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

File No.* SR - 2013 - * 117
Amendment No. (req. for Amendments *)

Filing by NASDAQ OMX PHLX LLC.

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

Initial * ☑ Amendment * ☐ Withdrawal ☐

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

Pilot ☐

Extension of Time Period for Commission Action * ☐

Date Expires *

Rule

☐ 19b-4(f)(1) ☐ 19b-4(f)(4)
☑ 19b-4(f)(2) ☐ 19b-4(f)(5)
☐ 19b-4(f)(3) ☐ 19b-4(f)(6)

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

Section 806(e)(1) ☐ Section 806(e)(2) ☐

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

Section 3C(b)(2) ☐

Exhibit 2 Sent As Paper Document ☐ Exhibit 3 Sent As Paper Document ☐

Description

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

Amendments to the Pricing Schedule

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 * Angela Last Name * Dunn

Title * Associate General Counsel

E-mail * angela.dunn@nasdaqomx.com

Telephone * (215) 496-5692 Fax

Signature

Pursuant to the requirements of the Securities Exchange Act of 1934,

has duly caused this filing to be signed on its behalf by the undersigned thereunto duly authorized.

Date 11/29/2013

By Edward S. Knight

(Name *)

(Title *)

Executive Vice President and General Counsel

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.

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SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

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

Form 19b-4 Information * Add Remove View	The self-regulatory organization must provide all required information, presented in a clear and comprehensible manner, to enable the public to provide meaningful comment on the proposal and for the Commission to determine whether the proposal is consistent with the Act and applicable rules and regulations under the Act.
Exhibit 1 - Notice of Proposed Rule Change * Add Remove View	The Notice section of this Form 19b-4 must comply with the guidelines for publication in the Federal Register as well as any requirements for electronic filing as published by the Commission (if applicable). The Office of the Federal Register (OFR) offers guidance on Federal Register publication requirements in the Federal Register Document Drafting Handbook, October 1998 Revision. For example, all references to the federal securities laws must include the corresponding cite to the United States Code in a footnote. All references to SEC rules must include the corresponding cite to the Code of Federal Regulations in a footnote. All references to Securities Exchange Act Releases must include the release number, release date, Federal Register cite, Federal Register date, and corresponding file number (e.g., SR-[SRO] -xx-xx). A material failure to comply with these guidelines will result in the proposed rule change being deemed not properly filed. See also Rule 0-3 under the Act (17 CFR 240.0-3)
Exhibit 1A- Notice of Proposed Rule Change, Security-Based Swap Submission, or Advance Notice by Clearing Agencies Add Remove View	The Notice section of this Form 19b-4 must comply with the guidelines for publication in the Federal Register as well as any requirements for electronic filing as published by the Commission (if applicable). The Office of the Federal Register (OFR) offers guidance on Federal Register publication requirements in the Federal Register Document Drafting Handbook, October 1998 Revision. For example, all references to the federal securities laws must include the corresponding cite to the United States Code in a footnote. All references to SEC rules must include the corresponding cite to the Code of Federal Regulations in a footnote. All references to Securities Exchange Act Releases must include the release number, release date, Federal Register cite, Federal Register date, and corresponding file number (e.g., SR-[SRO] -xx-xx). A material failure to comply with these guidelines will result in the proposed rule change, security-based swap submission, or advance notice being deemed not properly filed. See also Rule 0-3 under the Act (17 CFR 240.0-3)
Exhibit 2 - Notices, Written Comments, Transcripts, Other Communications Add Remove View Exhibit Sent As Paper Document ☐	Copies of notices, written comments, transcripts, other communications. If such documents cannot be filed electronically in accordance with Instruction F, they shall be filed in accordance with Instruction G.
Exhibit 3 - Form, Report, or Questionnaire Add Remove View Exhibit Sent As Paper Document ☐	Copies of any form, report, or questionnaire that the self-regulatory organization proposes to use to help implement or operate the proposed rule change, or that is referred to by the proposed rule change.
Exhibit 4 - Marked Copies Add Remove View	The full text shall be marked, in any convenient manner, to indicate additions to and deletions from the immediately preceding filing. The purpose of Exhibit 4 is to permit the staff to identify immediately the changes made from the text of the rule with which it has been working.
Exhibit 5 - Proposed Rule Text Add Remove View	The self-regulatory organization may choose to attach as Exhibit 5 proposed changes to rule text in place of providing it in Item I and which may otherwise be more easily readable if provided separately from Form 19b-4. Exhibit 5 shall be considered part of the proposed rule change.
Partial Amendment Add Remove View	If the self-regulatory organization is amending only part of the text of a lengthy proposed rule change, it may, with the Commission's permission, file only those portions of the text of the proposed rule change in which changes are being made if the filing (i.e. partial amendment) is clearly understandable on its face. Such partial amendment shall be clearly identified and marked to show deletions and additions.

1. Text of the Proposed Rule Change

(a) NASDAQ OMX PHLX LLC ("Phlx" or "Exchange"), pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 ("Act")[1] and Rule 19b-4 thereunder,[2] proposes to amend the Exchange's Pricing Schedule with respect to: (i) the Customer[3] Rebate Program in Section B; (ii) Simple Order pricing in Section I entitled Rebates and Fees for Adding and Removing Liquidity in SPY;[4] (iii) certain pricing in Section II related to Multiply Listed Options Fees;[5] (iv) pricing in Section III entitled Singly Listed Options; (v) and pricing in Section IV, entitled "Other Transaction Fees," to amend PIXL[6] Pricing.

While the changes proposed herein are effective upon filing, the Exchange has designated that the amendments be operative on December 2, 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.

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

[2] 17 CFR 240.19b-4.

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

[4] Options overlying Standard and Poor's Depositary Receipts/SPDRs ("SPY") are based on the SPDR exchange-traded fund ("ETF"), which is designed to track the performance of the S&P 500 Index.

[5] The pricing in Section II includes options overlying equities, ETFs, ETNs and indexes which are Multiply Listed.

[6] PIXL is the Exchange's price improvement mechanism known as Price Improvement XL or (PIXL[SM]). See Rule 1080(n).

(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.

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 Exchange is proposing to amend various sections of its Pricing Schedule. Specifically, the Exchange proposes to amend its Customer Rebate Program at Section B of the Pricing Schedule. The Exchange is amending the types of transactions in Category A and Category B which are subject to the rebate. The Exchange proposes to amend the Simple Order Fees for Removing Liquidity in Section I which are applicable to transactions overlying SPY. The Exchange proposes to amend various Options Transaction Charges in Section II in both Penny and non-Penny PilotOptions and also amend the Electronic Firm Fee Discount.[7] The Exchange proposes to increase the Customer Options Transaction Charge in Section III applicable to Singly Listed Options.

[7] The Exchange assesses Firms a reduced Options Transaction Charge in Penny and non-Penny Options provided a Firm has volume greater than a certain amount of contracts in a month.

Finally, the Exchange proposes to increase certain PIXL fees in Section IV of the Pricing Schedule related to order executions in Section II Multiply Listed Options. Each proposal is detailed below.

Customer Rebate Program

Currently, the Exchange has a Customer Rebate Program consisting of four tiers which pays Customer rebates on two Categories, A and B, of transactions.[8] Category A rebates are paid to members executing electronically-delivered Customer Simple Orders in Penny Pilot Options and Customer Simple Orders in Non-Penny Pilot Options in Section II of the Pricing Schedule. Rebates are paid on Customer PIXL Orders in Section II symbols that execute against non-Initiating Order interest, except in the case of Customer PIXL Orders that are greater than 999 contracts. All Customer PIXL Orders that are greater than 999 contracts are paid a rebate regardless of the contra party to the transaction. Category B rebates are paid to members executing electronically-delivered Customer Complex Orders in Penny Pilot Options and Non-Penny Pilot Options in Section II. Rebates are paid on Customer PIXL Complex Orders in Section II symbols that execute against non-Initiating Order interest, except in the case of Customer PIXL Complex Orders that are greater than 999 contracts. All Customer PIXL Complex Orders that are greater than 999 contracts are paid a rebate regardless of the contra-party to the transaction.

A Phlx member qualifies for a certain rebate tier based on the percentage of total national customer volume in multiply-listed options which it transacts monthly on Phlx. The Exchange calculates Customer volume in Multiply Listed Options by totaling

[8] See Section B of the Pricing Schedule.

electronically-delivered and executed volume, except volume associated with electronic Qualified Contingent Cross ("QCC") Orders,[9] as defined in Exchange Rule 1080(o).[10] The Exchange pays the following rebates:[11]

Customer Rebate Tiers	**Percentage Thresholds of National Customer Volume in Multiply-Listed Equity and ETF Options Classes, excluding SPY Options (Monthly)**	**Category A**	**Category B**
Tier 1	0.00% - 0.75%	$0.00	$0.00
Tier 2	Above 0.75% - 1.60%	$0.12*	$0.17*
Tier 3	Above 1.60% - 2.50%	$0.16	$0.19
Tier 4	Above 2.50%	$0.17	$0.19

[9] A QCC Order is comprised of an order to buy or sell at least 1000 contracts that is identified as being part of a qualified contingent trade, as that term is defined in Rule 1080(o)(3), coupled with a contra-side order to buy or sell an equal number of contracts. The QCC Order must be executed at a price at or between the National Best Bid and Offer and be rejected if a Customer order is resting on the Exchange book at the same price. A QCC Order shall only be submitted electronically from off the floor to the PHLX XL II System. See Rule 1080(o). See also Securities Exchange Act Release No. 64249 (April 7, 2011), 76 FR 20773 (April 13, 2011) (SR-Phlx-2011-47) (a rule change to establish a QCC Order to facilitate the execution of stock/option Qualified Contingent Trades ("QCTs") that satisfy the requirements of the trade through exemption in connection with Rule 611(d) of the Regulation NMS).

[10] Members and member organizations under common ownership may aggregate their Customer volume for purposes of calculating the Customer Rebate Tiers and receiving rebates. Common ownership means members or member organizations under 75% common ownership or control.

[11] SPY is included in the calculation of Customer volume in Multiply Listed Options that are electronically-delivered and executed for purposes of the Customer Rebate Program, however, the rebates do not apply to electronic executions in SPY.

The Exchange is proposing to amend the types of orders that qualify in Categories A and B for a rebate. The Exchange proposes to continue to pay a Category A rebate to members executing electronically-delivered Customer Simple Orders in Penny Pilot Options and Customer Simple Orders in Non-Penny Pilot Options in Section II symbols. Rebates will be paid on Customer PIXL Orders in Section II symbols that execute against non-Initiating Order interest. The Exchange is eliminating the exception for Customer PIXL Orders that are greater than 999 contracts. Today, such orders are entitled to a rebate regardless of the contra-party to the transaction. Also, the Exchange is adding language to provide that in the instance where member organizations qualify for a Tier 3 rebate or a higher rebate in the Customer Rebate Program, Customer PIXL Orders that execute against a PIXL Initiating Order will be paid a rebate of $0.14 per contract.

The Exchange also proposes to continue to pay a Category B rebate to members executing electronically-delivered Customer Complex Orders in Penny Pilot Options and Non-Penny Pilot Options in Section II symbols. Rebates will be paid on Customer PIXL Complex Orders in Section II symbols that execute against non-Initiating Order interest. The Exchange is eliminating the exception for Customer PIXL Orders that are greater than 999 contracts. Today, such orders are entitled to a rebate regardless of the contra-party to the transaction. Also, the Exchange is adding language to provide that in the instance where member organizations qualify for a Tier 3 rebate or a higher rebate in the Customer Rebate Program, Customer Complex PIXL Orders that execute against a Complex PIXL Initiating Order will be paid a rebate of $0.17 per contract.

The Exchange anticipates that amending these Categories will further incentivize market participants to direct additional Customer order flow to the Exchange.

Section I, Part A - SPY Simple Order Pricing

The Exchange currently assesses Customers, Specialists,[12] Market Makers,[13] Firms,[14] Broker-Dealers[15] and Professionals[16] a $0.44 per contract Fee for Removing Liquidity in SPY Simple Orders. The Exchange is proposing to increase the Fee for Removing Liquidity in SPY Simple Orders from $0.44 to $0.45 per contract for all market participants. Despite the increased fees, the Exchange believes that these fees remain competitive with other exchanges.

Section II – Multiply Listed Options Fees

The Exchange currently assesses a Specialist and Market Maker Floor Options Transaction Charge of $0.25 per contract in both Penny and non-Penny Pilot Options. The Exchange proposes to increase the Specialist and Market Maker Floor Options Transaction Charge of $0.25 per contract in both Penny and non-Penny Pilot Options from $0.25 to $0.30 per contract.

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[12] A "Specialist" is an Exchange member who is registered as an options specialist pursuant to Rule 1020(a).

[13] A "Market Maker" includes Registered Options Traders (Rule 1014(b)(i) and (ii)), which includes Streaming Quote Traders (see Rule 1014(b)(ii)(A)) and Remote Streaming Quote Traders (see Rule 1014(b)(ii)(B)). Directed Participants are also market makers.

[14] The term "Firm" applies to any transaction that is identified by a member or member organization for clearing in the Firm range at The Options Clearing Corporation.

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

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

The Exchange currently assesses a Professional electronic Options Transaction Charge in non-Penny Pilot Options of $0.30 per contract. The Exchange proposes to assess Professionals a $0.60 per contract electronic Options Transaction Charge in non-Penny Pilot Options. The Exchange currently assesses a Firm electronic Options Transaction Charge in non-Penny Pilot Options of $0.50 per contract. The Exchange proposes to assess Firms a $0.60 per contract electronic Options Transaction Charge in non-Penny Pilot Options.

The Exchange proposes to assess electronic Professional, Broker-Dealer and Firm Complex Orders, in either Penny or non-Penny Pilot Options, a reduced $0.30 per contract Options Transaction Charge.

The Exchange also proposes to amend the Electronic Firm Fee Discount rate volume requirement. Today, Firm electronic Options Transaction Charges in Penny Pilot and non-Penny Pilot Options are reduced to $0.17 per contract for a given month provided that a Firm has volume greater than 500,000 electronically-delivered contracts in a month ("Electronic Firm Fee Discount").[17] The Exchange proposes to reduce Firm electronic Options Transaction Charges in Penny Pilot and non-Penny Pilot Options to $0.20 per contract for a given month provided a Firm has volume greater than 350,000 electronically-delivered contracts in a month.

The Exchange believes that these fees remain competitive with fees currently assessed today on Phlx and the reduced fees for electronic Complex Orders will serve as an incentive for Professionals, Broker-Dealers and Firms submitting electronic Complex Orders to submit additional orders. Despite the fact that the Electronic Firm Fee

[17] The Electronic Firm Fee Discount applies per member organization when such members are trading in their own proprietary account.

Discount will now be reduced to a $0.20 per contract fee instead of a $0.17 per contract fee, Firms should still be incentivized to send additional order flow in both Penny and non-Penny Pilot Options due to the reduced volume requirement.

Section III - Singly Listed Options

The Exchange proposes to amend the Customer Options Transaction Charge for Singly Listed Options. Today, a Customer is assessed a $0.35 per contract Options Transaction Charge for transacting a Singly Listed Option. The Exchange proposes to increase the fee from $0.35 to $0.40 per contract. Despite the increased fee the Exchange believes that this fee remains competitive.

Section IV, Part A PIXL Pricing

The Exchange proposes to amend the PIXL Pricing in Part A of Section IV. Currently, with respect to executions in Section II Multiply Listed Options[18] when a PIXL Order is contra to a PIXL Auction Responder, a Customer PIXL Order will be assessed $0.00 per contract while other market participants are assessed $0.30 per contract. A Responder is also assessed $0.30 per contract unless the Responder is a Customer, in which case the fee is $0.00 per contract.

With respect to executions in Section II Multiply Listed Options, the Exchange proposes to continue to assess $0.00 per contract to a Customer PIXL Order when a PIXL Order is contra to a PIXL Auction Responder. Other market participants would continue to be assessed $0.30 per contract in Penny Pilot Options, but would be assessed an increased fee of $0.38 per contract in non-Penny Pilot Options. A Responder would continue to be assessed $0.30 per contract in Penny Pilot Options and would be assessed

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[18] This excludes ETFs, ETNs and indexes which are Multiply Listed.

an increased fee of $0.38 per contract in non-Penny Pilot Options, unless, as is the case today, the Responder is a Customer, in which case the fee is $0.00 per contract.

The Exchange believes that increasing certain PIXL fees related to non-Penny Pilot Options will align these fees with those currently assessed for PIXL executions in options overlying SPY.[19]

b. Statutory Basis

The Exchange believes that the proposed rule change is consistent with the provisions of Section 6 of the Act,[20] in general, and with Section 6(b)(4) and 6(b)(5) of the Act,[21] in particular, in that it provides for the equitable allocation of reasonable dues, fees and other charges among members and issuers and other persons using any facility or system which the Exchange operates or controls, and is not designed to permit unfair discrimination between customers, issuers, brokers, or dealers.

Customer Rebate Program

The Exchange's proposal to continue to pay a Category A or Category B rebate to members executing electronically-delivered Customer Simple Orders in Penny Pilot Options and Customer Simple Orders in Non-Penny Pilot Options in Section II symbols for Category A or Customer Complex Orders in Penny or Non-Penny Pilot Options in Section II symbols, eliminate the exception for Customer PIXL Orders (Category A) or Customer PIXL Complex Orders (Category B) that are greater than 999 contracts and pay a Category A rebate of $0.14 per contract or Category B rebate of $0.17 per contract if a member organization qualifies for a Tier 3 rebate or a higher Customer rebate by

[19] See Section I, Part C of the Pricing Schedule.

[20] 15 U.S.C. 78f.

[21] 15 U.S.C. 78f(b)(4) and (5).

executing against a PIXL Initiating Order is reasonable because these amendments should incentivize market participants to direct additional Customer order flow to the Exchange to earn an additional Customer Rebate or a rebate on certain Customer PIXL orders or Customer PIXL Complex Orders. Instead of paying the rebate on Customer PIXL orders (Category A) or Customer PIXL Complex Orders (Category B)that are greater than 999 contracts regardless of the contra-party, the Exchange is offering member organizations that qualify for a Tier 3 rebate or a higher rebate the opportunity to earn a rebate on certain Customer PIXL orders (Category A) or Customer PIXL Complex Orders (Category B) to reward them for the Customer volume they transacted on the Exchange. The Exchange believes that this incentive should encourage market participants to direct a greater amount of Customer volume to the Exchange. In addition, the Chicago Board Options Exchange, Incorporated ("CBOE") also pays rebates for orders related to their price improvement mechanism in an identical fashion.[22]

The Exchange's proposal to continue to pay a Category A or Category B rebate to members executing electronically-delivered Customer Simple Orders in Penny Pilot Options and Customer Simple Orders in Non-Penny Pilot Options in Section II symbols for Category A or Customer Complex Orders in Penny or Non-Penny Pilot Options in Section II symbols, eliminate the exception for Customer PIXL Orders (Category A) or Customer PIXL Complex Orders (Category B) that are greater than 999 contracts and pay a Category A rebate of $0.14 per contract or Category B rebate of $0.17 per contract if a member organization qualifies for a Tier 3 rebate or a higher Customer rebate by

[22] See CBOE's Fees Schedule. CBOE's Volume Incentive Program ("VIP") pays certain tiered rebates to Trading Permit Holders for electronically executed multiply-listed option orders which include AIM orders.

executing against a PIXL Initiating Order is equitable and not unfairly discriminatory because it will be applied to all market participants in a uniform matter. All members are eligible to receive the rebate provided they submit a qualifying number of electronic Customer volume.

Section I - Simple Order Pricing

The Exchange's proposal to increase the Fee for Removing Liquidity in Simple Orders from $0.44 to $0.45 per contract for all market participants is reasonable because the increase is consistent with or less than rates assessed by other options exchanges, such Topaz Exchange, LLC ("Gemini"), NYSE ARCA, Inc. ("NYSE Arca"), BATS Exchange, Inc. ("BATS") and NASDAQ Options Market LLC ("NOM").[23]

The Exchange's proposal to increase the Fee for Removing Liquidity in Simple Orders from $0.44 to $0.45 per contract for all market participants is equitable and not unfairly discriminatory because all market participants will be assessed the same Fee for Removing Liquidity in Simple Orders of $0.45 per contract.

Section II – Multiply Listed Options Fees

The Exchange's proposal to amend its Floor Options Transaction Charges for Penny and Non-Penny Pilot Options for Specialist and Market Makers is reasonable because the proposed fees are within the range of other fees in Section II of the Pricing

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[23] See Gemini's Fee Schedule. Gemini assesses taker fees for Priority Customer of $0.45 per contract and $0.48 per contract for all market participants. See NYSE Arca fees Schedule. NYSE Arca assesses a Lead Market Maker and NYSE Arca Market Maker a $0.47 per contract take liquidity fee and a $0.48 per contract take liquidity fee to a Firm and Broker-Dealer. See BATS BZX Exchange Fee Schedule. BATS assesses a $0.47 charge per contract for a Professional, Firm or Market Maker order that removes liquidity and $0.45 per contract for a Customer order that removes liquidity. See NOM Rules at Chapter XV, Section 2. NOM assesses $0.45 per contract for a Customer to remove liquidity and $0.48 per contract for all other market participants.

Schedule. Also, Specialists and Market Makers pay Payment for Order Flow fees[24] on electronic orders but do not pay such PFOF fees when transacting non-electronic orders.

The Exchange's proposal to amend its Floor Options Transaction Charges for Penny Options and Non-Penny Pilot Options for Specialist and Market Makers is equitable and not unfairly discriminatory because Specialists and Market Makers have a time and place advantage on the trading floor with respect to orders, unlike other market participants. A Professional, Broker-Dealer or a Firm would necessarily require a floor broker to represent their trading interest on the trading floor as compared to a Specialist or Market Maker that could directly transact such orders on the trading floor. Further, the Exchange believes that in order to attract orders from a Professional, Broker-Dealer or a Firm, via a floor broker, the rates must be competitive with rates other trading floors. Therefore, the Exchange would continue to assess a Professional, Broker-Dealer and a Firm a Floor Options Transaction Charge for Penny Pilot Options and Non-Penny Pilot Options of $0.25 per contract.

With respect to electronic orders, the Exchange proposes to assess Professionals, Broker-Dealers and Firms an Options Transaction Charge of $0.30 per contract for Penny Options and Non-Penny Pilot Options with respect to electronic Complex Orders. The

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[24] The Payment for Order Flow ("PFOF") Program assesses fees to Specialists and Market Makers resulting from Customer orders ("PFOF Fees"). The PFOF fees are available to be disbursed by the Exchange according to the instructions of the Specialist or Market Maker to order flow providers who are members or member organizations who submit, as agent, Customer orders to the Exchange through a member or member organization who is acting as agent for those customer orders. Any excess PFOF funds billed but not utilized by the Specialist or Market Maker are carried forward unless the Specialist or Market Maker elects to have those funds rebated on a pro rata basis, reflected as a credit on the monthly invoices. At the end of each calendar quarter, the Exchange calculates the amount of excess funds from the previous quarter and subsequently rebates excess funds on a pro-rata basis to the applicable Specialist or Market Maker who paid into that pool of funds.

Exchange currently assesses Professionals a $0.30 per contract fee for electronic orders, so this would not result in a change for a Professional. A Broker-Dealer and Firm are assessed a $0.45 per contract fee for electronic orders, which would be reduced to $0.30 per contract with respect to electronic Complex Orders. Specialists and Market Makers are assessed a $0.22 per contract electronic Options Transaction Charge and $0.23 in non-Penny Pilot Options because Specialists and Market Makers have obligations to the market and regulatory requirements,[25] which normally do not apply to other market participants. They have obligations to make continuous markets, engage in a course of dealings reasonably calculated to contribute to the maintenance of a fair and orderly market, and not make bids or offers or enter into transactions that are inconsistent with a course of dealings. The proposed differentiation as between Specialists and Market Makers and other market participants recognizes the differing contributions made to the liquidity and trading environment on the Exchange by these market participants.

The Exchange's proposal to amend the Professional and Firm Options Transaction Charges for Non-Penny Pilot Options is reasonable because the Exchange is increasing the Professional and Firm electronic fees to $0.60 per contract in order to offer lower fees for electronic Complex Order transactions and also align Professional and Firm rates with the Options Transaction Charge which is currently assessed to a Broker-Dealer.

The Exchange's proposal to amend the Professional and Firm Options Transaction Charges for Non-Penny Pilot Options is equitable and not unfairly

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[25] See Rule 1014 titled "Obligations and Restrictions Applicable to Specialists and Registered Options Traders."

discriminatory because the Exchange would uniformly assess a Professional,[26] Firm[27] and Broker-Dealer a $0.60 per contract electronic Non-Penny Pilot Options Transaction Charge. The Exchange will continue not to assess a Customer an Options Transaction Charge because Customer order flow brings unique benefits to the market. Other market participants benefit from the liquidity that Customer order flow brings to the Exchange. Specialists and Market Makers are assessed an electronic Non-Penny Pilot Options Transaction Charge of $0.23 per contract with respect to floor transactions in Non-Penny Pilot Options. Specialists and Market Makers have obligations to the market and regulatory requirements,[28] which normally do not apply to other market participants. They have obligations to make continuous markets, engage in a course of dealings reasonably calculated to contribute to the maintenance of a fair and orderly market, and not make bids or offers or enter into transactions that are inconsistent with a course of dealings.

The Exchange believes that it is reasonable to amend the Electronic Firm Fee Discount rate for electronic Options Transaction Charges in Penny Pilot and Non-Penny Pilot Options from $0.17 to $0.20 per contract and decrease the Firm volume requirement from 500,000 to 350,000 electronically-delivered contracts because despite the lesser discount, the lower volume requirement should attract additional market participants transacting Firm orders.

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[26] A Professional is currently assessed an electronic Non-Penny Pilot Options Transaction Charge of $0.30 per contract.

[27] A Firm is currently assessed an electronic Non-Penny Pilot Options Transaction Charge of $0.50 per contract.

[28] See Rule 1014 titled "Obligations and Restrictions Applicable to Specialists and Registered Options Traders."

The Exchange believes that it is equitable and not unfairly discriminatory to amend the Electronic Firm Fee Discount rate for electronic Options Transaction Charges in Penny Pilot and Non-Penny Pilot Options from $0.17 to $0.20 per contract and decrease the Firm volume requirement from 500,000 to 350,000 electronically-delivered contracts because all Firms will continue to have an opportunity to qualify for this incentive as they do today, provided they achieve the requisite volume. The Exchange also believes that the discount will continue to assist Firms to offset Options Transaction Charges.

Section III Singly Listed Options

The Exchange's proposal to amend the Customer Options Transaction Charge for Singly Listed Options from $0.35 to $0.40 per contact is reasonable because despite the increase the Exchange believes that this fee is competitive with other Singly Listed Options fees.[29]

The Exchange's proposal to amend the Customer Options Transaction Charge for Singly Listed Options from $0.35 to $0.40 per contact is equitable and not unfairly discriminatory because the Exchange would continue to assess Customers, Specialists and Market Makers the lowest fees while assessing Professionals, Firms and Broker-Dealers a $0.60 per contract Options Transaction Charge. Customer order flow brings unique benefits to the market through increased liquidity. Specialists and Market Makers have obligations to the market and regulatory requirements,[30] which normally do not apply to other market participants. They have obligations to make continuous markets,

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[29] See the International Securities Exchange LLC's Fee Schedule.

[30] See Rule 1014 titled "Obligations and Restrictions Applicable to Specialists and Registered Options Traders."

engage in a course of dealings reasonably calculated to contribute to the maintenance of a fair and orderly market, and not make bids or offers or enter into transactions that are inconsistent with a course of dealings.

Section IV, Part A PIXL Pricing

The Exchange's proposal to amend the PIXL Pricing in Part A of Section IV so that other market participants, other than a Customer PIXL Order and a non-Customer Responder, would be assessed an increased $0.38 per contract in Non-Penny Pilot Options is reasonable because the increase aligns these fees with those currently assessed for PIXL executions in options overlying SPY. Section I, Part C of the Pricing Schedule assesses non-Customer market participants a $0.38 per contract fee when contra to an Initiating Order.

The Exchange's proposal to amend the PIXL Pricing in Part A of Section IV so that other market participants, other than a Customer PIXL Order and a non-Customer Responder, would be assessed an increased $0.38 per contract in Non-Penny Pilot Options is equitable and not unfairly discriminatory because all non-Customer market participants would be assessed the same fee. The Exchange has traditionally not assessed Customers PIXL Order fees because Customer liquidity benefits all market participants. Customer PIXL Orders would continue to not be assessed such a fee.

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

The Exchange does not believe that the proposed rule change will impose an undue burden on competition not necessary or appropriate in furtherance of the purposes of the Act. The Exchange believes that the Customer Rebate Program will continue to encourage Customer order flow to be directed to the Exchange. By incentivizing members to route Customer orders, the Exchange desires to attract liquidity to the Exchange, which in turn benefits all market participants. All market participants are eligible to qualify for a Customer Rebate.

The Exchange believes the proposed amendment would allow a greater number of market participants to qualify for Tier 3 or higher Customer rebates. The Exchange believes this pricing change does not impose a burden on competition but rather that the proposed rule change will continue to promote competition on the Exchange.

The Exchange operates in a highly competitive market, comprised of twelve options exchanges, in which market participants can easily and readily direct order flow to competing venues if they deem fee levels at a particular venue to be excessive or rebates to be inadequate. Accordingly, the fees that are assessed and the rebates paid by the Exchange described in the above proposal are influenced by these robust market forces and therefore must remain competitive with fees charged and rebates paid by other venues and therefore must continue to be reasonable and equitably allocated to those members that opt to direct orders to the Exchange rather than competing venues.

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,[31] the Exchange has designated this

[31] 15 U.S.C. 78s(b)(3)(A)(ii).

proposal as establishing or changing a due, fee, or other charge imposed on any person, whether or not the person is a member of the self-regulatory organization, which renders the proposed rule change effective upon filing.

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

The proposed rule change is not based on the rules of another self-regulatory organization or of the Commission.

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. Text of the Rule Change.

Exhibit 1

SECURITIES AND EXCHANGE COMMISSION
(Release No. ; File No. SR-Phlx-2013-117)

Self-Regulatory Organizations; NASDAQ OMX PHLX LLC; Notice of Filing and Immediate Effectiveness of Proposed Rule Change Relating to Amendments to the Pricing 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 November 29, 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 with respect to: (i) the Customer[3] Rebate Program in Section B; (ii) Simple Order pricing in Section I entitled Rebates and Fees for Adding and Removing Liquidity in SPY;[4] (iii) certain

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

[2] 17 CFR 240.19b-4.

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

[4] Options overlying Standard and Poor's Depositary Receipts/SPDRs ("SPY") are based on the SPDR exchange-traded fund ("ETF"), which is designed to track the performance of the S&P 500 Index.

pricing in Section II related to Multiply Listed Options Fees;[5] (iv) pricing in Section III entitled Singly Listed Options; (v) and pricing in Section IV, entitled "Other Transaction Fees," to amend PIXL[6] Pricing.

While the changes proposed herein are effective upon filing, the Exchange has designated that the amendments be operative on December 2, 2013.

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.

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 Exchange is proposing to amend various sections of its Pricing Schedule. Specifically, the Exchange proposes to amend its Customer Rebate Program at Section B of the Pricing Schedule. The Exchange is amending the types of transactions in Category

[5] The pricing in Section II includes options overlying equities, ETFs, ETNs and indexes which are Multiply Listed.

[6] PIXL is the Exchange's price improvement mechanism known as Price Improvement XL or (PIXL[SM]). See Rule 1080(n).

A and Category B which are subject to the rebate. The Exchange proposes to amend the Simple Order Fees for Removing Liquidity in Section I which are applicable to transactions overlying SPY. The Exchange proposes to amend various Options Transaction Charges in Section II in both Penny and non-Penny PilotOptions and also amend the Electronic Firm Fee Discount.[7] The Exchange proposes to increase the Customer Options Transaction Charge in Section III applicable to Singly Listed Options. Finally, the Exchange proposes to increase certain PIXL fees in Section IV of the Pricing Schedule related to order executions in Section II Multiply Listed Options. Each proposal is detailed below.

Customer Rebate Program

Currently, the Exchange has a Customer Rebate Program consisting of four tiers which pays Customer rebates on two Categories, A and B, of transactions.[8] Category A rebates are paid to members executing electronically-delivered Customer Simple Orders in Penny Pilot Options and Customer Simple Orders in Non-Penny Pilot Options in Section II of the Pricing Schedule. Rebates are paid on Customer PIXL Orders in Section II symbols that execute against non-Initiating Order interest, except in the case of Customer PIXL Orders that are greater than 999 contracts. All Customer PIXL Orders that are greater than 999 contracts are paid a rebate regardless of the contra party to the transaction. Category B rebates are paid to members executing electronically-delivered Customer Complex Orders in Penny Pilot Options and Non-Penny Pilot Options in

[7] The Exchange assesses Firms a reduced Options Transaction Charge in Penny and non-Penny Options provided a Firm has volume greater than a certain amount of contracts in a month.

[8] See Section B of the Pricing Schedule.

Section II. Rebates are paid on Customer PIXL Complex Orders in Section II symbols that execute against non-Initiating Order interest, except in the case of Customer PIXL Complex Orders that are greater than 999 contracts. All Customer PIXL Complex Orders that are greater than 999 contracts are paid a rebate regardless of the contra-party to the transaction.

A Phlx member qualifies for a certain rebate tier based on the percentage of total national customer volume in multiply-listed options which it transacts monthly on Phlx. The Exchange calculates Customer volume in Multiply Listed Options by totaling electronically-delivered and executed volume, except volume associated with electronic Qualified Contingent Cross ("QCC") Orders,[9] as defined in Exchange Rule 1080(o).[10] The Exchange pays the following rebates:[11]

Customer Rebate Tiers	**Percentage Thresholds of National Customer**	**Category A**	**Category B**

[9] A QCC Order is comprised of an order to buy or sell at least 1000 contracts that is identified as being part of a qualified contingent trade, as that term is defined in Rule 1080(o)(3), coupled with a contra-side order to buy or sell an equal number of contracts. The QCC Order must be executed at a price at or between the National Best Bid and Offer and be rejected if a Customer order is resting on the Exchange book at the same price. A QCC Order shall only be submitted electronically from off the floor to the PHLX XL II System. See Rule 1080(o). See also Securities Exchange Act Release No. 64249 (April 7, 2011), 76 FR 20773 (April 13, 2011) (SR-Phlx-2011-47) (a rule change to establish a QCC Order to facilitate the execution of stock/option Qualified Contingent Trades ("QCTs") that satisfy the requirements of the trade through exemption in connection with Rule 611(d) of the Regulation NMS).

[10] Members and member organizations under common ownership may aggregate their Customer volume for purposes of calculating the Customer Rebate Tiers and receiving rebates. Common ownership means members or member organizations under 75% common ownership or control.

[11] SPY is included in the calculation of Customer volume in Multiply Listed Options that are electronically-delivered and executed for purposes of the Customer Rebate Program, however, the rebates do not apply to electronic executions in SPY.

Volume in Multiply-
Listed Equity and ETF Options
Classes, excluding SPY Options (Monthly)

Tier 1	0.00% - 0.75%	$0.00	$0.00
Tier 2	Above 0.75% - 1.60%	$0.12*	$0.17*
Tier 3	Above 1.60% - 2.50%	$0.16	$0.19
Tier 4	Above 2.50%	$0.17	$0.19

The Exchange is proposing to amend the types of orders that qualify in Categories A and B for a rebate. The Exchange proposes to continue to pay a Category A rebate to members executing electronically-delivered Customer Simple Orders in Penny Pilot Options and Customer Simple Orders in Non-Penny Pilot Options in Section II symbols. Rebates will be paid on Customer PIXL Orders in Section II symbols that execute against non-Initiating Order interest. The Exchange is eliminating the exception for Customer PIXL Orders that are greater than 999 contracts. Today, such orders are entitled to a rebate regardless of the contra-party to the transaction. Also, the Exchange is adding language to provide that in the instance where member organizations qualify for a Tier 3 rebate or a higher rebate in the Customer Rebate Program, Customer PIXL Orders that execute against a PIXL Initiating Order will be paid a rebate of $0.14 per contract.

The Exchange also proposes to continue to pay a Category B rebate to members executing electronically-delivered Customer Complex Orders in Penny Pilot Options and Non-Penny Pilot Options in Section II symbols. Rebates will be paid on Customer PIXL Complex Orders in Section II symbols that execute against non-Initiating Order interest. The Exchange is eliminating the exception for Customer PIXL Orders that are greater than 999 contracts. Today, such orders are entitled to a rebate regardless of the contra-party to the transaction. Also, the Exchange is adding language to provide that in the instance where member organizations qualify for a Tier 3 rebate or a higher rebate in the Customer Rebate Program, Customer Complex PIXL Orders that execute against a Complex PIXL Initiating Order will be paid a rebate of $0.17 per contract.

The Exchange anticipates that amending these Categories will further incentivize market participants to direct additional Customer order flow to the Exchange.

Section I, Part A - SPY Simple Order Pricing

The Exchange currently assesses Customers, Specialists,[12] Market Makers,[13] Firms,[14] Broker-Dealers[15] and Professionals[16] a $0.44 per contract Fee for Removing Liquidity in SPY Simple Orders. The Exchange is proposing to increase the Fee for Removing Liquidity in SPY Simple Orders from $0.44 to $0.45 per contract for all market participants. Despite the increased fees, the Exchange believes that these fees remain competitive with other exchanges.

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[12] A "Specialist" is an Exchange member who is registered as an options specialist pursuant to Rule 1020(a).

[13] A "Market Maker" includes Registered Options Traders (Rule 1014(b)(i) and (ii)), which includes Streaming Quote Traders (see Rule 1014(b)(ii)(A)) and Remote Streaming Quote Traders (see Rule 1014(b)(ii)(B)). Directed Participants are also market makers.

[14] The term "Firm" applies to any transaction that is identified by a member or member organization for clearing in the Firm range at The Options Clearing Corporation.

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

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

Section II – Multiply Listed Options Fees

The Exchange currently assesses a Specialist and Market Maker Floor Options Transaction Charge of $0.25 per contract in both Penny and non-Penny Pilot Options. The Exchange proposes to increase the Specialist and Market Maker Floor Options Transaction Charge of $0.25 per contract in both Penny and non-Penny Pilot Options from $0.25 to $0.30 per contract.

The Exchange currently assesses a Professional electronic Options Transaction Charge in non-Penny Pilot Options of $0.30 per contract. The Exchange proposes to assess Professionals a $0.60 per contract electronic Options Transaction Charge in non-Penny Pilot Options. The Exchange currently assesses a Firm electronic Options Transaction Charge in non-Penny Pilot Options of $0.50 per contract. The Exchange proposes to assess Firms a $0.60 per contract electronic Options Transaction Charge in non-Penny Pilot Options.

The Exchange proposes to assess electronic Professional, Broker-Dealer and Firm Complex Orders, in either Penny or non-Penny Pilot Options, a reduced $0.30 per contract Options Transaction Charge.

The Exchange also proposes to amend the Electronic Firm Fee Discount rate volume requirement. Today, Firm electronic Options Transaction Charges in Penny Pilot and non-Penny Pilot Options are reduced to $0.17 per contract for a given month provided that a Firm has volume greater than 500,000 electronically-delivered contracts in a month ("Electronic Firm Fee Discount").[17] The Exchange proposes to reduce Firm electronic Options Transaction Charges in Penny Pilot and non-Penny Pilot Options to

[17] The Electronic Firm Fee Discount applies per member organization when such members are trading in their own proprietary account.

$0.20 per contract for a given month provided a Firm has volume greater than 350,000 electronically-delivered contracts in a month.

The Exchange believes that these fees remain competitive with fees currently assessed today on Phlx and the reduced fees for electronic Complex Orders will serve as an incentive for Professionals, Broker-Dealers and Firms submitting electronic Complex Orders to submit additional orders. Despite the fact that the Electronic Firm Fee Discount will now be reduced to a $0.20 per contract fee instead of a $0.17 per contract fee, Firms should still be incentivized to send additional order flow in both Penny and non-Penny Pilot Options due to the reduced volume requirement.

Section III - Singly Listed Options

The Exchange proposes to amend the Customer Options Transaction Charge for Singly Listed Options. Today, a Customer is assessed a $0.35 per contract Options Transaction Charge for transacting a Singly Listed Option. The Exchange proposes to increase the fee from $0.35 to $0.40 per contract. Despite the increased fee the Exchange believes that this fee remains competitive.

Section IV, Part A PIXL Pricing

The Exchange proposes to amend the PIXL Pricing in Part A of Section IV. Currently, with respect to executions in Section II Multiply Listed Options[18] when a PIXL Order is contra to a PIXL Auction Responder, a Customer PIXL Order will be assessed $0.00 per contract while other market participants are assessed $0.30 per contract. A Responder is also assessed $0.30 per contract unless the Responder is a Customer, in which case the fee is $0.00 per contract.

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[18] This excludes ETFs, ETNs and indexes which are Multiply Listed.

With respect to executions in Section II Multiply Listed Options, the Exchange proposes to continue to assess $0.00 per contract to a Customer PIXL Order when a PIXL Order is contra to a PIXL Auction Responder. Other market participants would continue to be assessed $0.30 per contract in Penny Pilot Options, but would be assessed an increased fee of $0.38 per contract in non-Penny Pilot Options. A Responder would continue to be assessed $0.30 per contract in Penny Pilot Options and would be assessed an increased fee of $0.38 per contract in non-Penny Pilot Options, unless, as is the case today, the Responder is a Customer, in which case the fee is $0.00 per contract.

The Exchange believes that increasing certain PIXL fees related to non-Penny Pilot Options will align these fees with those currently assessed for PIXL executions in options overlying SPY.[19]

2. Statutory Basis

The Exchange believes that the proposed rule change is consistent with the provisions of Section 6 of the Act,[20] in general, and with Section 6(b)(4) and 6(b)(5) of the Act,[21] in particular, in that it provides for the equitable allocation of reasonable dues, fees and other charges among members and issuers and other persons using any facility or system which the Exchange operates or controls, and is not designed to permit unfair discrimination between customers, issuers, brokers, or dealers.

Customer Rebate Program

The Exchange's proposal to continue to pay a Category A or Category B rebate to members executing electronically-delivered Customer Simple Orders in Penny Pilot

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[19] See Section I, Part C of the Pricing Schedule.

[20] 15 U.S.C. 78f.

[21] 15 U.S.C. 78f(b)(4) and (5).

Options and Customer Simple Orders in Non-Penny Pilot Options in Section II symbols for Category A or Customer Complex Orders in Penny or Non-Penny Pilot Options in Section II symbols, eliminate the exception for Customer PIXL Orders (Category A) or Customer PIXL Complex Orders (Category B) that are greater than 999 contracts and pay a Category A rebate of $0.14 per contract or Category B rebate of $0.17 per contract if a member organization qualifies for a Tier 3 rebate or a higher Customer rebate by executing against a PIXL Initiating Order is reasonable because these amendments should incentivize market participants to direct additional Customer order flow to the Exchange to earn an additional Customer Rebate or a rebate on certain Customer PIXL orders or Customer PIXL Complex Orders. Instead of paying the rebate on Customer PIXL orders (Category A) or Customer PIXL Complex Orders (Category B)that are greater than 999 contracts regardless of the contra-party, the Exchange is offering member organizations that qualify for a Tier 3 rebate or a higher rebate the opportunity to earn a rebate on certain Customer PIXL orders (Category A) or Customer PIXL Complex Orders (Category B) to reward them for the Customer volume they transacted on the Exchange. The Exchange believes that this incentive should encourage market participants to direct a greater amount of Customer volume to the Exchange. In addition, the Chicago Board Options Exchange, Incorporated ("CBOE") also pays rebates for orders related to their price improvement mechanism in an identical fashion.[22]

The Exchange's proposal to continue to pay a Category A or Category B rebate to members executing electronically-delivered Customer Simple Orders in Penny Pilot

[22] See CBOE's Fees Schedule. CBOE's Volume Incentive Program ("VIP") pays certain tiered rebates to Trading Permit Holders for electronically executed multiply-listed option orders which include AIM orders.

Options and Customer Simple Orders in Non-Penny Pilot Options in Section II symbols for Category A or Customer Complex Orders in Penny or Non-Penny Pilot Options in Section II symbols, eliminate the exception for Customer PIXL Orders (Category A) or Customer PIXL Complex Orders (Category B) that are greater than 999 contracts and pay a Category A rebate of $0.14 per contract or Category B rebate of $0.17 per contract if a member organization qualifies for a Tier 3 rebate or a higher Customer rebate by executing against a PIXL Initiating Order is equitable and not unfairly discriminatory because it will be applied to all market participants in a uniform matter. All members are eligible to receive the rebate provided they submit a qualifying number of electronic Customer volume.

Section I - Simple Order Pricing

The Exchange's proposal to increase the Fee for Removing Liquidity in Simple Orders from $0.44 to $0.45 per contract for all market participants is reasonable because the increase is consistent with or less than rates assessed by other options exchanges, such Topaz Exchange, LLC ("Gemini"), NYSE ARCA, Inc. ("NYSE Arca"), BATS Exchange, Inc. ("BATS") and NASDAQ Options Market LLC ("NOM").[23]

The Exchange's proposal to increase the Fee for Removing Liquidity in Simple Orders from $0.44 to $0.45 per contract for all market participants is equitable and not

[23] See Gemini's Fee Schedule. Gemini assesses taker fees for Priority Customer of $0.45 per contract and $0.48 per contract for all market participants. See NYSE Arca fees Schedule. NYSE Arca assesses a Lead Market Maker and NYSE Arca Market Maker a $0.47 per contract take liquidity fee and a $0.48 per contract take liquidity fee to a Firm and Broker-Dealer. See BATS BZX Exchange Fee Schedule. BATS assesses a $0.47 charge per contract for a Professional, Firm or Market Maker order that removes liquidity and $0.45 per contract for a Customer order that removes liquidity. See NOM Rules at Chapter XV, Section 2. NOM assesses $0.45 per contract for a Customer to remove liquidity and $0.48 per contract for all other market participants.

unfairly discriminatory because all market participants will be assessed the same Fee for Removing Liquidity in Simple Orders of $0.45 per contract.

Section II – Multiply Listed Options Fees

The Exchange's proposal to amend its Floor Options Transaction Charges for Penny and Non-Penny Pilot Options for Specialist and Market Makers is reasonable because the proposed fees are within the range of other fees in Section II of the Pricing Schedule. Also, Specialists and Market Makers pay Payment for Order Flow fees[24] on electronic orders but do not pay such PFOF fees when transacting non-electronic orders.

The Exchange's proposal to amend its Floor Options Transaction Charges for Penny Options and Non-Penny Pilot Options for Specialist and Market Makers is equitable and not unfairly discriminatory because Specialists and Market Makers have a time and place advantage on the trading floor with respect to orders, unlike other market participants. A Professional, Broker-Dealer or a Firm would necessarily require a floor broker to represent their trading interest on the trading floor as compared to a Specialist or Market Maker that could directly transact such orders on the trading floor. Further, the Exchange believes that in order to attract orders from a Professional, Broker-Dealer or a Firm, via a floor broker, the rates must be competitive with rates other trading floors.

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[24] The Payment for Order Flow ("PFOF") Program assesses fees to Specialists and Market Makers resulting from Customer orders ("PFOF Fees"). The PFOF fees are available to be disbursed by the Exchange according to the instructions of the Specialist or Market Maker to order flow providers who are members or member organizations who submit, as agent, Customer orders to the Exchange through a member or member organization who is acting as agent for those customer orders. Any excess PFOF funds billed but not utilized by the Specialist or Market Maker are carried forward unless the Specialist or Market Maker elects to have those funds rebated on a pro rata basis, reflected as a credit on the monthly invoices. At the end of each calendar quarter, the Exchange calculates the amount of excess funds from the previous quarter and subsequently rebates excess funds on a pro-rata basis to the applicable Specialist or Market Maker who paid into that pool of funds.

Therefore, the Exchange would continue to assess a Professional, Broker-Dealer and a Firm a Floor Options Transaction Charge for Penny Pilot Options and Non-Penny Pilot Options of $0.25 per contract.

With respect to electronic orders, the Exchange proposes to assess Professionals, Broker-Dealers and Firms an Options Transaction Charge of $0.30 per contract for Penny Options and Non-Penny Pilot Options with respect to electronic Complex Orders. The Exchange currently assesses Professionals a $0.30 per contract fee for electronic orders, so this would not result in a change for a Professional. A Broker-Dealer and Firm are assessed a $0.45 per contract fee for electronic orders, which would be reduced to $0.30 per contract with respect to electronic Complex Orders. Specialists and Market Makers are assessed a $0.22 per contract electronic Options Transaction Charge and $0.23 in non-Penny Pilot Options because Specialists and Market Makers have obligations to the market and regulatory requirements,[25] which normally do not apply to other market participants. They have obligations to make continuous markets, engage in a course of dealings reasonably calculated to contribute to the maintenance of a fair and orderly market, and not make bids or offers or enter into transactions that are inconsistent with a course of dealings. The proposed differentiation as between Specialists and Market Makers and other market participants recognizes the differing contributions made to the liquidity and trading environment on the Exchange by these market participants.

The Exchange's proposal to amend the Professional and Firm Options Transaction Charges for Non-Penny Pilot Options is reasonable because the Exchange is

[25] See Rule 1014 titled "Obligations and Restrictions Applicable to Specialists and Registered Options Traders."

increasing the Professional and Firm electronic fees to $0.60 per contract in order to offer lower fees for electronic Complex Order transactions and also align Professional and Firm rates with the Options Transaction Charge which is currently assessed to a Broker-Dealer.

The Exchange's proposal to amend the Professional and Firm Options Transaction Charges for Non-Penny Pilot Options is equitable and not unfairly discriminatory because the Exchange would uniformly assess a Professional,[26] Firm[27] and Broker-Dealer a $0.60 per contract electronic Non-Penny Pilot Options Transaction Charge. The Exchange will continue not to assess a Customer an Options Transaction Charge because Customer order flow brings unique benefits to the market. Other market participants benefit from the liquidity that Customer order flow brings to the Exchange. Specialists and Market Makers are assessed an electronic Non-Penny Pilot Options Transaction Charge of $0.23 per contract with respect to floor transactions in Non-Penny Pilot Options. Specialists and Market Makers have obligations to the market and regulatory requirements,[28] which normally do not apply to other market participants. They have obligations to make continuous markets, engage in a course of dealings reasonably calculated to contribute to the maintenance of a fair and orderly market, and not make bids or offers or enter into transactions that are inconsistent with a course of dealings.

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[26] A Professional is currently assessed an electronic Non-Penny Pilot Options Transaction Charge of $0.30 per contract.

[27] A Firm is currently assessed an electronic Non-Penny Pilot Options Transaction Charge of $0.50 per contract.

[28] <u>See</u> Rule 1014 titled "Obligations and Restrictions Applicable to Specialists and Registered Options Traders."

The Exchange believes that it is reasonable to amend the Electronic Firm Fee Discount rate for electronic Options Transaction Charges in Penny Pilot and Non-Penny Pilot Options from $0.17 to $0.20 per contract and decrease the Firm volume requirement from 500,000 to 350,000 electronically-delivered contracts because despite the lesser discount, the lower volume requirement should attract additional market participants transacting Firm orders.

The Exchange believes that it is equitable and not unfairly discriminatory to amend the Electronic Firm Fee Discount rate for electronic Options Transaction Charges in Penny Pilot and Non-Penny Pilot Options from $0.17 to $0.20 per contract and decrease the Firm volume requirement from 500,000 to 350,000 electronically-delivered contracts because all Firms will continue to have an opportunity to qualify for this incentive as they do today, provided they achieve the requisite volume. The Exchange also believes that the discount will continue to assist Firms to offset Options Transaction Charges.

Section III Singly Listed Options

The Exchange's proposal to amend the Customer Options Transaction Charge for Singly Listed Options from $0.35 to $0.40 per contact is reasonable because despite the increase the Exchange believes that this fee is competitive with other Singly Listed Options fees.[29]

The Exchange's proposal to amend the Customer Options Transaction Charge for Singly Listed Options from $0.35 to $0.40 per contact is equitable and not unfairly discriminatory because the Exchange would continue to assess Customers, Specialists

[29] See the International Securities Exchange LLC's Fee Schedule.

and Market Makers the lowest fees while assessing Professionals, Firms and Broker-Dealers a $0.60 per contract Options Transaction Charge. Customer order flow brings unique benefits to the market through increased liquidity. Specialists and Market Makers have obligations to the market and regulatory requirements,[30] which normally do not apply to other market participants. They have obligations to make continuous markets, engage in a course of dealings reasonably calculated to contribute to the maintenance of a fair and orderly market, and not make bids or offers or enter into transactions that are inconsistent with a course of dealings.

Section IV, Part A PIXL Pricing

The Exchange's proposal to amend the PIXL Pricing in Part A of Section IV so that other market participants, other than a Customer PIXL Order and a non-Customer Responder, would be assessed an increased $0.38 per contract in Non-Penny Pilot Options is reasonable because the increase aligns these fees with those currently assessed for PIXL executions in options overlying SPY. Section I, Part C of the Pricing Schedule assesses non-Customer market participants a $0.38 per contract fee when contra to an Initiating Order.

The Exchange's proposal to amend the PIXL Pricing in Part A of Section IV so that other market participants, other than a Customer PIXL Order and a non-Customer Responder, would be assessed an increased $0.38 per contract in Non-Penny Pilot Options is equitable and not unfairly discriminatory because all non-Customer market participants would be assessed the same fee. The Exchange has traditionally not assessed

[30] See Rule 1014 titled "Obligations and Restrictions Applicable to Specialists and Registered Options Traders."

Customers PIXL Order fees because Customer liquidity benefits all market participants. Customer PIXL Orders would continue to not be assessed such a fee.

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

The Exchange does not believe that the proposed rule change will impose an undue burden on competition not necessary or appropriate in furtherance of the purposes of the Act. The Exchange believes that the Customer Rebate Program will continue to encourage Customer order flow to be directed to the Exchange. By incentivizing members to route Customer orders, the Exchange desires to attract liquidity to the Exchange, which in turn benefits all market participants. All market participants are eligible to qualify for a Customer Rebate.

The Exchange believes the proposed amendment would allow a greater number of market participants to qualify for Tier 3 or higher Customer rebates. The Exchange believes this pricing change does not impose a burden on competition but rather that the proposed rule change will continue to promote competition on the Exchange.

The Exchange operates in a highly competitive market, comprised of twelve options exchanges, in which market participants can easily and readily direct order flow to competing venues if they deem fee levels at a particular venue to be excessive or rebates to be inadequate. Accordingly, the fees that are assessed and the rebates paid by the Exchange described in the above proposal are influenced by these robust market forces and therefore must remain competitive with fees charged and rebates paid by other venues and therefore must continue to be reasonable and equitably allocated to those members that opt to direct orders to the Exchange rather than competing venues.

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.[31] 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-2013-117 on the subject line.

Paper comments:

[31] 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-2013-117. 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-2013-117 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.[32]

Kevin M. O'Neill
Deputy Secretary

[32] 17 CFR 200.30-3(a)(12).

Exhibit 5

New text is underlined; deleted text is in brackets.

NASDAQ OMX PHLX LLC[1] PRICING SCHEDULE

* * * * *

B. Customer Rebate Program

The Customer Rebate Tiers described below will be calculated by totaling Customer volume in Multiply Listed Options (including SPY) that are electronically-delivered and executed, except volume associated with electronic QCC Orders, as defined in Exchange Rule 1080(o). Rebates will be paid on Customer Rebate Tiers according to the below categories. Members and member organizations under Common Ownership may aggregate their Customer volume for purposes of calculating the Customer Rebate Tiers and receiving rebates.

Customer Rebate Tiers	Percentage Thresholds of National Customer Volume in Multiply-Listed Equity and ETF Options Classes, excluding SPY Options (Monthly)	Category A	Category B
Tier 1	0.00% - 0.75%	$0.00	$0.00
Tier 2	Above 0.75% - 1.60%	$0.12*	$0.17*
Tier 3	Above 1.60% - 2.50%	$0.16	$0.19
Tier 4	Above 2.50%	$0.17	$0.19

Category A: Rebate will be paid to members executing electronically-delivered Customer Simple Orders in Penny Pilot Options and Customer Simple Orders in Non-Penny Pilot Options in Section II symbols. Rebate will be paid on Customer PIXL Orders in Section II symbols that execute against non-Initiating Order interest[, except in the case of Customer PIXL Orders that are greater than 999 contracts]. In the instance where member organizations qualify for Tier 3 or higher in the Customer Rebate Program, Customer PIXL Orders that execute against a PIXL Initiating Order [All Customer PIXL Orders that are greater than 999 contracts] will be paid a rebate of $0.14 per contract[regardless of the contra-party to the transaction].

Category B: Rebate will be paid to members executing electronically-delivered Customer Complex Orders in Penny Pilot Options and Non-Penny Pilot Options in Section II symbols. Rebate will be paid on Customer PIXL Complex Orders in Section II symbols that execute against non-Initiating Order interest[, except in the case of Customer PIXL Complex Orders that are greater than 999 contracts]. In the instance where member organizations qualify for Tier 3 or higher in the Customer Rebate Program, Customer Complex PIXL Orders that execute against a Complex PIXL Initiating Order [All Customer PIXL Complex Orders that are greater than 999 contracts] will be paid a rebate of $0.17 per contract[regardless of the contra-party to the transaction].

*The Exchange will pay a $0.02 per contract rebate in addition to the applicable Tier 2 rebate to a Specialist or Market Maker or its affiliate under Common Ownership provided the Specialist or Market Maker has reached the Monthly Market Maker Cap, as defined in Section II.

* * * * *

I. Rebates and Fees for Adding and Removing Liquidity in SPY

With respect to Section C of this Pricing Schedule, the order that is received by the trading system first in time shall be considered an order adding liquidity and an order that trades against that order shall be considered an order removing liquidity, except with respect to orders that trigger an order exposure alert. Customer volume attributable to this section will be included in the calculation of Customer volume in Multiply Listed Options that are electronically-delivered and executed for purposes of the Customer Rebate Program in Section B. However, the rebates defined in Section B will not apply to electronic executions in SPY.

Part A. Simple Order

	Customer	Specialist	Market Maker	Firm	Broker-Dealer	Professional
Rebate for Adding Liquidity	$0.00	$0.20	$0.20	$0.00	$0.00	$0.00
Fee for Removing Liquidity	$0.4[4]5	$0.4[4]5	$0.4[4]5	$0.4[4]5	$0.4[4]5	$0.4[4]5

* * * * *

II. Multiply Listed Options Fees (Includes options overlying equities, ETFs, ETNs and indexes which are Multiply Listed[9])

	Customer	Professional		Specialist and Market Maker		Broker-Dealer		Firm	
		Electronic	Floor	Electronic	Floor	Electronic	Floor	Electronic	Floor
Options Transaction Charge (Penny Pilot)	$0.00	$0.30[13]	$0.25	$0.22	$0.[25]30	$0.45[13]	$0.25	$0.45[13]	$0.25
Options Transaction Charge (non-Penny Pilot)	$0.00	$0.[3]60[13]	$0.25	$0.23	$0.[25]30	$0.60[13]	$0.25	$0.[5]60[13]	$0.25
Options Surcharge in MNX and NDX	N/A	$0.15	$0.15	$0.15	$0.15	$0.15	$0.15	$0.15	$0.15
Options Surcharge in BKX	N/A	$0.10	$0.10	$0.10	$0.10	$0.10	$0.10	$0.10	$0.10
Cabinet Options	$0.00	N/A	$0.10	N/A	$0.10	N/A	$0.10	N/A	$0.10

• These fees are per contract.

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

[13] Electronic Complex Orders will be assessed $0.30 per contract.

• The Cabinet Fees above are not in addition to the Options Transaction Charges.

• Firm electronic Options Transaction Charges in Penny Pilot and non-Penny Pilot Options will be reduced to $0.[17]20 per contract for a given month provided that a Firm has volume greater than [50]350,000 electronically-delivered contracts in a month ("Electronic Firm Fee Discount"). The Electronic Firm Fee Discount will apply per member organization when such members are trading in their own proprietary account.

* * * * *

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

	Customer	Professional	Specialist and Market Maker	Firm	Broker-Dealer
Options Transaction Charge	$0.[35]<u>40</u>	$0.60	$0.40	$0.60	$0.60
Alpha and MSCI[11] Index Options	$0.10	$0.25	$0.15	$0.25	$0.25

* * * * *

IV. Other Transaction Fees

A. PIXL Pricing

Initiating Order (Section II)	$0.07 per contract or $0.05 per contract if Customer Rebate Program Threshold Volume defined in Section B is greater than 100,000 contracts per day in a month. Any member or member organization under Common Ownership with another member or member organization that qualifies for a Customer Rebate Tier discount in Section B will receive the PIXL Initiating Order discount as described above. The Initiating Order Fee for Professional, Firm, Broker-Dealer, Specialist and Market Maker orders that are contra to a Customer PIXL Order will be reduced to $0.00 if the Customer PIXL Order is greater than 999 contracts.

PIXL Order Executions in Section II Multiply Listed Options (including ETFs, ETNs and indexes which are Multiply Listed):

- When the PIXL Order is contra to the Initiating Order a Customer PIXL Order will be assessed $0.00 and non-Customer PIXL Orders will be assessed $0.30 per contract.

- When a PIXL Order is contra to a PIXL Auction Responder, a Customer PIXL Order will be assessed $0.00, other market participants will be assessed $0.30 per contract <u>in Penny Pilot Options or $0.38 per contract in non-Penny Pilot Options.</u> [, and a] <u>A</u> Responder will be assessed $0.30 per contract <u>in Penny Pilot Options or $0.38 per contract in non-Penny Pilot Options</u>, unless the Responder is a Customer, in which case the fee will be $0.00 per contract.

- When a PIXL Order is contra to a resting order or quote a Customer PIXL Order will be assessed $0.00, other market participants will be assessed $0.30 per contract and the resting order or quote will be assessed the appropriate Options Transaction Charge in Section II.

All other fees discussed in Section II, including Payment for Order Flow and surcharges, will also apply as appropriate. The Monthly Market Maker Cap will also apply except with respect to the Initiating Order fee.

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