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

File No.* SR - 2013 - * 124
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 *).

Related to Multiply Listed Options

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 12/19/2013
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] in amending the Exchange's Pricing Schedule proposes to: (i) amend certain Options Transactions Charges with respect to Section II related to Multiply Listed Options Fees;[3] (ii) eliminate the Electronic Firm Fee Discount in Section II; and (iii) eliminate outdated rule text in Section II related to an expired rebate.

While the changes proposed herein are effective upon filing, the Exchange has designated that the amendments be operative on January 2, 2014.

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

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

[2] 17 CFR 240.19b-4.

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

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 various Options Transaction Charges in Section II in both Penny and non-Penny Pilot Options. The Exchange proposes to eliminate the Electronic Firm Fee Discount.[4] The Exchange proposes to eliminate outdated rule text in Section II to clarify the Pricing Schedule applicable to Qualified Contingent Cross ("QCC") orders.

Section II – Multiply Listed Options Fees
Options Transaction Charges

The Exchange currently offers Professionals,[5] Broker-Dealers[6] and Firms[7] a discounted Options Transaction Charge with respect to electronic Complex Orders,[8] in

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[4] 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.

[5] 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).

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

[7] 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.

[8] A Complex Order is any order involving the simultaneous purchase and/or sale of two or more different options series in the same underlying security, priced at a net debit or credit based on the relative prices of the individual components, for the same account, for

either Penny or Non-Penny Pilot Options of $0.30 per contract. The Exchange is proposing to eliminate the discount with respect to Broker-Dealer and Firm Options Transaction Charges in Penny and Non-Penny Pilot Options. Professionals will continue to be offered the discount. The Exchange believes that eliminating the discount for Broker-Dealers and Firms will not impact trading activity on the Exchange as these market participants were not taking advantage of the discount.

Section II – Multiply Listed Options Fees
Electronic Firm Fee Discount

The Exchange currently offers Firms the opportunity to reduce Options Transaction Charges in Penny Pilot and Non-Penny Pilot Options to $0.20 per contract for a given month provided that a Firm has volume greater than 350,000 electronically-delivered contracts in a month ("Electronic Firm Fee Discount").[9] The Exchange proposes to eliminate this Electronic Firm Fee Discount. The Exchange believes that eliminating the discount for Firms will not impact trading activity on the Exchange as these market participants are not taking advantage of the Electronic Firm Fee Discount.

Section II – Multiply Listed Options Fees
QCC Bonus

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the purpose of executing a particular investment strategy. Furthermore, a Complex Order can also be a stock-option order, which is an order to buy or sell a stated number of units of an underlying stock or exchange-traded fund ("ETF") coupled with the purchase or sale of options contract(s). See Exchange Rule 1080, Commentary .08(a)(i).

[9] The Electronic Firm Fee Discount applies per member organization when such members are trading in their own proprietary account. The Exchange initially adopted this discount in 2012 to incentivize Firms to transact electronic orders, by providing Firms with an opportunity to pay lower fees in Section II of the Pricing Schedule by offering a reduction of Firm electronic Options Transaction Charges in Penny Pilot and non-Penny Pilot Options, provided the Firm had qualifying volume. See Securities Exchange Act Release No. 66985 (May 14, 2012), 77 FR 29726 (May 18, 2012) (SR-Phlx-2012-61).

The Exchange previously filed an immediately effective rule change to offer an additional rebate applicable to both electronic QCC Orders ("eQCC")[10] and Floor QCC Orders[11] (collectively "QCC Orders"). The Exchange currently offers an additional rebate of $35,000 if the member organization transacts 1,750,000 of qualifying QCC contracts ("QCC Bonus").[12] The QCC Bonus is only available during the month of December 2013. The Exchange proposes to delete the rule text applicable to the QCC Bonus as of January 2, 2014 as that bonus is no longer applicable.

b. Statutory Basis

The Exchange believes that the proposed rule change is consistent with the provisions of Section 6 of the Act,[13] in general, and with Section 6(b)(4) and 6(b)(5) of

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[10] 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).

[11] A Floor QCC Order must: (i) be for at least 1,000 contracts, (ii) meet the six requirements of Rule 1080(o)(3) which are modeled on the QCT Exemption, (iii) be executed at a price at or between the National Best Bid and Offer ("NBBO"); and (iv) be rejected if a Customer order is resting on the Exchange book at the same price. In order to satisfy the 1,000-contract requirement, a Floor QCC Order must be for 1,000 contracts and could not be, for example, two 500-contract orders or two 500-contract legs. See Rule 1064(e). See also Securities Exchange Act Release No. 64688 (June 16, 2011), 76 FR 36606 (June 22, 2011) (SR-Phlx-2011-56).

[12] The QCC Bonus is in addition to the maximum QCC Rebate of $375,000 and does not count toward the maximum QCC Rebate of $375,000.

[13] 15 U.S.C. 78f.

the Act,[14] 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.

Section II – Multiply Listed Options Fees
Options Transaction Charges

The Exchange's proposal to eliminate the current electronic Complex Order discount with respect to Broker-Dealer and Firm Options Transaction Charges in Penny and Non-Penny Pilot Options is reasonable because these market participants are not taking advantage of the current discount by transacting electronic Complex Orders. The Exchange believes that eliminating such a discount for Broker-Dealers and Firms will not result in any change in the amount of Complex Orders transacted on the Exchange by these market participants.

The Exchange's proposal to eliminate the current electronic Complex Order discount with respect to Broker-Dealer and Firm Options Transaction Charges in Penny and Non-Penny Pilot Options is equitable and not unfairly discriminatory because Professionals engage in trading activity similar to that conducted by Specialists or Market Makers. For example, Professionals continue to join bids and offers on the Exchange and thus compete for incoming order flow. For these reasons, the Exchange assesses Professionals Penny and Non-Penny Pilot Options Transaction Charges at a rate which is greater than fees assessed to a Specialist and Market Maker and less than fees assessed to Firms and Broker-Dealers. Specialists and Market Makers would be assessed lower

[14] 15 U.S.C. 78f(b)(4) and (5).

electronic fees as compared to Professionals, because Specialists and Market Makers have burdensome quoting obligations[15] to the market which do not apply to Professionals, Customers, Firms and Broker-Dealers. Customers are not assessed Options Transactions Charges in either Penny Pilot or non-Penny Pilot Options because Customer order flow brings liquidity to the market, which in turn benefits all market participants. Broker-Dealers and Firms today pay higher fees as compared to a Professional for electronic transactions and this is not changing.[16] The Professional Options Transaction Charges in both Penny Pilot and Non-Penny Pilot Options for non-electronic transactions or floor transactions would remain unchanged. Also, the Professional fees are comparable with electronic Professional fees at other options exchanges.[17]

The Exchange believes that continuing to assess Professionals a higher electronic Options Transaction Charges in both Penny Pilot and Non-Penny Pilot Options of $0.30 and $0.60 per contract, respectively, as compared to a floor Options Transaction Charge in both Penny Pilot and Non-Penny Pilot Options of $0.25 per contract is reasonable, equitable and not unfairly discriminatory because these fees recognize the distinction between the floor order entry model and the electronic model and the proposed fees

[15] See Exchange Rule 1014 entitled "Obligations and Restrictions Applicable to Specialists and Registered Options Traders."

[16] Firms and Broker-Dealers are assessed a Penny Pilot Options Transaction Charge of $0.45 per contract. Firms and Broker-Dealers are assessed a Non-Penny Pilot Options Transaction Charge of $0.60 per contract.

[17] CBOE assesses a Professional and Voluntary Professional a $0.30 per contract electronic fee in Penny and Non-Penny Classes. See CBOE's Fees Schedule. NYSE Amex assesses a tiered electronic Professional Customer rate starting at $.32 per contract for electronic orders which take liquidity from 0 to 16,999 contracts. See NYSE AMEX Options Fee Schedule.

respond to competition along the same lines.[18] Floor participants incur costs associated with accessing the floor, i.e. need for a floor broker, and other costs which are not born by electronic members. Today, the Exchange assesses different fees for electronic as compared to floor transactions for Firms, Broker-Dealers, Specialists and Market Makers in Section II of the Pricing Schedule.

Section II – Multiply Listed Options Fees
Electronic Firm Fee Discount

The Exchange's proposal to eliminate the Electronic Firm Fee Discount which is currently offered to Firms to reduce Options Transaction Charges in Penny Pilot and Non-Penny Pilot Options is reasonable because market participants were not taking advantage of the Electronic Firm Fee Discount.

The Exchange's proposal to eliminate the Electronic Firm Fee Discount which is currently offered to Firms to reduce Options Transaction Charges in Penny Pilot and Non-Penny Pilot Options is equitable and not unfairly discriminatory because the Exchange will not offer such a discount to any market participant.

Section II – Multiply Listed Options Fees
QCC Bonus

The Exchange's proposal to remove rule text related to the QCC Bonus is reasonable because removing the outdated rule text will add clarity to the Pricing Schedule.

The Exchange's proposal to remove rule text related to the QCC Bonus is

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[18] A transaction resulting from an order that was electronically delivered utilizes Phlx XL II. See Exchange Rules 1014 and 1080. Electronically delivered orders do not include orders transacted on the Exchange floor. A transaction resulting from an order that is non-electronically-delivered is represented on the trading floor by a floor broker. See Exchange Rule 1063. All orders will be either electronically or non-electronically delivered.

equitable and not unfairly discriminatory because the QCC Bonus will no longer be in effect as of January 2, 2014 and therefore not available to any market participant.

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. Eliminating the electronic Complex Order discount with respect to Broker-Dealers and Firms for Options Transaction Charges in Penny and Non-Penny Pilot Options and not eliminating the discount for Professionals reflects the trading activity of these market participants. Professionals engage in trading activity similar to that conducted by Specialists or Market Makers such as joining bids and offers on the Exchange and competing for incoming order flow. This distinction is consistent with the current differentials that exist between these market participants with respect to the current Options Transaction Charges which are assessed to these participants.[19] Further, Specialists and Market Makers would be assessed lower electronic fees as compared to Professionals, because Specialists and Market Makers have burdensome quoting obligations[20] to the market which do not apply to Professionals, Customers, Firms and Broker-Dealers. Customers are not assessed Options Transactions Charges in either Penny Pilot or Non-Penny Pilot Options because Customer order flow brings liquidity to the market, which in turn benefits all market participants.

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[19] Professionals are assessed a Penny Pilot Options Transaction Charge of $0.30 per contract and a Non-Penny Pilot Options Transaction Charge of $0.60 per contract. Firms and Broker-Dealers are assessed a Penny Pilot Options Transaction Charge of $0.45 per contract. Firms and Broker-Dealers are assessed a Non-Penny Pilot Options Transaction Charge of $0.60 per contract.

[20] See Exchange Rule 1014 entitled "Obligations and Restrictions Applicable to Specialists and Registered Options Traders."

The QCC Bonus would be unavailable to all market participants. Also, removing unnecessary rule text from the Pricing Schedule adds clarity to the rule text.

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. Therefore these fees and rebates must remain competitive with fees charged and rebates paid by other venues and 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,[21] the Exchange has designated this proposal as establishing or changing a due, fee, or other charge imposed on any person, whether or not the person is a member of the self-regulatory organization, which renders the proposed rule change effective upon filing.

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

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

[21] 15 U.S.C. 78s(b)(3)(A)(ii).

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-2013-124)

Self-Regulatory Organizations; NASDAQ OMX PHLX LLC; Notice of Filing and Immediate Effectiveness of Proposed Rule Change Relating to Multiply Listed Options Fees

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 December 19, 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 in amending the Exchange's Pricing Schedule proposes to: (i) amend certain Options Transactions Charges with respect to Section II related to Multiply Listed Options Fees;[3] (ii) eliminate the Electronic Firm Fee Discount in Section II; and (iii) eliminate outdated rule text in Section II related to an expired rebate.

While the changes proposed herein are effective upon filing, the Exchange has designated that the amendments be operative on January 2, 2014.

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

[2] 17 CFR 240.19b-4.

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

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 various Options Transaction Charges in Section II in both Penny and non-Penny Pilot Options. The Exchange proposes to eliminate the Electronic Firm Fee Discount.[4] The Exchange proposes to eliminate outdated rule text in Section II to clarify the Pricing Schedule applicable to Qualified Contingent Cross ("QCC") orders.

[4] 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.

Section II – Multiply Listed Options Fees
Options Transaction Charges

The Exchange currently offers Professionals,[5] Broker-Dealers[6] and Firms[7] a discounted Options Transaction Charge with respect to electronic Complex Orders,[8] in either Penny or Non-Penny Pilot Options of $0.30 per contract. The Exchange is proposing to eliminate the discount with respect to Broker-Dealer and Firm Options Transaction Charges in Penny and Non-Penny Pilot Options. Professionals will continue to be offered the discount. The Exchange believes that eliminating the discount for Broker-Dealers and Firms will not impact trading activity on the Exchange as these market participants were not taking advantage of the discount.

Section II – Multiply Listed Options Fees
Electronic Firm Fee Discount

The Exchange currently offers Firms the opportunity to reduce Options Transaction Charges in Penny Pilot and Non-Penny Pilot Options to $0.20 per contract for a given month provided that a Firm has volume greater than 350,000 electronically-

[5] 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).

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

[7] 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.

[8] A Complex Order is any order involving the simultaneous purchase and/or sale of two or more different options series in the same underlying security, priced at a net debit or credit based on the relative prices of the individual components, for the same account, for the purpose of executing a particular investment strategy. Furthermore, a Complex Order can also be a stock-option order, which is an order to buy or sell a stated number of units of an underlying stock or exchange-traded fund ("ETF") coupled with the purchase or sale of options contract(s). See Exchange Rule 1080, Commentary .08(a)(i).

delivered contracts in a month ("Electronic Firm Fee Discount").[9] The Exchange proposes to eliminate this Electronic Firm Fee Discount. The Exchange believes that eliminating the discount for Firms will not impact trading activity on the Exchange as these market participants are not taking advantage of the Electronic Firm Fee Discount.

Section II – Multiply Listed Options Fees
QCC Bonus

The Exchange previously filed an immediately effective rule change to offer an additional rebate applicable to both electronic QCC Orders ("eQCC")[10] and Floor QCC Orders[11] (collectively "QCC Orders"). The Exchange currently offers an additional

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[9] The Electronic Firm Fee Discount applies per member organization when such members are trading in their own proprietary account. The Exchange initially adopted this discount in 2012 to incentivize Firms to transact electronic orders, by providing Firms with an opportunity to pay lower fees in Section II of the Pricing Schedule by offering a reduction of Firm electronic Options Transaction Charges in Penny Pilot and non-Penny Pilot Options, provided the Firm had qualifying volume. See Securities Exchange Act Release No. 66985 (May 14, 2012), 77 FR 29726 (May 18, 2012) (SR-Phlx-2012-61).

[10] 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).

[11] A Floor QCC Order must: (i) be for at least 1,000 contracts, (ii) meet the six requirements of Rule 1080(o)(3) which are modeled on the QCT Exemption, (iii) be executed at a price at or between the National Best Bid and Offer ("NBBO"); and (iv) be rejected if a Customer order is resting on the Exchange book at the same price. In order to satisfy the 1,000-contract requirement, a Floor QCC Order must be for 1,000 contracts and could not be, for example, two 500-contract orders or two 500-contract legs. See Rule 1064(e). See also Securities Exchange Act Release No. 64688 (June 16, 2011), 76 FR 36606 (June 22, 2011) (SR-Phlx-2011-56).

rebate of $35,000 if the member organization transacts 1,750,000 of qualifying QCC contracts ("QCC Bonus").[12] The QCC Bonus is only available during the month of December 2013. The Exchange proposes to delete the rule text applicable to the QCC Bonus as of January 2, 2014 as that bonus is no longer applicable.

2. Statutory Basis

The Exchange believes that the proposed rule change is consistent with the provisions of Section 6 of the Act,[13] in general, and with Section 6(b)(4) and 6(b)(5) of the Act,[14] 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.

Section II – Multiply Listed Options Fees
Options Transaction Charges

The Exchange's proposal to eliminate the current electronic Complex Order discount with respect to Broker-Dealer and Firm Options Transaction Charges in Penny and Non-Penny Pilot Options is reasonable because these market participants are not taking advantage of the current discount by transacting electronic Complex Orders. The Exchange believes that eliminating such a discount for Broker-Dealers and Firms will not result in any change in the amount of Complex Orders transacted on the Exchange by these market participants.

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[12] The QCC Bonus is in addition to the maximum QCC Rebate of $375,000 and does not count toward the maximum QCC Rebate of $375,000.

[13] 15 U.S.C. 78f.

[14] 15 U.S.C. 78f(b)(4) and (5).

The Exchange's proposal to eliminate the current electronic Complex Order discount with respect to Broker-Dealer and Firm Options Transaction Charges in Penny and Non-Penny Pilot Options is equitable and not unfairly discriminatory because Professionals engage in trading activity similar to that conducted by Specialists or Market Makers. For example, Professionals continue to join bids and offers on the Exchange and thus compete for incoming order flow. For these reasons, the Exchange assesses Professionals Penny and Non-Penny Pilot Options Transaction Charges at a rate which is greater than fees assessed to a Specialist and Market Maker and less than fees assessed to Firms and Broker-Dealers. Specialists and Market Makers would be assessed lower electronic fees as compared to Professionals, because Specialists and Market Makers have burdensome quoting obligations[15] to the market which do not apply to Professionals, Customers, Firms and Broker-Dealers. Customers are not assessed Options Transactions Charges in either Penny Pilot or non-Penny Pilot Options because Customer order flow brings liquidity to the market, which in turn benefits all market participants. Broker-Dealers and Firms today pay higher fees as compared to a Professional for electronic transactions and this is not changing.[16] The Professional Options Transaction Charges in both Penny Pilot and Non-Penny Pilot Options for non-electronic transactions or floor transactions would remain unchanged. Also, the

[15] See Exchange Rule 1014 entitled "Obligations and Restrictions Applicable to Specialists and Registered Options Traders."

[16] Firms and Broker-Dealers are assessed a Penny Pilot Options Transaction Charge of $0.45 per contract. Firms and Broker-Dealers are assessed a Non-Penny Pilot Options Transaction Charge of $0.60 per contract.

Professional fees are comparable with electronic Professional fees at other options exchanges.[17]

The Exchange believes that continuing to assess Professionals a higher electronic Options Transaction Charges in both Penny Pilot and Non-Penny Pilot Options of $0.30 and $0.60 per contract, respectively, as compared to a floor Options Transaction Charge in both Penny Pilot and Non-Penny Pilot Options of $0.25 per contract is reasonable, equitable and not unfairly discriminatory because these fees recognize the distinction between the floor order entry model and the electronic model and the proposed fees respond to competition along the same lines.[18] Floor participants incur costs associated with accessing the floor, i.e. need for a floor broker, and other costs which are not born by electronic members. Today, the Exchange assesses different fees for electronic as compared to floor transactions for Firms, Broker-Dealers, Specialists and Market Makers in Section II of the Pricing Schedule.

Section II – Multiply Listed Options Fees
Electronic Firm Fee Discount

The Exchange's proposal to eliminate the Electronic Firm Fee Discount which is currently offered to Firms to reduce Options Transaction Charges in Penny Pilot and

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[17] CBOE assesses a Professional and Voluntary Professional a $0.30 per contract electronic fee in Penny and Non-Penny Classes. See CBOE's Fees Schedule. NYSE Amex assesses a tiered electronic Professional Customer rate starting at $.32 per contract for electronic orders which take liquidity from 0 to 16,999 contracts. See NYSE AMEX Options Fee Schedule.

[18] A transaction resulting from an order that was electronically delivered utilizes Phlx XL II. See Exchange Rules 1014 and 1080. Electronically delivered orders do not include orders transacted on the Exchange floor. A transaction resulting from an order that is non-electronically-delivered is represented on the trading floor by a floor broker. See Exchange Rule 1063. All orders will be either electronically or non-electronically delivered.

Non-Penny Pilot Options is reasonable because market participants were not taking advantage of the Electronic Firm Fee Discount.

The Exchange's proposal to eliminate the Electronic Firm Fee Discount which is currently offered to Firms to reduce Options Transaction Charges in Penny Pilot and Non-Penny Pilot Options is equitable and not unfairly discriminatory because the Exchange will not offer such a discount to any market participant.

Section II – Multiply Listed Options Fees
QCC Bonus

The Exchange's proposal to remove rule text related to the QCC Bonus is reasonable because removing the outdated rule text will add clarity to the Pricing Schedule.

The Exchange's proposal to remove rule text related to the QCC Bonus is equitable and not unfairly discriminatory because the QCC Bonus will no longer be in effect as of January 2, 2014 and therefore not available to any market participant.

B. <u>Self-Regulatory Organization's Statement on Burden on Competition</u>

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. Eliminating the electronic Complex Order discount with respect to Broker-Dealers and Firms for Options Transaction Charges in Penny and Non-Penny Pilot Options and not eliminating the discount for Professionals reflects the trading activity of these market participants. Professionals engage in trading activity similar to that conducted by Specialists or Market Makers such as joining bids and offers on the Exchange and competing for incoming order flow. This distinction is consistent with the current differentials that exist between these market participants with respect to the current Options Transaction Charges which are assessed to these participants.[19] Further, Specialists and Market Makers would be assessed lower electronic fees as compared to Professionals, because Specialists and Market Makers have burdensome quoting obligations[20] to the market which do not apply to Professionals, Customers, Firms and Broker-Dealers. Customers are not assessed Options Transactions Charges in either Penny Pilot or Non-Penny Pilot Options because Customer order flow brings liquidity to the market, which in turn benefits all market participants.

The QCC Bonus would be unavailable to all market participants. Also, removing unnecessary rule text from the Pricing Schedule adds clarity to the rule text.

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. Therefore these fees and rebates must remain competitive with fees charged and rebates paid by other venues and must continue to be reasonable and equitably allocated to those members that opt to direct orders to the Exchange rather than competing venues.

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[19] Professionals are assessed a Penny Pilot Options Transaction Charge of $0.30 per contract and a Non-Penny Pilot Options Transaction Charge of $0.60 per contract. Firms and Broker-Dealers are assessed a Penny Pilot Options Transaction Charge of $0.45 per contract. Firms and Broker-Dealers are assessed a Non-Penny Pilot Options Transaction Charge of $0.60 per contract.

[20] See Exchange Rule 1014 entitled "Obligations and Restrictions Applicable to Specialists and Registered Options Traders."

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.[21] 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-2013-124 on the subject line.

Paper comments:

[21] 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-2013-124. 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-2013-124 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.[22]

Kevin M. O'Neill
Deputy Secretary

[22] 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

ALL BILLING DISPUTES MUST BE SUBMITTED TO THE EXCHANGE IN WRITING AND MUST BE ACCOMPANIED BY SUPPORTING DOCUMENTATION. ALL DISPUTES MUST BE SUBMITTED NO LATER THAN SIXTY (60) DAYS AFTER RECEIPT OF A BILLING INVOICE, EXCEPT FOR DISPUTES CONCERNING NASDAQ OMX PSX FEES, PROPRIETARY DATA FEED FEES AND CO-LOCATION SERVICES FEES. AS OF JANUARY 3, 2011, THE EXCHANGE WILL CALCULATE FEES ON A TRADE DATE BASIS.

[1]PHLX® is a registered trademark of The NASDAQ OMX Group, Inc.

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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	$0.30	$0.45[[13]]	$0.25	$0.45[[13]]	$0.25
Options Transaction Charge (non-Penny Pilot)	$0.00	$0.60[13]	$0.25	$0.23	$0.30	$0.60[[13]]	$0.25	$0.60[[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 $0.20 per contract for a given month provided that a Firm has volume greater than 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.]

• QCC Transaction Fees for a Specialist, Market Maker, Professional, Firm and Broker-Dealer are $0.20 per contract. QCC Transaction Fees apply to QCC Orders, as defined in Exchange Rule 1080(o), and Floor QCC Orders, as defined in 1064(e). A rebate, as specified in the below QCC Rebate Schedule, will be paid for all qualifying executed QCC Orders, as defined in Exchange Rule 1080(o) and Floor QCC Orders, as defined in 1064(e), except where the transaction is either: (i) Customer-to-Customer; or (ii) a dividend, merger, short stock interest or reversal or conversion strategy execution (as defined in Section II).

QCC Rebate Schedule

Tier	**Threshold**	**Rebate per Contract**
Tier 1	0 to 299,999 contracts in a month	$0.00
Tier 2	300,000 to 499,999 contracts in a month	$0.07
Tier 3	500,000 to 699,999 contracts in a month	$0.08
Tier 4	700,000 to 999,999 contracts in a month	$0.09
Tier 5	Over 1,000,000 contracts in a month	$0.11

The maximum QCC Rebate to be paid in a given month will not exceed $375,000. [During the month of December 2013, if the Threshold exceeds 1,750,000 contracts, the Exchange will pay an additional rebate of $35,000 for that month ("QCC Bonus"). The QCC Bonus will only be offered in December 2013. The QCC Bonus will not count toward the maximum QCC Rebate.]

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