

Required fields are shown with yellow backgrounds and asterisks.

Page 1 of * 21

SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549
Form 19b-4File No.* SR - 2012 - * 17
Amendment No. (req. for Amendments *)

Proposed Rule Change by NASDAQ OMX PHLX LLC.

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

Initial * <input checked="" type="checkbox"/>	Amendment * <input type="checkbox"/>	Withdrawal <input type="checkbox"/>	Section 19(b)(2) * <input type="checkbox"/>	Section 19(b)(3)(A) * <input checked="" type="checkbox"/>	Section 19(b)(3)(B) * <input type="checkbox"/>
Pilot <input type="checkbox"/>			Rule		
Extension of Time Period for Commission Action * <input type="checkbox"/>		Date Expires * <input type="text"/>	<input type="checkbox"/> 19b-4(f)(1)	<input type="checkbox"/> 19b-4(f)(4)	
			<input checked="" type="checkbox"/> 19b-4(f)(2)	<input type="checkbox"/> 19b-4(f)(5)	
			<input type="checkbox"/> 19b-4(f)(3)	<input type="checkbox"/> 19b-4(f)(6)	

Exhibit 2 Sent As Paper Document
Exhibit 3 Sent As Paper Document
Description

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

Defining Market Maker

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 proposed rule change.

First Name * Angela Last Name * Dunn

Title * Associate General Counsel

E-mail * angela.dunN@nasdaqomx.com

Telephone * (215) 496-5692 Fax

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 officer.

Date 02/07/2012

By Angela Saccomandi Dunn
(Name *)Associate General Counsel
(Title *)

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.

Angela Dunn, angela.dunn@phlx.com

SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

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

Form 19b-4 Information (required)

[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 (required)

[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 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 the Proposed Rule Change

(a) NASDAQ OMX PHLX LLC ("Phlx" or "Exchange"), pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 ("Act")¹ and Rule 19b-4 thereunder,² proposes to amend the Preface to its Fee Schedule to add a definition for a "Market Maker." In addition, the Exchange proposes to delete outdated language in the Preface.

A notice of the proposed rule change for publication in the Federal Register is attached hereto as Exhibit 1 and a copy of applicable portion of the Exchange's Fee Schedule is attached hereto 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 the Exchange pursuant to authority delegated by the Board of Directors of the Exchange on August 19, 2011. Exchange staff will advise the Board of Directors of any action taken pursuant to delegated authority. No other action by the Exchange is necessary for the filing of the rule change.

Questions and comments on the proposed rule change may be directed to Angela Saccomandi Dunn, Associate General Counsel, at (215) 496-5692.

¹ 15 U.S.C. 78s(b)(1).

² 17 CFR 240.19b-4.

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

a. Purpose

The purpose of this rule filing is to define the term “Market Maker” and utilize the term in describing certain market participants with respect to transaction fees. The Exchange believes that utilizing the term “Market Maker” as a category of market participant to describe transaction fees would further clarify the Fee Schedule.

The Exchange proposes to amend the Preface to the Fee Schedule to add language to define a “Market Maker” as a Specialist,³ Registered Options Trader (“ROT”),⁴ Streaming Quote Trader (“SQT”),⁵ and Remote Streaming Quote Trader (“RSQT”).⁶ The Exchange proposes to also amend the Fee Schedule to replace the market participant category of “Specialists, ROTs, SQTs and RSQTs” with the term “Market Maker” where transaction fees are specified. As currently noted in the Preface, while Directed Participants are Specialists and ROTs, including SQTs and RSQTs, and therefore Market

³ A Specialist is an Exchange member who is registered as an options specialist pursuant to Rule 1020(a).

⁴ A Registered Option Trader is defined in Exchange Rule 1014(b) as a regular member of the Exchange located on the trading floor who has received permission from the Exchange to trade in options for his own account. A ROT includes SQTs and RSQTs as well as on and off-floor ROTs.

⁵ An SQT is defined in Exchange Rule 1014(b)(ii)(A) as an ROT who has received permission from the Exchange to generate and submit option quotations electronically in options to which such SQT is assigned.

⁶ A RSQT is defined Exchange Rule in 1014(b)(ii)(B) as an ROT that is a member or member organization with no physical trading floor presence who has received permission from the Exchange to generate and submit option quotations electronically in options to which such RSQT has been assigned.

Makers, they are assessed different transaction fees and are therefore not included in the definition of “Market Maker” for purposes of defining categories of market participants.

The Exchange also proposes to delete certain outdated language in the Preface which describes a ROT. The Exchange previously filed a rule change to eliminate a foreign currency options participant from the Exchange’s Rules.⁷ The Exchange is proposing to update footnote 7 in the Preface of the Fee Schedule to reflect the current text of Rule 1014 and eliminate the words “or a foreign currency options participant.”

The Exchange also proposes to make other grammatical corrections to capitalize the word “Specialist” in the Fee Schedule.

b. Statutory Basis

The Exchange believes that its proposal to amend its Fee Schedule is consistent with Section 6(b) of the Act⁸ in general, and furthers the objectives of Section 6(b)(4) of the Act⁹ in particular, in that it is an equitable allocation of reasonable fees and other charges among Exchange members.

The Exchange believes that amending the Fee Schedule to describe Specialists, ROTs, SQTs and RSQTs as Market Makers is reasonable because other exchanges utilize the term market maker in their fee descriptions. Also, the Exchange believes that the proposal is equitable and not unfairly discriminatory because the Exchange is proposing to utilize a term that is known among its members to describe a fee category. Also, the

⁷ See Securities Exchange Act Release No. 64338 (April 25, 2011), 76 FR 24069 (April 25, 2011) (SR-Phlx-2011-13) (a rule change, which among other things, eliminates the foreign currency options participant from the Exchange’s Rules).

⁸ 15 U.S.C. 78f(b).

⁹ 15 U.S.C. 78f(b)(4).

Exchange's definition in the Preface provides guidance on how the term is being utilized in the Fee Schedule as are other market participant terms.

The Exchange believes that deleting outdated language is reasonable, equitable and not unfairly discriminatory as the text of the Fee Schedule would be consistent with other Rules.

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

The Exchange does not believe that the proposed rule change will impose any burden on competition not necessary or appropriate in furtherance of the purposes of the Act.

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

No written comments were either solicited or 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)

Pursuant to Section 19(b)(3)(A)(ii) of the Act,¹⁰ the Exchange has designated this proposal as establishing or changing a due, fee, or other charge imposed on any person, whether or not the person is a member of the self-regulatory organization, which renders the proposed rule change effective upon filing.

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

The proposed rule change is not based on the rules of another self-regulatory

¹⁰ 15 U.S.C. 78s(b)(3)(A)(ii).

organization or of the Commission.

9. Exhibits

1. Notice of proposed rule for publication in the Federal Register.
5. Applicable portion of the Exchange's Fee Schedule.

Exhibit 1

SECURITIES AND EXCHANGE COMMISSION
(Release No. _____ ; File No. SR-Phlx-2012-17)

Self-Regulatory Organizations; Notice of Filing and Immediate Effectiveness of
Proposed Rule Change by NASDAQ OMX PHLX LLC to Define a Market Maker

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 February 7, 2012, NASDAQ OMX PHLX LLC ("Phlx" or "Exchange") filed with the Securities and Exchange Commission ("SEC" or "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 Substance of the Proposed Rule Change

The Exchange proposes to amend the Preface to its Fee Schedule to add a definition for a "Market Maker." In addition, the Exchange proposes to delete outdated language in the Preface.

The text of the proposed rule change is available on the Exchange's Website at <http://nasdaqtrader.com/micro.aspx?id=PHLXfilings>, at the principal office of the Exchange, 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

¹ 15 U.S.C. 78s(b)(1).

² 17 CFR 240.19b-4.

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 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

The purpose of this rule filing is to define the term “Market Maker” and utilize the term in describing certain market participants with respect to transaction fees. The Exchange believes that utilizing the term “Market Maker” as a category of market participant to describe transaction fees would further clarify the Fee Schedule.

The Exchange proposes to amend the Preface to the Fee Schedule to add language to define a “Market Maker” as a Specialist,³ Registered Options Trader (“ROT”),⁴ Streaming Quote Trader (“SQT”),⁵ and Remote Streaming Quote Trader (“RSQT”).⁶

³ A Specialist is an Exchange member who is registered as an options specialist pursuant to Rule 1020(a).

⁴ A Registered Option Trader is defined in Exchange Rule 1014(b) as a regular member of the Exchange located on the trading floor who has received permission from the Exchange to trade in options for his own account. A ROT includes SQTs and RSQTs as well as on and off-floor ROTS.

⁵ An SQT is defined in Exchange Rule 1014(b)(ii)(A) as an ROT who has received permission from the Exchange to generate and submit option quotations electronically in options to which such SQT is assigned.

⁶ A RSQT is defined Exchange Rule in 1014(b)(ii)(B) as an ROT that is a member or member organization with no physical trading floor presence who has received permission from the Exchange to generate and submit option quotations electronically in options to which such RSQT has been assigned.

The Exchange proposes to also amend the Fee Schedule to replace the market participant category of “Specialists, ROTs, SQTs and RSQTs” with the term “Market Maker” where transaction fees are specified. As currently noted in the Preface, while Directed Participants are Specialists and ROTs, including SQTs and RSQTs, and therefore Market Makers, they are assessed different transaction fees and are therefore not included in the definition of “Market Maker” for purposes of defining categories of market participants.

The Exchange also proposes to delete certain outdated language in the Preface which describes a ROT. The Exchange previously filed a rule change to eliminate a foreign currency options participant from the Exchange’s Rules.⁷ The Exchange is proposing to update footnote 7 in the Preface of the Fee Schedule to reflect the current text of Rule 1014 and eliminate the words “or a foreign currency options participant.”

The Exchange also proposes to make other grammatical corrections to capitalize the word “Specialist” in the Fee Schedule.

2. Statutory Basis

The Exchange believes that its proposal to amend its Fee Schedule is consistent with Section 6(b) of the Act⁸ in general, and furthers the objectives of Section 6(b)(4) of the Act⁹ in particular, in that it is an equitable allocation of reasonable fees and other charges among Exchange members.

The Exchange believes that amending the Fee Schedule to describe Specialists,

⁷ See Securities Exchange Act Release No. 64338 (April 25, 2011), 76 FR 24069 (April 25, 2011) (SR-Phlx-2011-13) (a rule change, which among other things, eliminates the foreign currency options participant from the Exchange’s Rules).

⁸ 15 U.S.C. 78f(b).

⁹ 15 U.S.C. 78f(b)(4).

ROTs, SQTs and RSQTs as Market Makers is reasonable because other exchanges utilize the term market maker in their fee descriptions. Also, the Exchange believes that the proposal is equitable and not unfairly discriminatory because the Exchange is proposing to utilize a term that is known among its members to describe a fee category. Also, the Exchange's definition in the Preface provides guidance on how the term is being utilized in the Fee Schedule as are other market participant terms.

The Exchange believes that deleting outdated language is reasonable, equitable and not unfairly discriminatory as the text of the Fee Schedule would be consistent with other Rules.

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

The Exchange does not believe that the proposed rule change will impose any burden on competition not necessary or appropriate in furtherance of the purposes of the Act.

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

No written comments were either solicited or received.

III. Date of Effectiveness of the Proposed Rule Change and Timing for Commission Action

The foregoing rule change has become effective pursuant to Section 19(b)(3)(A)(ii) of the Act.¹⁰ 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 necessary or appropriate in the public interest, for the protection of investors, or otherwise in furtherance of the purposes of the

¹⁰ 15 U.S.C. 78s(b)(3)(A)(ii).

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

Electronic comments:

- 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-2012-17 on the subject line.

Paper comments:

- 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-2012-17. 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, 100 F Street, NE, Washington, DC 20549, on official business days between the hours of 10:00 a.m. and 3:00 p.m. Copies of the filing also will be available for inspection and copying at the principal office 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-2012-17 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.¹¹

Kevin M. O'Neill
Deputy Secretary

¹¹ 17 CFR 200.30-3(a)(12).

Exhibit 5

New text is underlined and deleted text is in brackets.

**NASDAQ OMX PHLX LLC
FEE SCHEDULE**

* * * * *

PREFACE

For purposes of assessing fees, the following references should serve as guidance.

The term "**Customer**" applies to any transaction that is identified by a member or member organization for clearing in the Customer range at The Options Clearing Corporation ("OCC") which is not for the account of broker or dealer or for the account of a "Professional" (as that term is defined in Rule 1000(b)(14)).¹

The term "**Directed Participant**" applies to transactions for the account of a Specialist², Streaming Quote Trader³ (an "SQT") or Remote Streaming Quote Trader⁴ (an "RSQT") resulting from a Customer order that is (1) directed to it by an order flow provider⁵, and (2) executed by it electronically on Phlx XL II.⁶

The term "**Specialist, ROT, SQT and RSQT**" applies to transactions for the accounts of Specialists, Registered Option Traders⁷ ("ROTs"), Streaming Quote Traders, and Remote Streaming Quote Traders, unless the Directed Participant transaction fee applies. For

¹ Rule 1000(b)(14) provides in relevant part: "The term "professional" means any person or entity that (i) is not a broker or dealer in securities, and (ii) places more than 390 orders in listed options per day on average during a calendar month for its own beneficial account(s).

² A Specialist is an Exchange member who is registered as an options specialist pursuant to Rule 1020(a).

³ A Streaming Quote Trader is defined in Exchange Rule 1014(b)(ii)(A) as an ROT who has received permission from the Exchange to generate and submit option quotations electronically in options to which such SQT is assigned.

⁴ A Remote Streaming Quote Trader is defined Exchange Rule in 1014(b)(ii)(B) as an ROT that is a member or member organization with no physical trading floor presence who has received permission from the Exchange to generate and submit option quotations electronically in options to which such RSQT has been assigned.

⁵ An Order Flow Provider is defined in Exchange Rule 1080(l)(1)(B) as "any member or member organization that submits, as agent, customer orders to the Exchange."

⁶ A ROT includes a SQT, a RSQT and a Non-SQT, who by definition is neither a SQT or a RSQT. See Exchange Rule 1014 (b)(i) and (ii).

purposes of the Fee Schedule, the term "**Market Maker**" will be utilized to describe fees and rebates applicable to Specialists, ROTs, SOTs and RSOTs.

The term "**Firm**" applies to any transaction that is identified by a member or member organization for clearing in the Firm range at OCC.

The term "**Professional**" applies to transactions for the accounts of Professionals (as defined in Exchange Rule 1000(b)(14)).

The term "**Broker-Dealer**" applies to any transaction which is not subject to any of the other transaction fees applicable within a particular category.

* * * * *

⁷ A Registered Option Trader is defined in Exchange Rule 1014(b) as a regular member [or a foreign currency options participant] of the Exchange located on the trading floor who has received permission from the Exchange to trade in options for his own account. A ROT includes SOTs and RSOTs as well as on and off-floor ROTS.

I. Rebates and Fees for Adding and Removing Liquidity in Select Symbols

Select Symbols shall be defined as options overlying the following symbols: AA, AAPL, ABX, AMD, AMR, AMZN, AXP, BAC, C, CAT, CIEN, CSCO, DELL, DIA, EBAY, EK, F, FAS, FAZ, FXI, GDX, GE, GLD, GLW, GS, HAL, IBM, INTC, IWM, JPM, LVS, MGM, MSFT, MU, NEM, NOK, NVDA, ORCL, PFE, PG, POT, QCOM, QQQ, RIG, RIMM, RMBS, SBUX, SDS, SIRI, SLV, SLW, SNDK, SPY, T, TBT, TZA, UAL, UNG, USO, UUP, V, VALE, VXX, VZ, WYNN, X, XLF, XOM, XOP, and YHOO. The following fees in this Section I shall only apply to Select Symbols.

Part A. Single contra-side order

	Customer	Directed Participant	[Specialist, ROT, SQT and RSQT]Market Maker	Firm	Broker-Dealer	Professional
Rebate for Adding Liquidity	\$0.26	\$0.23	\$0.23	\$0.00	\$0.00	\$0.23
Fees for Adding Liquidity	\$0.00	\$0.00	\$0.00	\$0.05	\$0.05	\$0.00
Fee for Removing Liquidity	\$0.39	\$0.35	\$0.37	\$0.45	\$0.45	\$0.45

Part B. Complex Order

	Customer	Directed Participant	[Specialist, ROT, SQT and RSQT]Market Maker	Firm	Broker-Dealer	Professional
Rebate for Adding Liquidity	\$0.30	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Fee for Adding Liquidity	\$0.00	\$0.10	\$0.10	\$0.20	\$0.20	\$0.20
Fee for Removing Liquidity	\$0.00	\$0.30	\$0.32	\$0.35	\$0.35	\$0.35

- Single contra-side orders that are executed against the individual components of Complex Orders will be assessed the fees in Part A. However, the individual components of such a Complex Order will be assessed the fees in Part B.

I. Rebates and Fees for Adding and Removing Liquidity in Select Symbols

Part C. The following will apply to fees in Parts A and B:

- The Monthly Market Maker Cap on transaction fees that are currently applicable to [ROTs and Specialists]Market Makers transacting equity options will not be applicable to electronic transactions in the Select Symbols, except for QCC Transaction Fees.
- The Monthly Firm Fee Cap will not be applicable to the electronic transactions in the Select Symbols, except for QCC Transaction Fees, as defined in this section below.
- Payment for Order Flow fees will not be collected on transactions in the Select Symbols.
- The Cancellation Fee for each cancelled electronically delivered Professional AON order will continue to apply to the Select Symbols. The Cancellation Fee will not apply for each cancelled electronically delivered Customer order in Select Symbols.
- Transactions in the Select Symbols executed via open outcry will be subject to the Equity Options Fees (see Equity Options Fees in Section II). However, if one side of the transaction is executed using the Options Floor Broker Management System and any other side of the trade was the result of an electronically submitted order or a quote, then these fees will apply to the FBMS contracts and contracts that are executed electronically on all sides of the transaction.
- A non-Complex electronic auction includes the Quote and Market Exhaust auction and, for purposes of these fees, the opening process. A Complex electronic auction includes, but is not limited to, the Complex Order Live Auction ("COLA").
 - Customer executions that occur as part of a Complex electronic auction will receive the Rebate for Adding Liquidity as set forth in Part B. Customer executions that occur as part of a non-Complex electronic auction will receive the Rebate for Adding Liquidity as set forth in Part A, except when contra to another Customer order. Customers will not be assessed a Fee for Removing Liquidity for transactions that occur in either Complex electronic auctions or non-Complex electronic auctions.
 - Professional, Directed Participant, Firm, Broker-Dealer and [Specialist, ROT, SQT and RSQT]Market Maker executions that occur as part of a Complex electronic auction will be assessed the Fees for Removing Liquidity in Part B. Professional, Directed Participant, Firm, Broker-Dealer and Market Maker [Specialist, ROT, SQT and RSQT] executions that occur as part of a non-Complex electronic auction will be assessed the Fees for Removing Liquidity in Part A.
- The QCC Transaction Fees, defined in Section II, are applicable to this Section I. QCC Transaction Fees apply to QCC Orders, as defined in Exchange Rule 1080(o), and Floor QCC Orders, as defined in 1064(e). A rebate of \$0.07 per contract will be paid for all qualifying executed QCC Orders up to 1,000,000 contracts in a month, as defined in Exchange Rule 1080(o) and Floor QCC Orders, as defined in 1064(e), except where the transaction is either: (i) Customer-to-Customer; or (ii) a dividend, merger or short stock interest strategy and executions subject to the Reversal and Conversion Cap (as defined in Section II). If a member exceeds 1,000,000 contracts in a month of qualifying executed QCC Orders, a \$0.10 rebate will be paid on all qualifying executed QCC Orders, as defined in Exchange Rule 1080(o), and Floor QCC Orders, as defined in 1064(e), in that month.

II. Equity Options Fees

(Includes options overlying equities, ETFs, ETNs, indexes and HOLDRS which are Multiply Listed)

	Customer	Professional	[Specialist, ROT, SQT and RSQT] <u>Market Maker</u>		Broker-Dealer		Firm
			Electronic	Non-Electronic	Electronic	Non-Electronic	
Options Transaction Charge (Penny Pilot)	\$.00	\$.20	\$.22	\$.25	\$.45	\$.25	\$.25
Options Transaction Charge (non-Penny Pilot)	\$.00	\$.20	\$.23	\$.25	\$.45	\$.25	\$.25
Options Surcharge in RUT, MNX and NDX	N/A	N/A	\$.15	\$.15	\$.15	\$.15	\$.15
Options Surcharge in BKX	N/A	N/A	\$.10	\$.10	\$.10	\$.10	\$.10
FLEX Options	\$.00	\$.10	\$.10	\$.10	\$.10	\$.10	\$.10
Cabinet Options	\$.00	\$.10	\$.10	\$.10	\$.10	\$.10	\$.10

- These fees are per contract
- The Cabinet and FLEX Option Fees above are not in addition to the Options Transaction Charges.
- QCC Transaction Fees for a [Specialist, ROT, SQT, RSQT]Market Maker, Professional, Firm and Broker-Dealer are \$0.20 per contract. QCC Transaction Fees apply to QCC Orders, as defined in Exchange Rule 1080(o), and Floor QCC Orders, as defined in 1064(e). A rebate of \$0.07 per contract will be paid for all qualifying executed QCC Orders up to 1,000,000 contracts in a month, as defined in Exchange Rule 1080(o) and Floor QCC Orders, as defined in 1064(e), except where the transaction is either: (i) Customer-to-Customer; or (ii) a dividend, merger or short stock interest strategy and executions subject to the Reversal and Conversion Cap (as defined in Section II). If a member exceeds 1,000,000 contracts in a month of qualifying executed QCC Orders, a \$0.10 rebate will be paid on all qualifying executed QCC Orders, as defined in Exchange Rule 1080(o), and Floor QCC Orders, as defined in 1064(e), in that month.
- A rebate of \$0.05 per contract will be paid for Customer Complex Orders that are electronically-delivered.
- [ROTs and Specialists]Market Makers are subject to a "Monthly Market Maker Cap" of \$550,000 for equity option transaction fees and QCC Transaction Fees, as defined in this section above. The trading activity of separate Market Maker [ROTs and Specialist] member organizations will be aggregated in calculating the Monthly Market Maker Cap if there is at least 75% common ownership between the member organizations. All dividend, merger, short stock interest and reversal and conversion strategy executions (as defined in this Section II) will be excluded from the Monthly Market Maker Cap. In addition, Market Makers [ROTs and Specialists] that (i) are on the contra-side of an electronically-delivered and executed Customer complex order; and (ii) have reached the Monthly Market Maker Cap will be assessed a \$0.05 per contract fee. For QCC Orders as defined in Exchange Rule 1080(o), and Floor QCC Orders, as defined in 1064(e), a Service Fee of \$0.07 per side will apply once a [ROT or Specialist]Market Maker has reached the Monthly Market Maker Cap. This \$0.07 Service Fee will apply to every contract side of the QCC Order and Floor QCC Order after a [ROT or Specialist]Market Maker has reached the Monthly Market Maker Cap. The Service Fee will not be assessed to a [ROT or Specialist]Market Maker that does not reach the Monthly Market Maker Cap in a particular calendar month.

II. Equity Options Fees

(Includes options overlying equities, ETFs, ETNs, indexes and HOLDERS which are Multiply Listed)

- Firms are subject to a maximum fee of \$75,000 ("Monthly Firm Fee Cap"). Firm equity option transaction fees and QCC Transaction Fees, as defined in this section above, in the aggregate, for one billing month will not exceed the Monthly Firm Fee Cap per member organization when such members are trading in their own proprietary account. All dividend, merger, short stock interest and reversal and conversion strategy executions (as defined in this Section II) will be excluded from the Monthly Market Maker Cap. The Firm equity options transaction fees will be waived for members executing facilitation orders pursuant to Exchange Rule 1064 when such members are trading in their own proprietary account (including FLEX and Cabinet equity options transaction fees). QCC Transaction Fees are included in the calculation of the Monthly Firm Fee Cap. Member organizations must notify the Exchange in writing of all accounts in which the member is not trading in its own proprietary account. The Exchange will not make adjustments to billing invoices where transactions are commingled in accounts which are not subject to the Monthly Firm Fee Cap. In addition, Firms that (i) are on the contra-side of an electronically-delivered and executed Customer complex order; and (ii) have reached the Monthly Firm Fee Cap will be assessed a \$0.05 per contract fee. For QCC Orders as defined in Exchange Rule 1080(o), and Floor QCC Orders, as defined in 1064(e), a Service Fee of \$0.07 per side will apply once a Firm has reached the Monthly Firm Fee Cap. This \$0.07 Service Fee will apply to every contract side of the QCC Order and Floor QCC Order after a Firm has reached the Monthly Firm Fee Cap. The Service Fee will not be assessed to a Firm that does not reach the Monthly Firm Fee Cap in a particular calendar month.
- Proprietary orders of affiliates of member organizations (non-member organizations) that qualify for the Monthly Firm Fee Cap ("Qualifying Member Organization") effected for purposes of hedging the proprietary over-the-counter trading of the Qualifying Member Organization or its affiliates will be included in calculating the Monthly Firm Fee Cap. Member organizations must notify the Exchange in writing of the account(s) designated for purposes of hedging the proprietary over-the-counter trading of the Qualifying Member Organization or its affiliates. The Exchange would require member organizations to segregate other orders from that of its affiliates for those orders to be eligible for the Monthly Firm Fee Cap. The Exchange will not make adjustments to billing invoices where transactions are commingled in accounts which are not subject to the Monthly Firm Fee Cap.
- Market Maker [Specialist, ROT, SQT and RSQT], Professional, Firm and Broker-Dealer equity option transaction fees will be capped at \$1,000 for dividend, merger and short stock interest strategies executed on the same trading day in the same options class when such members are trading in their own proprietary accounts. Equity option transaction fees for dividend, merger and short stock interest strategies combined will be further capped at the greater of \$10,000 per member or \$25,000 per member organization per month when such members are trading in their own proprietary accounts. A dividend strategy is defined as transactions done to achieve a dividend arbitrage involving the purchase, sale and exercise of in-the-money options of the same class, executed the first business day prior to the date on which the underlying stock goes ex-dividend. A merger strategy is defined as transactions done to achieve a merger arbitrage involving the purchase, sale and exercise of options of the same class and expiration date, executed the first business day prior to the date on which shareholders of record are required to elect their respective form of consideration, i.e., cash or stock. A short stock interest strategy is defined as transactions done to achieve a short stock interest arbitrage involving the purchase, sale and exercise of in-the-money options of the same class.

II. Equity Options Fees

(Includes options overlying equities, ETFs, ETNs, indexes and HOLDERS which are Multiply Listed)

- [Specialist, ROT, SQT and RSQT] Market Maker, Professional, Firm and Broker-Dealer options transaction fees in Multiply Listed Options will be capped at \$500 per day for reversal and conversion strategies executed on the same trading day in the same options class (“Reversal and Conversion Cap”). Reversals are established by combining a short stock position with a short put and a long call position that shares the same strike and expiration. Conversions are established by combining a long position in the underlying security with a long put and a short call position that shares the same strike and expiration. The Reversal and Conversion Cap will only apply to executions occurring on either of the two days preceding the standard options expiration date, which is typically the third Thursday and Friday of every month.

Payment For Order Flow Fees

Options that are trading in the Penny Pilot Program	\$.25 per contract
Remaining Equity Options	\$.70 per contract

- For trades resulting from either Directed or non-Directed Orders that are delivered electronically and executed on the Exchange: Assessed on [ROTs, specialists] Market Makers and Directed ROTs on those trades when the [s] Specialist unit or Directed ROT elects to participate in the payment for order flow program.
- No payment for order flow fees will be assessed on trades that are not delivered electronically.
- No payment for order flow fees will be assessed on Professional orders.
- Payment for Order Flow Fees will be assessed on transactions resulting from customer orders and are available to be disbursed by the Exchange according to the instructions of the [s] Specialist units/[s] Specialists or Directed ROTs to order flow providers who are members or member organizations, who submit, as agent, customer orders to the Exchange or non-members or non-member organizations who submit, as agent, customer orders to the Exchange through a member or member organization who is acting as agent for those customer orders.
- Any excess payment for order flow funds billed but not utilized by the [s] Specialist or Directed ROT will be carried forward unless the Directed ROT or [s] Specialist elects to have those funds rebated to the applicable ROT, Directed ROT or [s] Specialist on a pro rata basis, reflected as a credit on the monthly invoices. At the end of each calendar quarter, the Exchange will calculate the amount of excess funds from the previous quarter and subsequently rebate excess funds on a pro-rata basis to the applicable ROT, Directed ROT or [s] Specialist who paid into that pool of funds.

III. Singly Listed Options (Includes options overlying currencies*, equities, ETFs, ETNs, indexes and HOLDERS not listed on another exchange)

Singly Listed Options

	Customer	Professional	[Specialist, ROT, SQT and RSQT]Market Maker	Firm	Broker-Dealer
Options Transaction Charge	\$0.35	\$0.45	\$0.35	\$0.45	\$0.45
Alpha Index Options	\$0.15+	\$0.20	\$0.00	\$0.20	\$0.20

- These fees are per contract.

*U.S. dollar-settled foreign currency options include XDB, XDE, XDN, XDS, XDA, XDM, XEH, XEV, XDZ, XDC and XDV.

+ Customer executions with average daily volume of 1,000 Customer contracts or more in a calendar month will be assessed \$0.10 per contract.
