

Required fields are shown with yellow backgrounds and asterisks.

Page 1 of * <input type="text" value="31"/>	SECURITIES AND EXCHANGE COMMISSION WASHINGTON, D.C. 20549 Form 19b-4	File No.* SR - <input type="text" value="2013"/> - * <input type="text" value="111"/>	Amendment No. (req. for Amendments *) <input type="text"/>
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Filing 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"/> Extension of Time Period for Commission Action * <input type="checkbox"/> Date Expires * <input type="text"/>			Rule		
			<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)	

Notice of proposed change pursuant to the Payment, Clearing, and Settlement Act of 2010 Section 806(e)(1) <input type="checkbox"/> Section 806(e)(2) <input type="checkbox"/>	Security-Based Swap Submission pursuant to the Securities Exchange Act of 1934 Section 3C(b)(2) <input type="checkbox"/>
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Exhibit 2 Sent As Paper Document <input type="checkbox"/>	Exhibit 3 Sent As Paper Document <input type="checkbox"/>
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**Description**  
Provide a brief description of the action (limit 250 characters, required when Initial is checked \*).

A proposal to amend the Pricing Schedule under Section VIII with respect to execution and routing of orders in securities priced at 1 dollar or more per share

**Contact Information**  
Provide the name, telephone number, and e-mail address of the person on the staff of the self-regulatory organization prepared to respond to questions and comments on the action.

First Name * <input type="text" value="Sean"/>	Last Name * <input type="text" value="Bennet"/>
Title * <input type="text" value="Associate General Counsel"/>	
E-mail * <input type="text" value="sean.bennett@nasdaqomx.com"/>	
Telephone * <input type="text" value="(301) 978-8499"/>	Fax <input type="text" value="(301) 978-8472"/>

**Signature**  
Pursuant to the requirements of the Securities Exchange Act of 1934,  
has duly caused this filing to be signed on its behalf by the undersigned thereunto duly authorized.

(Title \*)

Date <input type="text" value="10/31/2013"/>	Executive Vice President and General Counsel
By <input type="text" value="Edward S. Knight"/>	<div style="border: 1px solid black; width: 100%; height: 40px; background-color: #cccccc;"></div>
(Name *)	<div style="border: 1px solid black; width: 100%; height: 20px; background-color: #cccccc; display: flex; justify-content: center; align-items: center;">Edward S Knight,</div>

NOTE: Clicking the button at right will digitally sign and lock this form. A digital signature is as legally binding as a physical signature, and once signed, this form cannot be changed.

SECURITIES AND EXCHANGE COMMISSION  
WASHINGTON, D.C. 20549

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

**Form 19b-4 Information \***

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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 \***

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

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

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

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

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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”)<sup>1</sup> and Rule 19b-4 thereunder,<sup>2</sup> proposes to amend the Exchange’s Pricing Schedule under Section VIII, entitled “NASDAQ OMX PSX FEES,” with respect to execution and routing of orders in securities priced at \$1 or more per share.

While changes to the Pricing Schedule pursuant to this proposal are effective upon filing, the Exchange has designated that they become operative on November 1, 2013.

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 July 17, 2013. 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.

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<sup>1</sup> 15 U.S.C. 78s(b)(1).

<sup>2</sup> 17 CFR 240.19b-4.

Questions and comments on the proposed rule change may be directed to T. Sean Bennett, Associate General Counsel, at (301) 978-8499 (telephone) or (301) 978-8472 (fax).

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

a. Purpose

The purpose of the proposed rule change is to amend the certain fees and rebates for order execution and routing applicable to the use of the order execution and routing services of the NASDAQ OMX PSX System by member organizations for all securities traded at \$1 or more per share.

**Amended Fees for Execution of Quotes/Orders in Securities Listed on Nasdaq**

The Exchange is proposing to amend fees assessed for the execution of orders in securities listed on the Nasdaq Stock Market LLC ("Nasdaq") that execute in NASDAQ OMX PSX ("PSX"). Currently, the Exchange assesses a charge of \$0.0028 per share executed for an order entered through a PSX Market Participant Identifier ("MPID") through which the member organization provides an average daily volume of 10,000 or more shares of liquidity during the month. The Exchange is proposing to increase the charge assessed for such orders executed at PSX to \$0.0030.

The Exchange is also proposing to increase the charge assessed for an order executed in PSX in Nasdaq securities that is designated as eligible for routing. Currently, the Exchange assesses a charge of \$0.0028 per share executed for an order that is designated as eligible for routing. The Exchange is proposing to increase the charge assessed for such orders executed at PSX to \$0.0030.

**Amended Fees for Execution of Quotes/Orders in Securities Listed on NYSE**

The Exchange is proposing to amend fees assessed and credits provided for the execution of orders in securities listed on the New York Stock Exchange, Inc. (“NYSE”) that execute in PSX. Currently, the Exchange assesses a charge of \$0.0028 per share executed for an order entered through a PSX MPID through which the member organization provides an average daily volume of 10,000 or more shares of liquidity during the month. The Exchange is proposing to increase the charge assessed for such orders executed at PSX to \$0.0030.

The Exchange is also proposing to increase the charge assessed for an order executed in PSX in NYSE-listed securities that is designated as eligible for routing. Currently, the Exchange assesses a charge of \$0.0028 per share executed for an order that is designated as eligible for routing. The Exchange is proposing to increase the charge assessed for such orders executed in PSX to \$0.0030.

The Exchange is proposing to amend the credit provided to a member organization providing displayed liquidity in NYSE-listed securities through the PSX System. Currently, the Exchange provides a credit of \$0.0028 per share executed for a displayed quote/order entered by a member organization that provides an average daily volume of 2 million or more shares of liquidity during the month. To be eligible, either (1) the quote/order is entered through a PSX MPID through which the member organization displays, on average over the course of the month, 100 shares or more at the national best bid and/or national best offer at least 25% of the time during regular market hours in the security that is the subject of the quote/order, or (2) the member organization displays, on average over the course of the month, 100 shares or more at the national best

bid and/or national best offer at least 25% of the time during regular market hours in 500 or more securities. The Exchange is proposing to increase the credit to \$0.0029 per share executed.

The Exchange is also proposing a new credit provided to a member organization providing displayed liquidity in NYSE-listed securities through the PSX System. Specifically, the Exchange is proposing to offer a credit of \$0.0030 per share executed for a displayed quote/order entered by a member organization that provides an average daily volume of 6 million or more shares of liquidity during the month. Like the current credit, in order to be eligible, either (1) the quote/order is entered through a PSX MPID through which the member organization displays, on average over the course of the month, 100 shares or more at the national best bid and/or national best offer at least 25% of the time during regular market hours in the security that is the subject of the quote/order, or (2) the member organization displays, on average over the course of the month, 100 shares or more at the national best bid and/or national best offer at least 25% of the time during regular market hours in 500 or more securities.

**Amended Fees for Execution of Quotes/Orders in Securities Listed on Exchanges other than Nasdaq or NYSE**

The Exchange is proposing to amend fees assessed and credits provided for the execution of orders in securities listed on exchanges other than Nasdaq or NYSE that execute at PSX. Currently, the Exchange assesses a charge of \$0.0028 per share executed for an order entered through a PSX MPID through which the member organization provides an average daily volume of 10,000 or more shares of liquidity during the month. The Exchange is proposing to increase the charge assessed for such orders executed at PSX to \$0.0030.

The Exchange is also proposing to increase the charge assessed for an order executed in PSX in securities listed on exchanges other than Nasdaq or NYSE that is designated as eligible for routing. Currently, the Exchange assesses a charge of \$0.0028 per share executed for an order that is designated as eligible for routing. The Exchange is proposing to increase the charge assessed for such orders executed at PSX to \$0.0030.

The Exchange is proposing to amend the credit provided to a member organization providing displayed liquidity through the PSX System. Currently, the Exchange provides a credit of \$0.0028 per share executed for a displayed quote/order in securities listed on exchanges other than Nasdaq or NYSE entered by a member organization that provides an average daily volume of 2 million or more shares of liquidity during the month. To be eligible, either (1) the quote/order is entered through a PSX MPID through which the member organization displays, on average over the course of the month, 100 shares or more at the national best bid and/or national best offer at least 25% of the time during regular market hours in the security that is the subject of the quote/order, or (2) the member organization displays, on average over the course of the month, 100 shares or more at the national best bid and/or national best offer at least 25% of the time during regular market hours in 500 or more securities. The Exchange is proposing to increase the credit to \$0.0029 per share executed.

The Exchange is also proposing a new credit provided to a member organization providing displayed liquidity through the PSX System in securities listed on exchanges other than Nasdaq or NYSE. Specifically, the Exchange is proposing to offer a credit of \$0.0030 per share executed for a displayed quote/order entered by a member organization that provides an average daily volume of 6 million or more shares of liquidity during the

month. Like the current credit, in order to be eligible, either (1) the quote/order is entered through a PSX MPID through which the member organization displays, on average over the course of the month, 100 shares or more at the national best bid and/or national best offer at least 25% of the time during regular market hours in the security that is the subject of the quote/order, or (2) the member organization displays, on average over the course of the month, 100 shares or more at the national best bid and/or national best offer at least 25% of the time during regular market hours in 500 or more securities.

### **Amended Fees for Routing of Orders in All Securities**

The Exchange is proposing to amend fees assessed and credits provided for the routing of orders in all securities. Currently, for PSTG or PSCN orders that execute in a venue other than PSX the Exchange assesses a charge of \$0.0025 per share executed at the NYSE, a credit of \$0.0014 per share executed at BX and a charge of \$0.28 per share executed in other venues. The Exchange proposes to decrease the credit provided for executions at BX to \$0.0011, and to increase the charges for executions elsewhere, including the NYSE, to \$0.0030 per share executed.

The Exchange is also proposing to amend the fees assessed member organizations for entering a PMOP order that executes in a venue other than PSX. Currently, the Exchange assesses a charge of \$0.0027 per share executed at the NYSE and a charge of \$0.0031 per share executed at venues other than the NYSE. The Exchange proposes increasing these fees to \$0.0030 per share executed at the NYSE and \$0.0035 per share executed at venues other than the NYSE.

The Exchange is proposing to amend the fees assessed and credits provided for member organizations entering a PTFY order that executes in a venue other than PSX. Currently, the Exchange assesses a charge of \$0.0024 per share executed at the NYSE, a

charge of \$0.0005 per share executed at venues other than the NYSE, Nasdaq or BX, a charge of \$0.0028 per share executed at Nasdaq, and provides a credit of \$0.0014 per share executed at BX. The Exchange is proposing to decrease the credit provided to \$0.0011 per share executed at BX, and increase the charges for shares executed at NYSE and Nasdaq to \$0.0030 per share executed.

The Exchange is proposing to amend the fees assessed and credits provided for member organizations entering a PCRT order that executes in a venue other than PSX. Currently, the Exchange assesses a charge of \$0.0028 per share executed at Nasdaq and provides a credit of \$0.0014 per share executed at BX. The Exchange is proposing to increase the charge assessed for executions on Nasdaq to \$0.0030 per share executed, and to decrease the credit provided for executions on BX to \$0.0011 per share executed.

Last, the Exchange is proposing to amend the credit provided to a member organization for entering an XCST order that executes at BX. Currently, the Exchange provides a credit of \$0.0014 per share executed at BX. The Exchange is proposing to decrease the credit provided to \$0.0011.

b. Statutory Basis

The Exchange believes that its proposal to amend its Pricing Schedule is consistent with Section 6(b) of the Act<sup>3</sup> in general, and furthers the objectives of Sections 6(b)(4) and (b)(5) of the Act<sup>4</sup> in particular, in that it is an equitable allocation of reasonable fees and other charges among Exchange members and other persons using its facilities, and it does not unfairly discriminate between customers, issuers, brokers or

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<sup>3</sup> 15 U.S.C. 78f(b).

<sup>4</sup> 15 U.S.C. 78f(b)(4) and (5).

dealers. The proposed changes are reasonable because they reflect a modest decrease in the credits provided in the execution of certain orders and a modest increase in the fees assessed for others, which will allow the Exchange to reduce costs and increase revenue.

The change with respect to fees for execution of quotes/orders in securities that execute on PSX is reasonable because it will make the applicable fees for orders that execute in PSX uniform, without regard to the nature of entry, eligibility for routing, or the listing venue of the security. Moreover, the change will result in a modest increase of only \$0.0002 per share executed for PSX MPID-entered orders eligible for the existing tier, and for orders designated as eligible for routing. The change is consistent with an equitable allocation of fees and not unfairly discriminatory because it will eliminate an existing disparity between the fees charged for orders that execute in PSX, thereby making the applicable fees consistent. In addition, the change is equitable and not unfairly discriminatory because it affects all member organizations that execute orders in PSX.

The change with respect to the credits provided for execution of quotes/orders in NYSE-listed securities and securities listed on exchanges other than Nasdaq is reasonable because it further incentivizes member organizations to provide displayed quotes and orders on PSX. Specifically, the change achieves this goal by increasing the credit provided under the current tier, and creating a new tier that provides a larger credit to member organizations that provide a larger average daily volume of shares of liquidity during the month. The change is consistent with an equitable allocation of fees and not unfairly discriminatory because it applies the same criteria and provides the same rebate

to member organizations trading in non-Nasdaq securities that provide displayed liquidity to PSX, under each of the tiers.

The changes with respect to the charges assessed and credits provided for routing of orders in all securities are reasonable because they represent a modest increases in charges assessed a member organization for PSTG, PSCN, PMOP, PTFY and PCRT orders that execute in a venue other than PSX, and a modest decreases in the credits provided to member organizations for PSTG, PSCN, PTFY, PCRT and XCST orders that execute at BX. The Exchange notes that the increase in fees and decrease in credits are designed to incentivize member organizations to provide orders and quotes that execute on PSX. In addition, the change is equitable and not unfairly discriminatory because it affects only those members that opt to use the Exchange's optional routing services.

#### 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, as amended.<sup>5</sup> The Exchange notes that it operates in a highly competitive market in which market participants can readily favor competing venues if they deem fee levels at a particular venue to be excessive, or rebate opportunities available at other venues to be more favorable. In such an environment, the Exchange must continually adjust its fees to remain competitive with other exchanges and with alternative trading systems that have been exempted from compliance with the statutory standards applicable to exchanges. Because competitors are free to modify their own fees in response, and because market participants may readily adjust their order routing practices, the Exchange believes that

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<sup>5</sup> 15 U.S.C. 78f(b)(8).

the degree to which fee changes in this market may impose any burden on competition is extremely limited. In this instance, the decreased credits and increased fees are intended to reduce the Exchange's costs, while still continuing to provide an incentive for members to execute shares on PSX and make use of its optional routing functionality. Because there are numerous competitive alternatives to PSX, it is likely the Exchange will lose market share as a result of the changes if they are unattractive to market participants. Accordingly, the Exchange does not believe the proposed changes will impair the ability of members or competing order execution venues to maintain their competitive standing in the financial markets.

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,<sup>6</sup> 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

Not applicable.

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<sup>6</sup> 15 U.S.C. 78s(b)(3)(A)(ii).

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

Not applicable.

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

Not applicable.

11. Exhibits

1. Notice of proposed rule for publication in the Federal Register.

5. Applicable portion of the Exchange's Pricing Schedule.

**EXHIBIT 1**

SECURITIES AND EXCHANGE COMMISSION  
(Release No. \_\_\_\_\_ ; File No. SR-Phlx-2013-111)

Self-Regulatory Organizations; NASDAQ OMX PHLX LLC; Notice of Filing and Immediate Effectiveness of Proposed Rule Change to Amend the Exchange's Pricing Schedule under Section VIII with Respect to Execution and Routing of Orders in Securities Priced at \$1 or More Per Share

Pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 ("Act"),<sup>1</sup> and Rule 19b-4 thereunder,<sup>2</sup> notice is hereby given that on October 31, 2013, 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 Exchange's Pricing Schedule under Section VIII, entitled "NASDAQ OMX PSX FEES," with respect to execution and routing of orders in securities priced at \$1 or more per share.

The text of the proposed rule change is available on the Exchange's Website at <http://nasdaqomxphlx.cchwallstreet.com/>, at the principal office of the Exchange, and at the Commission's Public Reference Room.

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<sup>1</sup> 15 U.S.C. 78s(b)(1).

<sup>2</sup> 17 CFR 240.19b-4.

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 certain fees and rebates for order execution and routing applicable to the use of the order execution and routing services of the NASDAQ OMX PSX System by member organizations for all securities traded at \$1 or more per share.

**Amended Fees for Execution of Quotes/Orders in Securities Listed on Nasdaq**

The Exchange is proposing to amend fees assessed for the execution of orders in securities listed on the Nasdaq Stock Market LLC (“Nasdaq”) that execute in NASDAQ OMX PSX (“PSX”). Currently, the Exchange assesses a charge of \$0.0028 per share executed for an order entered through a PSX Market Participant Identifier (“MPID”) through which the member organization provides an average daily volume of 10,000 or more shares of liquidity during the month. The Exchange is proposing to increase the charge assessed for such orders executed at PSX to \$0.0030.

The Exchange is also proposing to increase the charge assessed for an order executed in PSX in Nasdaq securities that is designated as eligible for routing. Currently, the Exchange assesses a charge of \$0.0028 per share executed for an order that is

designated as eligible for routing. The Exchange is proposing to increase the charge assessed for such orders executed at PSX to \$0.0030.

#### **Amended Fees for Execution of Quotes/Orders in Securities Listed on NYSE**

The Exchange is proposing to amend fees assessed and credits provided for the execution of orders in securities listed on the New York Stock Exchange, Inc. (“NYSE”) that execute in PSX. Currently, the Exchange assesses a charge of \$0.0028 per share executed for an order entered through a PSX MPID through which the member organization provides an average daily volume of 10,000 or more shares of liquidity during the month. The Exchange is proposing to increase the charge assessed for such orders executed at PSX to \$0.0030.

The Exchange is also proposing to increase the charge assessed for an order executed in PSX in NYSE-listed securities that is designated as eligible for routing. Currently, the Exchange assesses a charge of \$0.0028 per share executed for an order that is designated as eligible for routing. The Exchange is proposing to increase the charge assessed for such orders executed in PSX to \$0.0030.

The Exchange is proposing to amend the credit provided to a member organization providing displayed liquidity in NYSE-listed securities through the PSX System. Currently, the Exchange provides a credit of \$0.0028 per share executed for a displayed quote/order entered by a member organization that provides an average daily volume of 2 million or more shares of liquidity during the month. To be eligible, either (1) the quote/order is entered through a PSX MPID through which the member organization displays, on average over the course of the month, 100 shares or more at the national best bid and/or national best offer at least 25% of the time during regular market

hours in the security that is the subject of the quote/order, or (2) the member organization displays, on average over the course of the month, 100 shares or more at the national best bid and/or national best offer at least 25% of the time during regular market hours in 500 or more securities. The Exchange is proposing to increase the credit to \$0.0029 per share executed.

The Exchange is also proposing a new credit provided to a member organization providing displayed liquidity in NYSE-listed securities through the PSX System. Specifically, the Exchange is proposing to offer a credit of \$0.0030 per share executed for a displayed quote/order entered by a member organization that provides an average daily volume of 6 million or more shares of liquidity during the month. Like the current credit, in order to be eligible, either (1) the quote/order is entered through a PSX MPID through which the member organization displays, on average over the course of the month, 100 shares or more at the national best bid and/or national best offer at least 25% of the time during regular market hours in the security that is the subject of the quote/order, or (2) the member organization displays, on average over the course of the month, 100 shares or more at the national best bid and/or national best offer at least 25% of the time during regular market hours in 500 or more securities.

**Amended Fees for Execution of Quotes/Orders in Securities Listed on Exchanges other than Nasdaq or NYSE**

The Exchange is proposing to amend fees assessed and credits provided for the execution of orders in securities listed on exchanges other than Nasdaq or NYSE that execute at PSX. Currently, the Exchange assesses a charge of \$0.0028 per share executed for an order entered through a PSX MPID through which the member organization provides an average daily volume of 10,000 or more shares of liquidity

during the month. The Exchange is proposing to increase the charge assessed for such orders executed at PSX to \$0.0030.

The Exchange is also proposing to increase the charge assessed for an order executed in PSX in securities listed on exchanges other than Nasdaq or NYSE that is designated as eligible for routing. Currently, the Exchange assesses a charge of \$0.0028 per share executed for an order that is designated as eligible for routing. The Exchange is proposing to increase the charge assessed for such orders executed at PSX to \$0.0030.

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The Exchange is also proposing a new credit provided to a member organization providing displayed liquidity through the PSX System in securities listed on exchanges other than Nasdaq or NYSE. Specifically, the Exchange is proposing to offer a credit of

\$0.0030 per share executed for a displayed quote/order entered by a member organization that provides an average daily volume of 6 million or more shares of liquidity during the month. Like the current credit, in order to be eligible, either (1) the quote/order is entered through a PSX MPID through which the member organization displays, on average over the course of the month, 100 shares or more at the national best bid and/or national best offer at least 25% of the time during regular market hours in the security that is the subject of the quote/order, or (2) the member organization displays, on average over the course of the month, 100 shares or more at the national best bid and/or national best offer at least 25% of the time during regular market hours in 500 or more securities.

#### **Amended Fees for Routing of Orders in All Securities**

The Exchange is proposing to amend fees assessed and credits provided for the routing of orders in all securities. Currently, for PSTG or PSCN orders that execute in a venue other than PSX the Exchange assesses a charge of \$0.0025 per share executed at the NYSE, a credit of \$0.0014 per share executed at BX and a charge of \$0.28 per share executed in other venues. The Exchange proposes to decrease the credit provided for executions at BX to \$0.0011, and to increase the charges for executions elsewhere, including the NYSE, to \$0.0030 per share executed.

The Exchange is also proposing to amend the fees assessed member organizations for entering a PMOP order that executes in a venue other than PSX. Currently, the Exchange assesses a charge of \$0.0027 per share executed at the NYSE and a charge of \$0.0031 per share executed at venues other than the NYSE. The Exchange proposes increasing these fees to \$0.0030 per share executed at the NYSE and \$0.0035 per share executed at venues other than the NYSE.

The Exchange is proposing to amend the fees assessed and credits provided for member organizations entering a PTFY order that executes in a venue other than PSX. Currently, the Exchange assesses a charge of \$0.0024 per share executed at the NYSE, a charge of \$0.0005 per share executed at venues other than the NYSE, Nasdaq or BX, a charge of \$0.0028 per share executed at Nasdaq, and provides a credit of \$0.0014 per share executed at BX. The Exchange is proposing to decrease the credit provided to \$0.0011 per share executed at BX, and increase the charges for shares executed at NYSE and Nasdaq to \$0.0030 per share executed.

The Exchange is proposing to amend the fees assessed and credits provided for member organizations entering a PCRT order that executes in a venue other than PSX. Currently, the Exchange assesses a charge of \$0.0028 per share executed at Nasdaq and provides a credit of \$0.0014 per share executed at BX. The Exchange is proposing to increase the charge assessed for executions on Nasdaq to \$0.0030 per share executed, and to decrease the credit provided for executions on BX to \$0.0011 per share executed.

Last, the Exchange is proposing to amend the credit provided to a member organization for entering an XCST order that executes at BX. Currently, the Exchange provides a credit of \$0.0014 per share executed at BX. The Exchange is proposing to decrease the credit provided to \$0.0011.

## 2. Statutory Basis

The Exchange believes that its proposal to amend its Pricing Schedule is consistent with Section 6(b) of the Act<sup>3</sup> in general, and furthers the objectives of Sections

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<sup>3</sup> 15 U.S.C. 78f(b).

6(b)(4) and (b)(5) of the Act<sup>4</sup> in particular, in that it is an equitable allocation of reasonable fees and other charges among Exchange members and other persons using its facilities, and it does not unfairly discriminate between customers, issuers, brokers or dealers. The proposed changes are reasonable because they reflect a modest decrease in the credits provided in the execution of certain orders and a modest increase in the fees assessed for others, which will allow the Exchange to reduce costs and increase revenue.

The change with respect to fees for execution of quotes/orders in securities that execute on PSX is reasonable because it will make the applicable fees for orders that execute in PSX uniform, without regard to the nature of entry, eligibility for routing, or the listing venue of the security. Moreover, the change will result in a modest increase of only \$0.0002 per share executed for PSX MPID-entered orders eligible for the existing tier, and for orders designated as eligible for routing. The change is consistent with an equitable allocation of fees and not unfairly discriminatory because it will eliminate an existing disparity between the fees charged for orders that execute in PSX, thereby making the applicable fees consistent. In addition, the change is equitable and not unfairly discriminatory because it affects all member organizations that execute orders in PSX.

The change with respect to the credits provided for execution of quotes/orders in NYSE-listed securities and securities listed on exchanges other than Nasdaq is reasonable because it further incentivizes member organizations to provide displayed quotes and orders on PSX. Specifically, the change achieves this goal by increasing the credit provided under the current tier, and creating a new tier that provides a larger credit to

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<sup>4</sup> 15 U.S.C. 78f(b)(4) and (5).

member organizations that provide a larger average daily volume of shares of liquidity during the month. The change is consistent with an equitable allocation of fees and not unfairly discriminatory because it applies the same criteria and provides the same rebate to member organizations trading in non-Nasdaq securities that provide displayed liquidity to PSX, under each of the tiers.

The changes with respect to the charges assessed and credits provided for routing of orders in all securities are reasonable because they represent a modest increases in charges assessed a member organization for PSTG, PSCN, PMOP, PTFY and PCRT orders that execute in a venue other than PSX, and a modest decrease in the credits provided to member organizations for PSTG, PSCN, PTFY, PCRT and XCST orders that execute at BX. The Exchange notes that the increase in fees and decrease in credits are designed to incentivize member organizations to provide orders and quotes that execute on PSX. In addition, the change is equitable and not unfairly discriminatory because it affects only those members that opt to use the Exchange's optional routing services.

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, as amended.<sup>5</sup> The Exchange notes that it operates in a highly competitive market in which market participants can readily favor competing venues if they deem fee levels at a particular venue to be excessive, or rebate opportunities available at other venues to be more favorable. In such an environment, the Exchange must continually adjust its fees to remain competitive with other exchanges and with alternative trading systems that have

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<sup>5</sup> 15 U.S.C. 78f(b)(8).

been exempted from compliance with the statutory standards applicable to exchanges. Because competitors are free to modify their own fees in response, and because market participants may readily adjust their order routing practices, the Exchange believes that the degree to which fee changes in this market may impose any burden on competition is extremely limited. In this instance, the decreased credits and increased fees are intended to reduce the Exchange's costs, while still continuing to provide an incentive for members to execute shares on PSX and make use of its optional routing functionality. Because there are numerous competitive alternatives to PSX, it is likely the Exchange will lose market share as a result of the changes if they are unattractive to market participants. Accordingly, the Exchange does not believe the proposed changes will impair the ability of members or competing order execution venues to maintain their competitive standing in the financial markets.

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

Pursuant to Section 19(b)(3)(A)(ii) of the Act,<sup>6</sup> the Exchange has designated this proposal as establishing or changing a due, fee, or other charge imposed by the self-regulatory organization 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.

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

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<sup>6</sup> 15 U.S.C. 78s(b)(3)(A)(ii).

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](mailto:rule-comments@sec.gov). Please include File Number SR-Phlx-2013-111 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-2013-111. 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-2013-111 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.<sup>7</sup>

Kevin M. O'Neill  
Deputy Secretary

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<sup>7</sup> 17 CFR 200.30-3(a)(12).

**EXHIBIT 5**

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

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**VIII. NASDAQ OMX PSX FEES**

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**Order Execution and Routing**

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

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

Charge to member organization entering order that executes in NASDAQ OMX PSX:	\$0.00[28]30 per share executed for orders entered through a NASDAQ OMX PSX market participant identifier (“MPID”) through which the member organization provides an average daily volume of 10,000 or more shares of liquidity during the month
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	\$0.00[28]30 per share executed for an order that is designated as eligible for routing
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	\$0.0030 per share executed for other orders
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Credit to member organization providing liquidity through the NASDAQ OMX PSX System:

Displayed Quote/Order:

	\$0.0028 per share executed for Quotes/Orders entered by a member organization that provides an average daily volume of 2 million or more shares of liquidity during the month; provided that (i) the Quote/Order is entered through a NASDAQ OMX PSX MPID through which the member organization displays, on average over the course of the month, 100 shares or more at the national best bid and/or national best offer at least 25% of the time during regular market hours* in the security that is the subject of the Quote/Order, or (ii) the member organization displays, on average
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over the course of the month, 100 shares or more at the national best bid and/or national best offer at least 25% of the time during regular market hours in 500 or more securities

\$0.0026 per share executed for Quotes/Orders entered through a NASDAQ OMX PSX MPID through which the member organization provides an average daily volume of 100,000 or more shares of liquidity during the month

\$0.0020 per share executed for other Quotes/Orders

Non-Displayed Order:

\$0.0010 per share executed for a midpoint pegged order or a midpoint peg post-only order (a “midpoint order”)

\$0.0005 per share executed for other non-displayed orders

(2) Fees for Execution of Quotes/Orders in Securities Listed on the New York Stock Exchange (“NYSE”)

Charge to member organization entering order that executes in NASDAQ OMX PSX:

\$0.00[28]30 per share executed for orders entered through a NASDAQ OMX PSX MPID through which the member organization provides an average daily volume of 10,000 or more shares of liquidity during the month

\$0.00[28]30 per share executed for an order that is designated as eligible for routing

\$0.0030 per share executed for other orders

Credit to member organization providing liquidity through the NASDAQ OMX PSX System:

Displayed Quote/Order:

\$0.00[28]30 per share executed for Quotes/Orders entered by a member organization that provides an average daily volume of [2]6 million or more shares of liquidity during the month; provided that (i) the Quote/Order is entered through a NASDAQ OMX PSX MPID through which the member

organization displays, on average over the course of the month, 100 shares or more at the national best bid and/or national best offer at least 25% of the time during regular market hours\* in the security that is the subject of the Quote/Order, or (ii) the member organization displays, on average over the course of the month, 100 shares or more at the national best bid and/or national best offer at least 25% of the time during regular market hours in 500 or more securities

\$0.0029 per share executed for Quotes/Orders entered by a member organization that provides an average daily volume of 2 million or more shares of liquidity during the month; provided that (i) the Quote/Order is entered through a NASDAQ OMX PSX MPID through which the member organization displays, on average over the course of the month, 100 shares or more at the national best bid and/or national best offer at least 25% of the time during regular market hours\* in the security that is the subject of the Quote/Order, or (ii) the member organization displays, on average over the course of the month, 100 shares or more at the national best bid and/or national best offer at least 25% of the time during regular market hours in 500 or more securities

\$0.0026 per share executed for Quotes/Orders entered through a NASDAQ OMX PSX MPID through which the member organization provides an average daily volume of 100,000 or more shares of liquidity during the month

\$0.0020 per share executed for other Quotes/Orders

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Non-Displayed Order:

\$0.0010 per share executed for midpoint orders

\$0.0005 per share executed for other non-displayed orders

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(3) Fees for Execution of Orders in Securities Listed on Exchanges other than Nasdaq and NYSE

Charge to member organization entering order that executes in NASDAQ OMX PSX:

\$0.00[28]30 per share executed for orders entered through a NASDAQ OMX PSX MPID through which the member organization provides an average daily volume of 10,000 or more shares of liquidity during the month

\$0.00[28]30 per share executed for an order that is designated as eligible for routing

\$0.0030 per share executed for other orders

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Credit to member organization providing liquidity through the NASDAQ OMX PSX System:

Displayed Quote/Order:

\$0.00[28]30 per share executed for Quotes/Orders entered by a member organization that provides an average daily volume of [2]6 million or more shares of liquidity during the month; provided that (i) the Quote/Order is entered through a NASDAQ OMX PSX MPID through which the member organization displays, on average over the course of the month, 100 shares or more at the national best bid and/or national best offer at least 25% of the time during regular market hours\* in the security that is the subject of the Quote/Order, or (ii) the member organization displays, on average over the course of the month, 100 shares or more at the national best bid and/or national best offer at least 25% of the time during regular market hours in 500 or more securities

\$0.0029 per share executed for Quotes/Orders entered by a member organization that provides an average daily volume of 2 million or more shares of liquidity during the month; provided that (i) the Quote/Order is entered through a NASDAQ OMX PSX MPID through which the member organization displays, on average over the course of the month, 100 shares or more at the national best bid and/or national best offer at least 25% of the time during regular market hours\* in the security that is the subject of the Quote/Order, or (ii) the member organization displays, on average over the course of the month, 100 shares or more at

the national best bid and/or national best offer at least 25% of the time during regular market hours in 500 or more securities

\$0.0026 per share executed for Quotes/Orders entered through a NASDAQ OMX PSX MPID through which the member organization provides an average daily volume of 100,000 or more shares of liquidity during the month

\$0.0020 per share executed for other Quotes/Orders

Non-Displayed Order: \$0.0010 per share executed for midpoint orders

\$0.0005 per share executed for other non-displayed orders

(4) Fees for Routing of Orders in All Securities

Charge to member organization entering PSTG or PSCN order that executes in a venue other than the NASDAQ OMX PSX System: \$0.00[25]30 per share executed at NYSE  
 Credit of \$0.00[14]11 per share executed at NASDAQ OMX BX  
 \$0.00[28]30 per share executed in other venues

Charge to member organization entering PMOP order that executes in a venue other than the NASDAQ OMX PSX System: \$0.00[27]30 per share executed at NYSE  
 \$0.00[31]35 per share executed at venues other than NYSE

Charge to member organization entering PTFY order that executes in a venue other than the NASDAQ OMX PSX System: \$0.00[24]30 per share executed at NYSE  
 \$0.0005 per share executed at venues other than NYSE, NASDAQ or NASDAQ OMX BX  
 \$0.00[28]30 per share executed at NASDAQ  
 Credit of \$0.00[14]11 per share executed at NASDAQ OMX BX

Charge to member organization entering PCRT order that executes in a venue other than the NASDAQ \$0.00[28]30 per share executed at NASDAQ  
 Credit of \$0.00[14]11 per share executed at

OMX PSX System: NASDAQ OMX BX

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Charge or credit to member  
organization entering XDRK order: None

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Charge or credit to member  
organization entering XCST order: Credit of \$0.00[14]11 per share executed at  
NASDAQ OMX BX

For shares executed at a venue other than  
NASDAQ OMX BX, none

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

(b) – (c) No change.

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