Required fields are shown with yellow backgrounds and asterisks.

SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549
Form 19b-4

File No.* SR - 2014 - * 40

Amendment No. (req. for Amendments *)

Filing by   NASDAQ OMX PHLX LLC.

Pursuant to Rule 19b-4 under the Securities Exchange Act of 1934

Initial *	Amendment *	Withdrawal	Section 19(b)(2) *	Section 19(b)(3)(A) *	Section 19(b)(3)(B) *
☑	☐	☐	☐	☑	☐

Rule

Pilot	Extension of Time Period for Commission Action *	Date Expires *	19b-4(f)(1) ☐	19b-4(f)(4) ☐
☐	☐		19b-4(f)(2) ☐	19b-4(f)(5) ☐
			19b-4(f)(3) ☐	19b-4(f)(6) ☑

Notice of proposed change pursuant to the Payment, Clearing, and Settlement Act of 2010

Security-Based Swap Submission pursuant to the Securities Exchange Act of 1934

Section 806(e)(1) *	Section 806(e)(2) *	Section 3C(b)(2) *
☐	☐	☐

Exhibit 2 Sent As Paper Document
▣

Exhibit 3 Sent As Paper Document
▣

Description

Provide a brief description of the action (limit 250 characters, required when Initial is checked *).

A proposed rule change to eliminate the Midpoint Peg Post-Only Order and to modify the functioning of the Minimum Quantity Order on NASDAQ OMX PSX.

Contact Information

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.

First Name * John   Last Name * Yetter

Title *   Vice President

E-mail *   john.yetter@nasdaqomx.com

Telephone *   (301) 978-8497   Fax   (301) 978-8472

Signature

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 *)

Date   06/23/2014   Executive Vice President and General Counsel

By   Edward S. Knight

(Name *)

Persona Not Validated - 1383935917270,

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.

SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

For complete Form 19b-4 instructions please refer to the EFFS website.

Form 19b-4 Information *

[Add] [Remove] [View]

The self-regulatory organization must provide all required information, presented in a clear and comprehensible manner, to enable the public to provide meaningful comment on the proposal and for the Commission to determine whether the proposal is consistent with the Act and applicable rules and regulations under the Act.

Exhibit 1 - Notice of Proposed Rule Change *

[Add] [Remove] [View]

The Notice section of this Form 19b-4 must comply with the guidelines for publication in the Federal Register as well as any requirements for electronic filing as published by the Commission (if applicable). The Office of the Federal Register (OFR) offers guidance on Federal Register publication requirements in the Federal Register Document Drafting Handbook, October 1998 Revision. For example, all references to the federal securities laws must include the corresponding cite to the United States Code in a footnote. All references to SEC rules must include the corresponding cite to the Code of Federal Regulations in a footnote. All references to Securities Exchange Act Releases must include the release number, release date, Federal Register cite, Federal Register date, and corresponding file number (e.g., SR-[SRO]-xx-xx). A material failure to comply with these guidelines will result in the proposed rule change being deemed not properly filed. See also Rule 0-3 under the Act (17 CFR 240.0-3)

Exhibit 1A- Notice of Proposed Rule Change, Security-Based Swap Submission, or Advance Notice by Clearing Agencies *

[Add] [Remove] [View]

The Notice section of this Form 19b-4 must comply with the guidelines for publication in the Federal Register as well as any requirements for electronic filing as published by the Commission (if applicable). The Office of the Federal Register (OFR) offers guidance on Federal Register publication requirements in the Federal Register Document Drafting Handbook, October 1998 Revision. For example, all references to the federal securities laws must include the corresponding cite to the United States Code in a footnote. All references to SEC rules must include the corresponding cite to the Code of Federal Regulations in a footnote. All references to Securities Exchange Act Releases must include the release number, release date, Federal Register cite, Federal Register date, and corresponding file number (e.g., SR-[SRO]-xx-xx). A material failure to comply with these guidelines will result in the proposed rule change, security-based swap submission, or advance notice being deemed not properly filed. See also Rule 0-3 under the Act (17 CFR 240.0-3)

Exhibit 2 - Notices, Written Comments, Transcripts, Other Communications

[Add] [Remove] [View]

Exhibit Sent As Paper Document
☐

Copies of notices, written comments, transcripts, other communications. If such documents cannot be filed electronically in accordance with Instruction F, they shall be filed in accordance with Instruction G.

Exhibit 3 - Form, Report, or Questionnaire

[Add] [Remove] [View]

Exhibit Sent As Paper Document
☐

Copies of any form, report, or questionnaire that the self-regulatory organization proposes to use to help implement or operate the proposed rule change, or that is referred to by the proposed rule change.

Exhibit 4 - Marked Copies

[Add] [Remove] [View]

The full text shall be marked, in any convenient manner, to indicate additions to and deletions from the immediately preceding filing. The purpose of Exhibit 4 is to permit the staff to identify immediately the changes made from the text of the rule with which it has been working.

Exhibit 5 - Proposed Rule Text

[Add] [Remove] [View]

The self-regulatory organization may choose to attach as Exhibit 5 proposed changes to rule text in place of providing it in Item I and which may otherwise be more easily readable if provided separately from Form 19b-4. Exhibit 5 shall be considered part of the proposed rule change.

Partial Amendment

[Add] [Remove] [View]

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 Proposed Rule Change

(a) Pursuant to the provisions of Section 19(b)(1) of the Securities Exchange Act

of 1934 ("Act"),[1] and Rule 19b-4 thereunder,[2] NASDAQ OMX PHLX LLC ("Phlx" or

"Exchange") is filing with the Securities and Exchange Commission ("Commission") a

proposed rule change to eliminate the Midpoint Peg Post-Only Order and to modify the

functioning of the Minimum Quantity Order on NASDAQ OMX PSX ("PSX").

A notice of the proposed rule change for publication in the Federal Register is

attached hereto as Exhibit 1 and the text of the proposed rule change is attached 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 Phlx pursuant

to authority delegated by the Board of Directors of Phlx on July 17, 2013. Phlx staff will

advise the Board of Directors of Phlx of any action taken pursuant to delegated authority.

No further action is required to be taken for this filing to be submitted.

Questions regarding this rule filing may be directed to John M. Yetter, Vice

President, Office of the General Counsel, The NASDAQ OMX Group, Inc., at (301) 978-

8497 (telephone) or (301) 978-8472 (fax).

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

        a.   Purpose

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[1]   15 U.S.C. 78s(b)(1).

[2]   17 CFR 240.19b-4.

Phlx is proposing two modifications to order types on PSX. First, Phlx is proposing to eliminate the Midpoint Peg Post-Only Order. Like a regular Midpoint Pegged Order, a Midpoint Peg Post-Only Order is a non-displayed order that is priced at the midpoint between the national best bid and best offer ("NBBO"). However, like a Post-Only Order, the Midpoint Peg Post-Only Order does not remove liquidity from PSX upon entry if it would lock a non-displayed order on PSX. Rather, the Midpoint Peg Post-Only Order posts and locks the pre-existing order, but remains undisplayed. If a Midpoint Peg Post-Only Order would cross a pre-existing order, however, the crossing orders will execute. A Midpoint Peg Post-Only Order that posts to the book and locks a pre-existing non-displayed order executes against an incoming order only if the price of the incoming buy (sell) order is higher (lower) than the price of the pre-existing order. If a Midpoint Pegged Order and a Midpoint Peg Post-Only Order are locked, and a Midpoint Pegged Order is entered on the same side of the market as the Midpoint Peg Post-Only Order, the new order executes against the original Midpoint Pegged Order, because the market participant entering the Midpoint Peg Post-Only Order has expressed its intention not to execute against posted liquidity, and therefore cedes execution priority to the new order.

In a pricing environment characterized by fees on one side of a trade being used to fund rebates on the other side, the Midpoint Peg Post-Only Order and similar orders were introduced on PSX and various other markets to allow market participants to structure their trading activity in a manner that is more likely to avoid a fee and earn a rebate. In exchange, the party entering the order also generally provides price improvement to its counterparty. In order to simplify order processing and evaluate the

effect of the order type on overall market quality, however, PSX is proposing to eliminate

the Midpoint Peg Post-Only Order, while retaining the Midpoint Pegged Order as a

means by which market participants may offer hidden liquidity with price improvement

at the midpoint between the NBBO.[3]

Phlx is also proposing to modify the functioning of PSX's Minimum Quantity

Order. A Minimum Quantity Order is an order that will not execute unless a specified

minimum quantity of shares can be obtained. Minimum Quantity Orders are not

displayed, and upon entry must have a size and a minimum quantity condition of at least

one round lot. In the event that the shares remaining in the size of the order following a

partial execution thereof are less than the minimum quantity specified by the market

participant entering the order, the minimum quantity value of the order is reduced to the

number of shares remaining. Phlx is proposing to modify this final condition, so that if

the shares remaining in the size of the order are less than one round lot, the minimum

quantity condition will be removed from the order. The change will simplify processing

of Minimum Quantity Orders by ensuring that once a partially executed order is reduced

in size to less than one round lot (generally 100 shares), no restrictions prevent execution

of the remainder of the order. The change is also consistent with the existing requirement

that a Minimum Quantity Order must be entered with a size and a minimum quantity

restriction of at least one round lot. Phlx believes that the change will improve the

efficiency of order processing on PSX by limiting the extent to which small Minimum

Quantity Orders remain on the PSX book.

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[3]   In addition to eliminating the order description from Rule 3301, Phlx is also
        making conforming changes to Rule 3305 and the NASDAQ OMX PHLX LLC
        Pricing Schedule.

Phlx proposes to implement the rule change on or shortly after a date that is thirty days after the date of this proposed rule change, and will notify members of the date of implementation through a widely disseminated notice.

b.   Statutory Basis

Phlx believes that the proposed rule change is consistent with the provisions of Section 6 of the Act,[4] in general, and with Section 6(b)(5) of the Act,[5] in particular, in that the proposal 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 regulating, clearing, settling, processing information with respect to, and 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.

Although the availability of the Midpoint Peg Post-Only Order is consistent with the Act because the order type was designed to provide market participants with better control over their execution costs and to provide a means to offer price improvement opportunities, Phlx believes that the elimination of the order type, together with the continued availability of the Midpoint Pegged Order are likewise consistent with the Act. Specifically, the proposal would allow market participants that seek to provide liquidity at the midpoint between the NBBO to use the Midpoint Pegged Order to do so. Accordingly, the change is designed to facilitate transactions in securities, to remove impediments to and perfect the mechanism of a free and open market and a national

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4   15 U.S.C. 78f.

5   15 U.S.C. 78f(b)(5).

market system, and, in general, to protect investors and the public interest, by reducing the complexity of order-type interaction on PSX while still allowing for liquidity provision with price improvement at the midpoint.

The proposed change to Minimum Quantity Orders is consistent with the Act because it will promote the complete execution of partially executed Minimum Quantity Orders once the order is reduced in size to less than one round lot. The change will thereby remove impediments to a free and open market by promoting order interaction and reducing the complexity of PSX's order processing.

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

Phlx does not believe that the proposed rule change will result in any burden on competition that is not necessary or appropriate in furtherance of the purposes of the Act, as amended. The change to eliminate the Midpoint Peg Post-Only Order will provide a means by which PSX may distinguish itself from trading venues that offer orders similar to the Midpoint Peg Post-Only Order. Accordingly, the change has the potential to promote competition by allowing PSX to differentiate itself from other trading venues. Similarly, the proposed change to the Midpoint Peg Post-Only Order and Minimum Quantity Orders has the potential to promote competition by enhancing the efficiency of PSX's processing of orders. In both instances, the changes would not affect the ability of market participants to avail themselves of alternative order-type processing at other trading venues, and therefore would not impose any burden on competition.

5.   Self-Regulatory Organization's Statement on Comments on the Proposed Rule
       Change Received from Members, Participants, or Others

       Written comments were neither solicited nor received.

6.   Extension of Time Period for Commission Action

       Not applicable.

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

       The proposed rule change is effective upon filing pursuant to Section 19(b)(3)(A)

of the Act[6] and paragraph (f)(6) of Rule 19b-4 thereunder,[7] in that the proposed rule

change: (i) does not significantly affect the protection of investors or the public interest;

(ii) does not impose any significant burden on competition; and (iii) 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;

provided the self-regulatory organization has given 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, or such shorter time as designated by the Commission. The Exchange

submitted such a notice on June 16, 2014. As discussed above, the proposed changes do

not significantly affect the protection of investors or the public interest, and do not

impose any significant burden on competition, because they are designed to encourage

the use of orders that provide price improvement and to improve the efficiency of order

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[6]   15 U.S.C. 78s(b)(3)(A).

[7]   17 CFR 240.19b-4(f)(6).

processing on PSX, and do not affect the ability of market participants to avail

themselves of alternative order-type processing at other trading venues.

8. <u>Proposed Rule Change Based on Rules of Another Self-Regulatory Organization or of the Commission</u>

    Not applicable.

9. <u>Security-Based Swap Submissions Filed Pursuant to Section 3C of the Act</u>

    Not applicable.

10. <u>Advance Notices Filed Pursuant to Section 806(e) of the Payment, Clearing and Settlement Supervision Act</u>

    Not applicable.

11. <u>Exhibits</u>

    Exhibit 1. Completed notice of proposed rule change for publication in the

<u>Federal Register</u>

EXHIBIT 1

SECURITIES AND EXCHANGE COMMISSION
(Release No. 34-   ; File No. SR-Phlx-2014-40)

Self-Regulatory Organizations; NASDAQ OMX PHLX LLC; Notice of Filing and
Immediate Effectiveness of Proposed Rule Change to Eliminate the Midpoint Peg Post-
Only Order and Modify the Minimum Quantity Order on NASDAQ OMX PSX

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 June 23, 2014, NASDAQ OMX

PHLX LLC ("Phlx" or "Exchange") filed with the Securities and Exchange Commission

("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 the Substance of the
        Proposed Rule Change

The Exchange proposes to eliminate the Midpoint Peg Post-Only Order and to

modify the functioning of the Minimum Quantity Order on NASDAQ OMX PSX

("PSX"). The text of the proposed rule change is available at

http://nasdaqomxphlx.cchwallstreet.com/nasdaqomxphlx/phlx/, at the Exchange's

principal office, and at the Commission's Public Reference Room.

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

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[1]   15 U.S.C. 78s(b)(1).

[2]   17 CFR 240.19b-4.

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

Phlx is proposing two modifications to order types on PSX. First, Phlx is

proposing to eliminate the Midpoint Peg Post-Only Order. Like a regular Midpoint

Pegged Order, a Midpoint Peg Post-Only Order is a non-displayed order that is priced at

the midpoint between the national best bid and best offer ("NBBO"). However, like a

Post-Only Order, the Midpoint Peg Post-Only Order does not remove liquidity from PSX

upon entry if it would lock a non-displayed order on PSX. Rather, the Midpoint Peg

Post-Only Order posts and locks the pre-existing order, but remains undisplayed. If a

Midpoint Peg Post-Only Order would cross a pre-existing order, however, the crossing

orders will execute. A Midpoint Peg Post-Only Order that posts to the book and locks a

pre-existing non-displayed order executes against an incoming order only if the price of

the incoming buy (sell) order is higher (lower) than the price of the pre-existing order. If

a Midpoint Pegged Order and a Midpoint Peg Post-Only Order are locked, and a

Midpoint Pegged Order is entered on the same side of the market as the Midpoint Peg

Post-Only Order, the new order executes against the original Midpoint Pegged Order,

because the market participant entering the Midpoint Peg Post-Only Order has expressed

its intention not to execute against posted liquidity, and therefore cedes execution priority

to the new order.

In a pricing environment characterized by fees on one side of a trade being used

to fund rebates on the other side, the Midpoint Peg Post-Only Order and similar orders

were introduced on PSX and various other markets to allow market participants to

structure their trading activity in a manner that is more likely to avoid a fee and earn a

rebate. In exchange, the party entering the order also generally provides price

improvement to its counterparty. In order to simplify order processing and evaluate the

effect of the order type on overall market quality, however, PSX is proposing to eliminate

the Midpoint Peg Post-Only Order, while retaining the Midpoint Pegged Order as a

means by which market participants may offer hidden liquidity with price improvement

at the midpoint between the NBBO.[3]

Phlx is also proposing to modify the functioning of PSX's Minimum Quantity

Order. A Minimum Quantity Order is an order that will not execute unless a specified

minimum quantity of shares can be obtained. Minimum Quantity Orders are not

displayed, and upon entry must have a size and a minimum quantity condition of at least

one round lot. In the event that the shares remaining in the size of the order following a

partial execution thereof are less than the minimum quantity specified by the market

participant entering the order, the minimum quantity value of the order is reduced to the

number of shares remaining. Phlx is proposing to modify this final condition, so that if

the shares remaining in the size of the order are less than one round lot, the minimum

quantity condition will be removed from the order. The change will simplify processing

of Minimum Quantity Orders by ensuring that once a partially executed order is reduced

in size to less than one round lot (generally 100 shares), no restrictions prevent execution

of the remainder of the order. The change is also consistent with the existing requirement

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[3]   In addition to eliminating the order description from Rule 3301, Phlx is also
        making conforming changes to Rule 3305 and the NASDAQ OMX PHLX LLC
        Pricing Schedule.

that a Minimum Quantity Order must be entered with a size and a minimum quantity
restriction of at least one round lot. Phlx believes that the change will improve the
efficiency of order processing on PSX by limiting the extent to which small Minimum
Quantity Orders remain on the PSX book.

Phlx proposes to implement the rule change on or shortly after a date that is thirty
days after the date of this proposed rule change, and will notify members of the date of
implementation through a widely disseminated notice.

2.   Statutory Basis

Phlx believes that the proposed rule change is consistent with the provisions of
Section 6 of the Act,[4] in general, and with Section 6(b)(5) of the Act,[5] in particular, in
that the proposal 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 regulating, clearing, settling, processing information with respect to,
and 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.

Although the availability of the Midpoint Peg Post-Only Order is consistent with
the Act because the order type was designed to provide market participants with better
control over their execution costs and to provide a means to offer price improvement
opportunities, Phlx believes that the elimination of the order type, together with the
continued availability of the Midpoint Pegged Order are likewise consistent with the Act.

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[4]   15 U.S.C. 78f.

[5]   15 U.S.C. 78f(b)(5).

Specifically, the proposal would allow market participants that seek to provide liquidity at the midpoint between the NBBO to use the Midpoint Pegged Order to do so. Accordingly, the change is designed to facilitate 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, by reducing the complexity of order-type interaction on PSX while still allowing for liquidity provision with price improvement at the midpoint.

The proposed change to Minimum Quantity Orders is consistent with the Act because it will promote the complete execution of partially executed Minimum Quantity Orders once the order is reduced in size to less than one round lot. The change will thereby remove impediments to a free and open market by promoting order interaction and reducing the complexity of PSX's order processing.

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

Phlx does not believe that the proposed rule change will result in any burden on competition that is not necessary or appropriate in furtherance of the purposes of the Act, as amended. The change to eliminate the Midpoint Peg Post-Only Order will provide a means by which PSX may distinguish itself from trading venues that offer orders similar to the Midpoint Peg Post-Only Order. Accordingly, the change has the potential to promote competition by allowing PSX to differentiate itself from other trading venues. Similarly, the proposed change to the Midpoint Peg Post-Only Order and Minimum Quantity Orders has the potential to promote competition by enhancing the efficiency of PSX's processing of orders. In both instances, the changes would not affect the ability of market participants to avail themselves of alternative order-type processing at other trading venues, and therefore would not impose any burden on competition.

C.   Self-Regulatory Organization's Statement on Comments on the Proposed
        Rule Change Received from Members, Participants, or Others

Written comments were neither solicited nor 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[6] and subparagraph (f)(6) of Rule 19b-4 thereunder.[7]

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.

IV.   Solicitation of Comments

Interested persons are invited to submit written data, views, and arguments

concerning the foregoing, including whether the proposed rule change, as amended, is

consistent with the Act. Comments may be submitted by any of the following methods:

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[6]   15 U.S.C. 78s(b)(3)(a)(ii).

[7]   17 CFR 240.19b-4(f)(6). In addition, Rule 19b-4(f)(6) requires a self-regulatory
        organization to give the Commission written notice of its intent to file the
        proposed rule change at least five business days prior to the date of filing of the
        proposed rule change, or such shorter time as designated by the Commission. The
        Exchange has satisfied this requirement.

<u>Electronic comments:</u>

- 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-2014-40 on the subject line.

<u>Paper comments:</u>

- 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-2014-40. 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 on official business days between the hours of 10:00 a.m. and 3:00 p.m.

Copies of such filing also will be available for inspection and copying at the principal

offices 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-2014-40, 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.[8]

Kevin M. O'Neill
Deputy Secretary

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[8]   17 CFR 200.30-3(a)(12).

EXHIBIT 5

The text of the proposed rule change is below. Proposed new language is underlined; deletions are bracketed.

Rule 3301. Definitions

The following definitions apply to the Rule 3200 and 3300 Series for the trading of securities on PSX.

(a) – (e) No change.

(f) The term "Order Type" shall mean the unique processing prescribed for designated orders that are eligible for entry into the System, and shall include:

(1) – (4) No change.

(5) "Minimum Quantity Orders" are orders that will not execute unless a specified minimum quantity of shares can be obtained. A Minimum Quantity Order that posts to the Exchange book will be a Non-Displayed Order, and upon entry must have a size and a minimum quantity condition of at least one round lot. In the event that the shares remaining in the size of the order following a partial execution thereof are less than the minimum quantity specified by the market participant entering the order, the minimum quantity value of the order will be reduced to the number of shares remaining, unless the shares remaining in the size of the order are less than one round lot, in which case the minimum quantity condition will be removed from the order.

(6) No change.

(7) Reserved. ["Midpoint Peg Post-Only Orders" are orders that are priced in the same manner as Midpoint Peg Orders. Upon entry, a Midpoint Peg Post-Only Order will always post to the book unless it is a buy (sell) order that is priced higher than (lower than) a resting sell (buy) order, in which case it will execute at the price of the resting order. Midpoint Peg Post-Only Orders must always have a price of more than $1 per share. A Midpoint Peg Post-Only Order that would be assigned a price of $1 or less per share will be rejected or cancelled, as applicable. Midpoint Peg Post-Only Orders are eligible for entry and execution during regular market hours only, and any Midpoint Peg Post-Only Orders resting on the book at 4:00 pm will be cancelled.

While a Midpoint Peg Post-Only Order that posts to the book is locking a preexisting nondisplayed order, the Midpoint Peg Post-Only Order will execute against an incoming order only if the price of the incoming buy (sell) order is higher (lower) than the price of the pre-existing order.]

(8) – (12) No change.

(g) – (i) No change.

* * * * *

Rule 3305. Order Entry Parameters

(a) System Orders

(1) General— Only orders for NMS stocks may be entered and executed through PSX. PSX is the only venue on the Exchange for the entry and execution of orders in NMS stocks. A System order is an order that is entered into the System for display and/or execution as appropriate. Such orders are executable against marketable contra-side orders in the System.

(A) No change.

(B) A System order may also be designated with one or more of the following designations: a Discretionary Order, a Limit Order, a Reserve Order, a Pegged Order, a Displayed Order, a Non-Displayed Order, a Minimum Quantity Order, an Intermarket Sweep Order, a Price to Comply Order, a Price to Comply Post Order, or a Post-Only Order[, or a Midpoint Peg Post-Only Order].

(C) No change.

(2) – (3) No change.

(b) No change.

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NASDAQ OMX PHLX LLC[1] PRICING SCHEDULE
ALL BILLING DISPUTES MUST BE SUBMITTED TO THE EXCHANGE IN WRITING AND MUST BE ACCOMPANIED BY SUPPORTING DOCUMENTATION. ALL DISPUTES MUST BE SUBMITTED NO LATER THAN SIXTY (60) DAYS AFTER RECEIPT OF A BILLING INVOICE, EXCEPT FOR DISPUTES CONCERNING NASDAQ OMX PSX FEES, PROPRIETARY DATA FEED FEES AND CO-LOCATION SERVICES FEES. AS OF JANUARY 3, 2011, THE EXCHANGE WILL CALCULATE FEES ON A TRADE DATE BASIS.
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[1]PHLX® is a registered trademark of The NASDAQ OMX Group, Inc.

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VIII.   NASDAQ OMX PSX FEES

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Order Execution and Routing

(a) The following charges and credits shall apply to the use of the order execution and routing services of the NASDAQ OMX PSX System by member organizations for all securities that it trades priced at $1 or more per share:

(1) Fees for Execution of Quotes/Orders in Nasdaq-Listed Securities

Charge to member organization entering order that executes in NASDAQ OMX PSX:	$0.0030 per share executed for orders entered through a NASDAQ OMX PSX market participant identifier ("MPID") through which the member organization provides an average daily volume of 10,000 or more shares of liquidity during the month
	$0.0030 per share executed for an order that is designated as eligible for routing
	$0.0030 per share executed for other orders
Credit to member organization providing liquidity through the NASDAQ OMX PSX System: Displayed Quote/Order:	$0.0028 per share executed for Quotes/Orders entered by a member organization that provides an average daily volume of 2 million or more shares of liquidity during the month; provided that (i) the Quote/Order is entered through a NASDAQ OMX PSX MPID through which the member organization displays, on average over the course of the month, 100 shares or more at the national best bid and/or national best offer at least 25% of the time during regular market hours* in the security that is the subject of the Quote/Order, or (ii) the member organization displays, on average over the course of the month, 100 shares or more at the national best bid and/or national best offer at least 25% of the time during regular market hours in 500 or more securities

	$0.0026 per share executed for Quotes/Orders entered through a NASDAQ OMX PSX MPID through which the member organization provides an average daily volume of 100,000 or more shares of liquidity during the month
	$0.0020 per share executed for other Quotes/Orders
Non-Displayed Order:	$0.0010 per share executed for a midpoint pegged order [or a midpoint peg post-only order] (a "midpoint order")
	$0.0005 per share executed for other non-displayed orders

(2) – (4) No change.

* "Regular market hours" means 9:30 a.m. through 4:00 p.m. Eastern Time, or such shorter period as may be designated by the Exchange on a day when PSX closes early.

(b) – (c) No change.

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