Proposed Rule Change by NASDAQ OMX PHLX LLC.

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

<table>
<thead>
<tr>
<th>Initial *</th>
<th>Amendment *</th>
<th>Withdrawal</th>
<th>Section 19(b)(2) *</th>
<th>Section 19(b)(3)(A) *</th>
<th>Section 19(b)(3)(B) *</th>
<th>Rule</th>
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Pilot Extension of Time Period for Commission Action * Date Expires *

![301](301) 978-8472

Description

A proposed rule to terminate a revenue sharing program with Correlix, Inc., and delete the associated fees set forth in NASDAQ OMX PHLX LLC Pricing Schedule, Section Xe.

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 * Amy Last Name * Horton

Title * Associate General Counsel

E-mail * amy.horton@nasdaqomx.com

Telephone * (301) 978-8077 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 officer.

Date 07/19/2012

By 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.

Edward S Knight,
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 to terminate a revenue sharing program with Correlinx, Inc. ("Correlinx"), and delete the associated fees set forth in NASDAQ OMX PHLX LLC Pricing Schedule, Section X(e).

   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 Fee Schedule, Section X(e), 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 Phlx pursuant to authority delegated by the Board of Directors of Phlx on July 10, 2012. No further action is required to be taken for this filing to be submitted.

   Questions regarding this rule filing may be directed to Amy Horton, Associate General Counsel, The NASDAQ OMX Group, Inc., at (301) 978-8077.

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

   a. **Purpose**

      Phlx proposes to eliminate its revenue-sharing program with Correlinx, which was adopted to provide users of the Exchange real-time analytical tools to measure the latency of orders to and from its systems. In 2010, the Commission approved the revenue-sharing program, as well as a flexible free trial period for new users.³ Under the program, the Exchange contracted with Correlinx to receive 30% of the total monthly subscription fees received by Correlinx from parties who contracted directly with Correlinx to use its RaceTeam latency measurement service on the Exchange. The Exchange now proposes to terminate the revenue sharing relationship with Correlinx due to the lack of customer interest in the measurement tools offered. It also proposes to delete from the rulebook the listing of fees for the service, so as to eliminate any confusion on the part of customers.⁴

   b. **Statutory Basis**

      Phlx believes that the proposed rule change is consistent with the provisions of Section 6 of the Act,⁵ in general, and with Section 6(b)(5) of the Act,⁶ in particular, in that the proposal is designed to prevent fraudulent and manipulative acts and practices, to

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⁴ The NASDAQ Stock Market recently filed a similar rule filing eliminating its revenue sharing relationship with Correlinx and deleting from its rulebook the listing of fees for the service, due to lack of customer interest in the tools. See Exchange Act Release No. 67285 (June 27, 2012) 77 FR 39551 (July 3, 2012) (SR-NASDAQ-2012-74).


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. Specifically, Phlx believes ending the revenue sharing agreement and eliminating the associated fees for a product that customers have not chosen to utilize is responsive to market participants and eliminates confusion about offered products.

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. Specifically, the Exchange believes that terminating the revenue sharing agreement and deleting the fee in the Exchange’s Pricing Schedule will not burden competition since the latency measurement tools are not currently being used by any customers.

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)**

Pursuant to Section 19(b)(3)(A) of the Act\(^7\) and Rule 19b-4(f)(6)\(^8\) thereunder, the Exchange has designated this proposal as one that effects a change that: (i) does not

significantly affect the protection of investors or the public interest; (ii) does not impose any significant burden on competition; and (iii) by its terms, 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.

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.

Furthermore, a proposed rule change filed pursuant to Rule 19b-4(f)(6) under the Act normally does not become operative for 30 days after the date of its filing. However, Rule 19b-4(f)(6) permits the Commission to designate a shorter time if such action is consistent with the protection of investors and the public interest.

The Exchange requests that the Commission waive the 30-day operative delay and designate the proposed rule change to become operative upon filing, so as to eliminate confusion on the part of potential customers regarding the availability of the Correlinx RaceTeam offering.

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

Not applicable.

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9. Exhibits

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

SECURITIES AND EXCHANGE COMMISSION
(Release No. 34- ; File No. SR-Phlx-2012-98)

July __, 2012

Self-Regulatory Organizations; NASDAQ OMX PHLX LLC; Notice of Filing and Immediate Effectiveness of a Proposed Rule Change to Terminate Revenue Sharing Agreement and Delete Associated Fee Schedule

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 July 19, 2012, 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 a rule change to terminate a revenue sharing program with Correlinx, Inc. (“Correlinx”), and delete the associated fees set forth in NASDAQ OMX PHLX Pricing Schedule, Section X(e). The text of the proposed rule change is available at http://nasdaqomxphlx.cchwallstreet.com/nasdaqomxphlx/phlx/, at Phlx’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
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 proposes to eliminate its revenue-sharing program with Correlix, which was
   adopted to provide users of the Exchange real-time analytical tools to measure the latency
   of orders to and from its systems. In 2010, the Commission approved the revenue-
   sharing program, as well as a flexible free trial period for new users. ³ Under the
   program, the Exchange contracted with Correlix to receive 30% of the total monthly
   subscription fees received by Correlix from parties who contracted directly with Correlix
   to use its RaceTeam latency measurement service on the Exchange. The Exchange now
   proposes to terminate the revenue sharing relationship with Correlix due to the lack of
   customer interest in the measurement tools offered. It also proposes to delete from the
   rulebook the listing of fees for the service, so as to eliminate any confusion on the part of
   customers. ⁴


⁴ The NASDAQ Stock Market recently filed a similar rule filing eliminating its
   revenue sharing relationship with Correlix and deleting from its rulebook the
   listing of fees for the service, due to lack of customer interest in the tools. See
   (SR-NASDAQ-2012-74).
2. **Statutory Basis**

Phlx believes that the proposed rule change is consistent with the provisions of Section 6 of the Act,\(^5\) in general, and with Section 6(b)(5) of the Act,\(^6\) 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. Specifically, Phlx believes ending the revenue sharing agreement and eliminating the fee for a product that customers have not chosen to utilize is responsive to market participants and eliminates confusion about offered products.

B. **Self-Regulatory Organization’s Statement on Burden on Competition**

The Exchange 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. Specifically, the Exchange believes that terminating the revenue sharing agreement and deleting the fee in the rulebook will not burden competition since the latency measurement tools are not currently being used by any customers.

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 after the date of the filing, or such shorter time as the Commission may designate, it has become effective pursuant to 19(b)(3)(A) of the Act\(^7\) and Rule 19b-4(f)(6)\(^8\) thereunder.

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.

The Exchange requests that the Commission waive the 30-day operative delay and designate the proposed rule change to become operative upon filing, so as to eliminate confusion on the part of potential customers regarding the availability of the Correlinx RaceTeam offering.

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, as amended, 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-2012-98 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-2012-98. 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-2012-98, 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.⁹

Kevin M. O’Neill
Deputy Secretary

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EXHIBIT 5

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

NASDAQ OMX PHLX LLC Pricing Schedule

X. Co-Location Services

Co-location services provided by NASDAQ Technology Services LLC.

(a) – (d) No Change

[(e) Correlix Latency Measurement Services (Provided and Billed by Correlix, Inc.)

<table>
<thead>
<tr>
<th>Latency Measurement Description</th>
<th>Installation Fee</th>
<th>Ongoing Monthly Fee</th>
</tr>
</thead>
<tbody>
<tr>
<td>First Unique MPID (up to 25 port connections)</td>
<td>$0</td>
<td>$1000</td>
</tr>
<tr>
<td>Additional Unique MPID(s) (up to 25 port connections)</td>
<td>$0</td>
<td>$1000</td>
</tr>
<tr>
<td>Additional 25 Port Connection Block(s) (per MPID)</td>
<td>$0</td>
<td>$1000</td>
</tr>
</tbody>
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