

Required fields are shown with yellow backgrounds and asterisks.

Page 1 of * <input type="text" value="25"/>	SECURITIES AND EXCHANGE COMMISSION WASHINGTON, D.C. 20549 Form 19b-4	File No.* SR - <input type="text" value="2012"/> - * <input type="text" value="70"/> Amendment No. (req. for Amendments *) <input type="text"/>
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"/>		
Rule		
Pilot <input type="checkbox"/>	Extension of Time Period for Commission Action * <input type="text"/>	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 <input type="checkbox"/>		
Exhibit 3 Sent As Paper Document <input type="checkbox"/>		
Description Provide a brief description of the proposed rule change (limit 250 characters, required when Initial is checked *). <input style="width: 100%; height: 40px;" type="text" value="Relating to Reversal and Conversion Strategies"/>		
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 * <input type="text" value="Angela"/> Last Name * <input type="text" value="Dunn"/>		
Title * <input type="text" value="Associate General Counsel"/>		
E-mail * <input type="text" value="angela.dunn@nasdaqomx.com"/>		
Telephone * <input type="text" value="(215) 496-5692"/> Fax <input type="text"/>		
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 <input type="text" value="05/16/2012"/>		
By <input type="text" value="Edward S. Knight"/> Executive Vice President and General Counsel		
(Name *) (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.		
<input type="button" value="Edward S Knight"/>		

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)

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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

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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

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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

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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

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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

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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 a fee cap on equity options transactions on certain reversals³ and conversion⁴ strategies in Section II, entitled “Equity Options Fees.”⁵ The Exchange also proposes to make technical amendments to the Pricing Schedule.

A notice of the proposed rule change for publication in the Federal Register is attached hereto as Exhibit 1 and a copy of the applicable portion of the Exchange’s Pricing 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 11, 2008. 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.

¹ 15 U.S.C. 78s(b)(1).

² 17 CFR 240.19b-4.

³ 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.

⁴ 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.

⁵ Section II Equity Options Fees include options overlying equities, ETFs, ETNs, indexes and HOLDRS which are Multiply Listed.

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

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

a. Purpose

The purpose of the proposed rule change is to amend the applicability of a fee cap relating to reversal and conversion strategies in Section II of the Pricing Schedule to conform the applicability of that cap to that of the dividend,⁶ merger⁷ and short stock interest⁸ strategies cap. The Exchange believes that all strategy caps should be applied in the same manner, in this case only when such members are trading in their own proprietary accounts.

Currently, Market Maker,⁹ Professional,¹⁰ Firm and Broker-Dealer equity option transaction fees are capped at \$1,000 for dividend, merger and short stock interest strategies

⁶ 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.

⁷ 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.

⁸ 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.

⁹ The Exchange market maker category includes Specialists (see Rule 1020) and Registered Options Traders (see Rule 1014(b)(i) and (ii), which includes Streaming Quote Traders ("SQTs") (see Rule 1014(b)(ii)(A)) and Remote Streaming Quote Traders ("RSQTs") (see Rule 1014(b)(ii)(B)). This would also include Directed Participants. The term "Directed Participant" applies to transactions for the account of a Specialist, SQT or

executed on the same trading day in the same options class when such members are trading in their own proprietary accounts.¹¹ The Exchange also currently has a cap for reversal and conversion strategies wherein Market Maker, Professional, Firm and Broker-Dealer options transaction fees in Multiply Listed Options are 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”).¹² The Exchange proposes to further qualify the Reversal and Conversion Cap by applying the cap only when such members are trading in their own proprietary accounts, similar to dividend, merger and short stock interest strategies.

Additionally, the Exchange proposes to make certain technical amendments to the Pricing Schedule. The Exchange recently amended the title of the Pricing Schedule from a “Fee Schedule” to a “Pricing Schedule.”¹³ There are a few places in the Pricing Schedule, namely in Section III, Part A (Other Transaction Fees, PIXL Pricing) and Section VII ((NASDAQ OMX PSX Fees, Other Requests for Data) that still refer to a Fee Schedule. The Exchange is proposing to amend those references from “Fee Schedule” to a “Pricing

RSQT resulting from a Customer order that is (1) directed to it by an order flow provider, and (2) executed by it electronically on Phlx XL II.

¹⁰ The Exchange defines a “professional” as 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) (hereinafter “Professional”).

¹¹ 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.

¹² The Reversal and Conversion Cap applies 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.

¹³ See Securities Exchange Act Release No. 66668 (March 28, 2012), 77 FR 20090 (April 3, 2012) (SR-Phlx-2012-35).

Schedule.” The Exchange is also proposing to remove a reference in Section I (Rebates and Fees for Adding and Removing Liquidity in Select Symbols) to the Market Exhaust auction. The Exchange recently filed a rule change to discontinue the Market Exhaust functionality, a feature of the Exchange’s PHLX XL® automated trading system.¹⁴ The reference to Market Exhaust was deleted from Rule 1080(c). This functionality was discontinued as of January 31, 2012. The Exchange proposes to remove a reference to Market Exhaust in Section I of the Pricing Schedule. Finally, the Exchange proposes to replace certain reference symbols with numbers for clarity in various sections of the Pricing Schedule.¹⁵

b. Statutory Basis

The Exchange believes that its proposal to amend its Pricing Schedule is consistent with Section 6(b) of the Act¹⁶ in general, and furthers the objectives of Section 6(b)(4) of the Act¹⁷ in particular, in that it is an equitable allocation of reasonable fees and other charges among Exchange members and other persons using its facilities.

The Exchange believes that the proposed amendment to the applicability of the Reversal and Conversion Cap is reasonable because the Exchange is proposing to apply the cap only when such members are trading in their own proprietary account, which is the case today for dividend, merger and short stock interest strategies. All members would continue to be offered an opportunity to reduce option transaction fees in Multiply

¹⁴ See Securities Exchange Act Release No. 66087 (January 3, 2012), 77 FR 1095 (January 9, 2012) (SR-Phlx-2011-182).

¹⁵ For example, various symbols such as “∞,” “+” and other symbols that are non-numeric, while be replaced with numbers.

¹⁶ 15 U.S.C. 78f(b).

¹⁷ 15 U.S.C. 78f(b)(4).

Listed options for reversals and conversions.¹⁸ The Exchange also believes that the proposed amendment to the applicability of the Reversal and Conversion Cap is equitable and not unfairly discriminatory because the Exchange would uniformly apply the reversal cap to all members.

The Exchange believes that the technical amendments are reasonable, equitable and not unfairly discriminatory because the Exchange intends to amend the Pricing Schedule to conform the text to recent rule amendments which eliminated and/or replaced certain references.

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,¹⁹ the Exchange has designated this proposal as establishing or changing a due, fee, or other charge imposed on any person,

¹⁸ Customers are not subject to the Reversal and Conversion Cap because they do not pay option transaction charges for reversal and conversion strategies.

¹⁹ 15 U.S.C. 78s(b)(3)(A)(ii).

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 organization or of the Commission.

9. Exhibits

1. Notice of proposed rule for publication in the Federal Register.
5. The applicable portion of the Exchange's Pricing Schedule.

Exhibit 1

SECURITIES AND EXCHANGE COMMISSION
(Release No. _____ ; File No. SR-Phlx-2012-70)

Self-Regulatory Organizations; Notice of Filing and Immediate Effectiveness of Proposed Rule Change by NASDAQ OMX PHLX LLC Relating to Reversal and Conversion Strategies

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 May 16, 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 a fee cap on equity options transactions on certain reversals³ and conversion⁴ strategies in Section II, entitled "Equity Options Fees."⁵ The Exchange also proposes to make technical amendments to the Pricing Schedule.

¹ 15 U.S.C. 78s(b)(1).

² 17 CFR 240.19b-4.

³ 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.

⁴ 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.

⁵ Section II Equity Options Fees include options overlying equities, ETFs, ETNs, indexes and HOLDRS which are Multiply Listed.

The text of the proposed rule change is available on the Exchange's Website at <http://www.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

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 the proposed rule change is to amend the applicability of a fee cap relating to reversal and conversion strategies in Section II of the Pricing Schedule to conform the applicability of that cap to that of the dividend,⁶ merger⁷ and short stock interest⁸ strategies cap. The Exchange believes that all strategy caps should be applied in

⁶ 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.

⁷ 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.

⁸ 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.

the same manner, in this case only when such members are trading in their own proprietary accounts.

Currently, Market Maker,⁹ Professional,¹⁰ Firm and Broker-Dealer equity option transaction fees are 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.¹¹ The Exchange also currently has a cap for reversal and conversion strategies wherein Market Maker, Professional, Firm and Broker-Dealer options transaction fees in Multiply Listed Options are 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”).¹² The Exchange proposes to further qualify the Reversal and Conversion Cap by applying the cap only when such members are trading in their own proprietary accounts, similar to dividend, merger and short stock interest strategies.

⁹ The Exchange market maker category includes Specialists (see Rule 1020) and Registered Options Traders (see Rule 1014(b)(i) and (ii), which includes Streaming Quote Traders (“SQTs”) (see Rule 1014(b)(ii)(A)) and Remote Streaming Quote Traders (“RSQTs”) (see Rule 1014(b)(ii)(B)). This would also include Directed Participants. The term "Directed Participant" applies to transactions for the account of a Specialist, SQT or RSQT resulting from a Customer order that is (1) directed to it by an order flow provider, and (2) executed by it electronically on Phlx XL II.

¹⁰ The Exchange defines a “professional” as 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) (hereinafter “Professional”).

¹¹ 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.

¹² The Reversal and Conversion Cap applies 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.

Additionally, the Exchange proposes to make certain technical amendments to the Pricing Schedule. The Exchange recently amended the title of the Pricing Schedule from a “Fee Schedule” to a “Pricing Schedule.”¹³ There are a few places in the Pricing Schedule, namely in Section III, Part A (Other Transaction Fees, PIXL Pricing) and Section VII ((NASDAQ OMX PSX Fees, Other Requests for Data) that still refer to a Fee Schedule. The Exchange is proposing to amend those references from “Fee Schedule” to a “Pricing Schedule.” The Exchange is also proposing to remove a reference in Section I (Rebates and Fees for Adding and Removing Liquidity in Select Symbols) to the Market Exhaust auction. The Exchange recently filed a rule change to discontinue the Market Exhaust functionality, a feature of the Exchange’s PHLX XL® automated trading system.¹⁴ The reference to Market Exhaust was deleted from Rule 1080(c). This functionality was discontinued as of January 31, 2012. The Exchange proposes to remove a reference to Market Exhaust in Section I of the Pricing Schedule. Finally, the Exchange purposes to replace certain reference symbols with numbers for clarity in various sections of the Pricing Schedule.¹⁵

2. Statutory Basis

The Exchange believes that its proposal to amend its Pricing Schedule is consistent with Section 6(b) of the Act¹⁶ in general, and furthers the objectives of Section

¹³ See Securities Exchange Act Release No. 66668 (March 28, 2012), 77 FR 20090 (April 3, 2012) (SR-PhIX-2012-35).

¹⁴ See Securities Exchange Act Release No. 66087 (January 3, 2012), 77 FR 1095 (January 9, 2012) (SR-Phlx-2011-182).

¹⁵ For example, various symbols such as “∞,” “+” and other symbols that are non-numeric, while be replaced with numbers.

¹⁶ 15 U.S.C. 78f(b).

6(b)(4) of the Act¹⁷ in particular, in that it is an equitable allocation of reasonable fees and other charges among Exchange members and other persons using its facilities.

The Exchange believes that the proposed amendment to the applicability of the Reversal and Conversion Cap is reasonable because the Exchange is proposing to apply the cap only when such members are trading in their own proprietary account, which is the case today for dividend, merger and short stock interest strategies. All members would continue to be offered an opportunity to reduce option transaction fees in Multiply Listed options for reversals and conversions.¹⁸ The Exchange also believes that the proposed amendment to the applicability of the Reversal and Conversion Cap is equitable and not unfairly discriminatory because the Exchange would uniformly apply the reversal cap to all members.

The Exchange believes that the technical amendments are reasonable, equitable and not unfairly discriminatory because the Exchange intends to amend the Pricing Schedule to conform the text to recent rule amendments which eliminated and/or replaced certain references.

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.

¹⁷ 15 U.S.C. 78f(b)(4).

¹⁸ Customers are not subject to the Reversal and Conversion Cap because they do not pay option transaction charges for reversal and conversion strategies.

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.¹⁹ 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 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-2012-70 on the subject line.

Paper comments:

¹⁹ 15 U.S.C. 78s(b)(3)(A)(ii).

- 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-2012-70. 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-2012-70 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.²⁰

Kevin M. O'Neill
Deputy Secretary

²⁰ 17 CFR 200.30-3(a)(12).

Exhibit 5

New text is underlined; deleted text is in brackets.

**NASDAQ OMX PHLX LLC
PRICING SCHEDULE**

* * * * *

**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:**

* * * * *

- A non-Complex electronic auction includes the Quote [and Market] Exhaust auction and, for purposes of the these fees, the opening process. A Complex electronic auction includes, but is not limited to, the Complex Order Live Auction (“COLA”).

* * * * *

**II. Equity Options Fees
(Includes options overlying equities, ETFs, ETNs, indexes and HOLDERS which are Multiply Listed[∞]²)**

[∞]² The following symbols will be assessed the fees in Section III for Singly Listed Options: SOX, HGX and OSX.

* * * * *

- 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”) when such members are trading in their own proprietary accounts. 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.

* * * * *

III. Singly Listed Options (Includes options overlying currencies[*]¹⁰, equities, ETFs, ETNs, indexes and HOLDRS not listed on another exchange[∞]⁹)

Singly Listed Options

	Customer	Professional	Market Maker	Firm	Broker-Dealer
Options Transaction Charge	\$0.35	\$0.45	\$0.35	\$0.45	\$0.45
Alpha and MSCI^{[+]¹¹} Index Options	\$0.10	\$0.25	\$0.15	\$0.25	\$0.25

- These fees are per contract.

[*]¹⁰ U.S. dollar-settled foreign currency options include XDB, XDE, XDN, XDS, XDA, XDM, XEH, XEV, XDZ, XDC and XDV.

[∞]⁹ The following symbols will be assessed the fees in Section III for Singly Listed Options: SOX, HGX and OSX.

[+]¹¹ Non-Customer executions in MSCI Index Options will be assessed a surcharge of \$0.05 per contract.

IV. Other Transaction Fees

A. PIXL Pricing

Initiating Order contra-side a PIXL Order for the symbols defined in Section I and Section II

Initiating Order	\$0.07 per contract
PIXL Order	Section II: Equity Option Fees, with a maximum fee of \$0.32 per contract

Executions in Select Symbols: The following rebates and fees apply when a PIXL Order is not contra-side to an Initiating Order in the select Symbols defined in Section I of the [Fee]Pricing Schedule:

- A PIXL Order will be assessed the fee for removing liquidity, with a maximum fee of \$0.32 per contract, when executed against a resting contra-side order or quote that was present upon initial receipt of the PIXL Order. The resting contra-side order or quote will receive the rebate for adding liquidity.
- A PIXL Order will receive the rebate for adding liquidity when executed against contra-side order(s) that respond to the PIXL auction broadcast message as well as when executed against contra-side quotes and unrelated orders on the PHLX book that arrived after the PIXL auction was initiated. The PIXL Auction responders, contra-side order(s), and quote(s) will be assessed the fee for removing liquidity, with a maximum fee of \$0.32 per contract.

Executions in equity options (including ETFs, ETNs, indexes and HOLDERS which are Multiply Listed): The following applies when the PIXL Order is not contra-side to an Initiating Order in Equity Options as defined in Section II of the [Fee]Pricing Schedule.

- Both the PIXL Order and the contra-side order or quote will be assessed the appropriate Equity Options Fees in Section II of the [Fee]Pricing Schedule, with a maximum fee of \$0.32 per contract. All other fees discussed in Section II, including Payment for Order Flow, will also apply as appropriate.

* * * * *

C. Options Regulatory Fee[*]¹²

\$.004

[]¹² The Options Regulatory Fee will be assessed on each member for all options transactions executed or cleared by the member that are cleared by The Options Clearing Corporation ("OCC") in the customer range regardless of the exchange on which the transaction occurs. The fee is collected indirectly from members through their clearing firms by OCC on behalf of PHLX.*

V. Routing Fees¹³

Exchange	Customer	Professional	Firm/Broker-Dealer/Market Maker
NYSE AMEX	\$0.11	\$0.31	\$0.55
BATS Penny	\$0.55	\$0.55	\$0.55
BATS non-Penny	\$0.86	\$0.91	\$0.91
BOX	\$0.11	\$0.11	\$0.55
CBOE	\$0.11	\$0.31	\$0.55
CBOE orders greater than 99 contracts in RUT, RMN, NDX, MNX, ETFs, ETNs and HOLDRs	\$0.29	\$0.31	\$0.55
C2	\$0.55	\$0.56	\$0.55
ISE	\$0.11	\$0.29	\$0.55
ISE Select Symbols*	\$0.31	\$0.39	\$0.55
NYSE ARCA (Penny Pilot)	\$0.55	\$0.55	\$0.55
NYSE ARCA (Standard)	\$0.11	\$0.11	\$0.55
NOM	\$0.54	\$0.54	\$0.55
NOM (NDX and MNX)	\$0.56	\$0.56	\$0.55

[*]¹³ These fees are applicable to orders routed to ISE that are subject to Rebates and Fees for Adding and Removing Liquidity in Select Symbols. See ISE's Schedule of Fees for the complete list of symbols that are subject to these fees.

VI. MEMBERSHIP FEES

A. Permit and Registration Fees

Permit Fees for Phlx Members (per month)[†◇] ^{14, 15} Transacting business on Phlx \$2,000[*] ¹⁶ Not transacting business on Phlx \$7,500[**] ¹⁷	
[*] ¹⁶ A member or member organization will pay an additional permit fee for each sponsored options participant. [**] ¹⁷ A member or member organization will be assessed a \$7,500 monthly fee if that member is (i) not a PSX Only Participant; or (ii) not engaged in an options business at Phlx in a particular month. [◇] ¹⁵ A member or member organization will be assessed the \$2,000 monthly Permit Fee if that member or member organization: (1) transacts its option orders in its assigned Phlx house account in a particular month; or (2) is a clearing member of The Options Clearing Corporation or a Floor Broker; or (3) for those member organizations which are under common ownership, transacts at least one options trade in a Phlx house account that is assigned to one of the member organizations under common ownership. For purposes of the Permit Fee, "common ownership" shall be defined as at least 75% common ownership between the member organizations.	
Application Fee[†◇] ^{14, 18} [◇] ¹⁸ An applicant will be assessed the Application Fee each time an applicant applies for membership, notwithstanding the fact that the applicant may have been a former permit holder. \$350	
Application Fee for Lapsed Applications[†] ¹⁴ \$350	
Transfer of Affiliation Fee [∞] ¹⁹ \$350 [∞] ¹⁹ The Exchange will not assess the Initiation Fee on a permit holder who applies to transfer affiliation from one member organization to another member organization if the permit holder continuously held his or her permit without any lapse in membership.	
Account Fee[†] ¹⁴	\$50.00 monthly
Initiation \$1,500	Fee[†] ¹⁴
Inactive Nominee Fee [◇] ²⁰ The member organization will be assessed \$100 per month for the applicable six month period unless the member organization provides proper notice of its intent to terminate an inactive nominee prior to the first day of the next billing month. [±] ²¹ An inactive nominee's status expires after six months unless it has been reaffirmed in writing by the member organization or is sooner terminated. A member organization will be assessed the Inactive Nominee Fee every time the status is reaffirmed. An inactive nominee is also assessed Application and Initiation Fees when such person applies to be an inactive nominee. Such fees are reassessed if there is a lapse in their inactive nominee status. However, an inactive nominee would not be assessed Application and Initiation Fees if such inactive nominee applied for membership without any lapse in that individual's	
	\$600 for 6 months[◇±] ^{20, 21}

association with a particular member organization. An Inactive Nominee is also assessed the Trading Floor Personnel Registration Fee.

[†]¹⁴*Applicants that apply for membership solely to participate in the NASDAQ OMX PSX equities market are not assessed a Permit Fee, Application Fee, Initiation Fee, or Account Fee. Should such approved member or member organization subsequently elect to engage in business on Phlx XL II, the Exchange's options platform, the monthly Permit Fee, Initiation Fee and Account Fee will apply. For purposes of assessing the Permit Fee, an existing member or member organization that does not conduct an options business on Phlx XL II, but only conducts business on NASDAQ OMX PSX under an MPID registered to that member or member organization will not be assessed a Permit Fee.*

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VI. MEMBERSHIP FEES**B. Streaming Quote Trader ("SQT") Fees**

Number of Option Class Assignments[*] ²²	SQT Fees
Up to 200 classes	\$0.00 per calendar month
Up to 400 classes	\$2,200 per calendar month
Up to 600 classes	\$3200.00 per calendar month
Up to 800 classes	\$4200.00 per calendar month
Up to 1000 classes	\$5200.00 per calendar month
Up to 1200 classes	\$6200.00 per calendar month
All equity issues	\$7,200 per calendar month

[*]²²In calculating the number of option class assignments, equity options including ETFs, ETNs and HOLDRS will be counted. Currencies and indexes will not be counted in the number of option class assignments.

C. Remote Streaming Quote Trader ("RSQT") Fee

Number of Option Class Assignments[*] ²³	RSQT Fee
less than 100 classes	\$5,000 per month
More than 100 classes and less than 999 classes	\$8,000 per month
1000 or more classes	\$11,000 per month

[*]²³ In calculating the number of option class assignments, equity options including ETFs, ETNs and HOLDRS will be counted. Currencies and indexes will not be counted in the number of option class assignments.

Remote Specialist Fee [*] ²⁴ allocation per month	\$200 per option
[*] ²⁴ The Remote Specialist Fee will be capped at \$4,500 per month.	

VII. OTHER MEMBER FEES

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B. Port Fees

Order Entry Port Fee

\$500 per month per mnemonic[*]²⁵

[*]²⁵ The Order Entry Port Fee will be waived for mnemonics that are used exclusively for complex orders where one of the components of the complex order is the underlying security.

Member organizations will not be assessed an Order Entry Port Fee for additional ports acquired for ten business days for the purpose of transitioning technology. The member organization is required to provide the Exchange with written notification of the transition and all additional ports, provided at no cost, will be removed at the end of the ten business days.

Active SQF Port Fee	Number of Active SQF Ports	Cost Per Port Per Month[*]²⁶
	0-4	\$350
	5-18	\$1,350
	19 and over	\$2,500

[*]²⁶ Active SQF Port Fees will be capped at \$41,000 per month.

- Active SQF ports refer to ports that receive inbound quotes at any time within that month.

Member organizations will not be assessed an Active SQF Port Fee for additional ports acquired for ten business days for the purpose of transitioning technology. The member organization is required to provide the Exchange with written notification of the transition and all additional ports, provided at no cost, will be removed at the end of the ten business days.

Real-time Risk Management Fee	\$.003 per contract for members and member organizations receiving information on a real-time basis up to a maximum of two ports, which may be either an SQF Port or a CTI Port.
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VIII. NASDAQ OMX PSX FEES
Other Requests for Data

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The Exchange may impose and collect compensatory charges for data the Exchange supplied upon request, where there is no provision elsewhere in the Pricing [fee] S[s]chedule for charges for such service or sale.

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