts:100 shares.
ELECTRONIC AUCTION

PHLX XL® will monitor PHLX markets and the NBBO for each complex order. Orders are exposed for a brief period of time to seek more liquidity and improved prices through the COLA.

- A new eligible complex order that improves the complex PHLX Best Bid or Offer (cPBBO) will initiate an electronic price improvement auction (COLA).
- DNA order flag may be selected to bypass COLA on all complex orders.
  - DNA Orders received prior to the opening or when the Complex Order Strategy is not available for trading will be cancelled.
  - DNA Orders are cancelled if not immediately executed.
- A price improvement auction which results in a trade will always be priced at the cPBBO or better.
- Auction duration for price improvement will be determined by the Exchange and applied floor-wide (zero-five seconds).
- Price protection will be provided for vertical and time spreads to prevent trading outside standard prices.

COMPLEX ORDER BOOK (CBOOK)

PHLX XL allows all eligible live complex orders not in an auction to be booked. Once on the CBook, trades may execute if:

- An order becomes marketable at either the end of an auction or while on the CBook, PHLX XL will leg a complex order by simultaneously executing each component of the order.
- A PHLX XL quoter sends a CBook Sweep that touches the resting order. Sweeps are handled in the order they are received.
- A contra-side order is received that touches the booked order.
  - Orders on the CBook are maintained in Price/Type/Time Priority at each price level.
  - Complex orders on the book have no standing during opening rotation, the close or in open outcry trading.

PREPARE FOR TRADING

Review the technical specifications on the NASDAQ OMX Trader® website and begin testing at your earliest convenience. In order to enter stock-tied orders, ensure your firm has completed the appropriate paperwork.

More Information

To learn more about the enhanced PHLX Complex Order System, contact Transaction Services U.S. Market Sales

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