

Required fields are shown with yellow backgrounds and asterisks.

Filing by NASDAQ OMX PHLX LLC.
 Pursuant to Rule 19b-4 under the Securities Exchange Act of 1934

Initial * <input checked="" type="checkbox"/>	Amendment * <input type="checkbox"/>	Withdrawal <input type="checkbox"/>	Section 19(b)(2) * <input type="checkbox"/>	Section 19(b)(3)(A) * <input checked="" type="checkbox"/>	Section 19(b)(3)(B) * <input type="checkbox"/>
Pilot <input type="checkbox"/>			Rule		
Extension of Time Period for Commission Action * <input type="checkbox"/>		Date Expires * <input type="text"/>	<input type="checkbox"/> 19b-4(f)(1)	<input type="checkbox"/> 19b-4(f)(4)	
			<input type="checkbox"/> 19b-4(f)(2)	<input type="checkbox"/> 19b-4(f)(5)	
			<input type="checkbox"/> 19b-4(f)(3)	<input checked="" type="checkbox"/> 19b-4(f)(6)	

Notice of proposed change pursuant to the Payment, Clearing, and Settlement Act of 2010	Security-Based Swap Submission pursuant to the Securities Exchange Act of 1934
Section 806(e)(1) * <input type="checkbox"/>	Section 806(e)(2) * <input type="checkbox"/>
	Section 3C(b)(2) * <input type="checkbox"/>

Exhibit 2 Sent As Paper Document <input type="checkbox"/>	Exhibit 3 Sent As Paper Document <input type="checkbox"/>
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Description

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

JBO Orders

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.

(Title *)
 Executive Vice President and General Counsel

Date 04/22/2014
 By Edward S. Knight
 (Name *)

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.

Persona Not Validated - 1383935917270,

SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

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

Form 19b-4 Information *

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The self-regulatory organization must provide all required information, presented in a clear and comprehensible manner, to enable the public to provide meaningful comment on the proposal and for the Commission to determine whether the proposal is consistent with the Act and applicable rules and regulations under the Act.

Exhibit 1 - Notice of Proposed Rule Change *

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

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

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

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

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Exhibit Sent As Paper Document

Copies of notices, written comments, transcripts, other communications. If such documents cannot be filed electronically in accordance with Instruction F, they shall be filed in accordance with Instruction G.

Exhibit 3 - Form, Report, or Questionnaire

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Exhibit Sent As Paper Document

Copies of any form, report, or questionnaire that the self-regulatory organization proposes to use to help implement or operate the proposed rule change, or that is referred to by the proposed rule change.

Exhibit 4 - Marked Copies

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The full text shall be marked, in any convenient manner, to indicate additions to and deletions from the immediately preceding filing. The purpose of Exhibit 4 is to permit the staff to identify immediately the changes made from the text of the rule with which it has been working.

Exhibit 5 - Proposed Rule Text

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The self-regulatory organization may choose to attach as Exhibit 5 proposed changes to rule text in place of providing it in Item I and which may otherwise be more easily readable if provided separately from Form 19b-4. Exhibit 5 shall be considered part of the proposed rule change.

Partial Amendment

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If the self-regulatory organization is amending only part of the text of a lengthy proposed rule change, it may, with the Commission's permission, file only those portions of the text of the proposed rule change in which changes are being made if the filing (i.e. partial amendment) is clearly understandable on its face. Such partial amendment shall be clearly identified and marked to show deletions and additions.

1. Text of the Proposed Rule Change

(a) NASDAQ OMX PHLX LLC (“Exchange” or “Phlx”), pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 (“Act”)¹ and Rule 19b-4 thereunder,² is filing with the Securities and Exchange Commission (“Commission”) a proposal to assess joint back office (“JBO”)³ participants pricing the same as Broker-Dealers⁴ and require JBO participants to utilize a new origin code to identify JBO orders.

The Exchange proposes that the amendments become operative on July 1, 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 rule text 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 A JBO participant is a member, member organization or non-member organization that maintains a JBO arrangement with a clearing broker-dealer (“JBO Broker”) subject to the requirements of Regulation T Section 220.7 of the Federal Reserve System. See also Exchange Rule 703.

⁴ The term “Broker-Dealer” applies to any transaction which is not subject to any of the other transaction fees applicable within a particular category.

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 proposes to introduce a new origin code to its Pricing Schedule which will be used to indicate orders for a JBO account to be cleared into the Firm range at The Options Clearing Corporation (“OCC”) for purposes of pricing only. Further, the Exchange proposes to assess fees and pay rebates to JBO Orders the same as Broker-Dealers.

Currently, JBO orders clear in the Firm⁵ range at OCC as do Firm orders. The Exchange is proposing to introduce an origin code for members and member organizations to identify orders for a JBO account. Today, the Exchange requires members and member organizations to notify the Exchange in writing and indicate which accounts are used to segregate orders of JBO participants from other Firm orders.⁶

The origin code will simplify the process of identifying JBO orders for purposes of pricing only. Members and member organizations would be required to mark their JBO orders in accordance with the technical specifications definitions which are provided by the Exchange. This rule change will not impact the manner in which JBO orders are treated for purposes of other Exchange Rules including but not limited to priority in the

⁵ The term “Firm” applies to any transaction that is identified by a member or member organization for clearing in the Firm range at OCC.

⁶ See Securities Exchange Act Release No. 62661 (August 13, 2010), 75 FR 49544 (August 6, 2010) (SR-Phlx-2010-110).

Exchange's trading system. With this proposal, JBO orders will continue to be cleared in the Firm range at OCC. Today, JBO orders are assessed transaction fees and paid rebates the same as Firms.

Non-member JBO orders are excluded from the Monthly Firm Fee Cap⁷ and firm facilitation waiver.⁸ While member JBO Orders are eligible for the Monthly Firm Fee Cap and firm facilitation waiver today, there are currently no members who send JBO orders that have met the qualifications for and have been afforded the benefit of either the

⁷ Firms are subject to a maximum fee of \$75,000 ("Monthly Firm Fee Cap"). Firm Floor Option Transaction Charges and QCC Transaction Fees, in the aggregate, for one billing month may not exceed the Monthly Firm Fee Cap per member organization when such members are trading in their own proprietary account. All dividend, merger, and short stock interest strategy executions (as defined in Section II) are excluded from the Monthly Firm Fee Cap. Reversal and conversion, jelly roll and box spread strategy executions (as defined in Section II) are included in the Monthly Firm Fee Cap. QCC Transaction Fees are included in the calculation of the Monthly Firm Fee Cap. Member organizations must notify the Exchange in writing of all accounts in which the member is not trading in its own proprietary account. The Exchange does not make adjustments to billing invoices where transactions are commingled in accounts which are not subject to the Monthly Firm Fee Cap. JBO participant charges are not included in the Monthly Firm Fee Cap. See Securities Exchange Act Release No. 63780 (January 6, 2011), 76 FR 5846 (February 2, 2011) (SR-Phlx-2011-07).

⁸ A facilitation occurs when a floor broker holds an option order for a public customer and a contra-side order for the same options series and, after providing an opportunity for all persons in the trading crowd to participate in the transaction, executes both orders as a facilitation cross. See Exchange Rule 1064. The Firm Floor Options Transaction Charges is waived for members executing facilitation orders pursuant to Exchange Rule 1064 when such members are trading in their own proprietary account (including Cabinet Options Transaction Charges). The Firm Floor Options Transaction Charges is waived for the buy side of a transaction if the same member or its affiliates under Common Ownership represents both sides of a Firm transaction when such members are trading in their own proprietary account. In addition, the Broker-Dealer Floor Options Transaction Charge (including Cabinet Options Transaction Charges) is waived for members executing facilitation orders pursuant to Exchange Rule 1064 when such members would otherwise incur this charge for trading in their own proprietary account contra to a Customer ("BD-Customer Facilitation"), if the member's BD-Customer Facilitation average daily volume (including both FLEX and non-FLEX transactions) exceeds 10,000 contracts per day in a given month.

Monthly Firm Fee Cap or Firm facilitation waiver. With this proposal, the Exchange proposes to exclude all JBO orders, member or non-member, from the Monthly Firm Fee Cap and Firm facilitation waiver. JBO participants would be assessed fees and paid rebates the same as Broker-Dealers as of July 1, 2014.

The Exchange proposes to amend the Exchange's Pricing Schedule to define the term JBO in the preface as follows: "The term "Joint Back Office" or "JBO" applies to any transaction that is identified by a member or member organization for clearing in the Firm range at OCC and is identified with an origin code as a JBO. A JBO will be priced the same as a Broker-Dealer." Further a footnote describing a JBO is included in the Preface to the Pricing Schedule. JBO Orders may be entered electronically or on the Exchange's trading floor.

b. Statutory Basis

The Exchange believes that its proposal is consistent with Section 6(b) of the Act⁹ in general, and furthers the objectives of Section 6(b)(5) of the Act¹⁰ in particular, in that it is designed to promote just and equitable principles of trade, to remove impediments to and perfect the mechanism of a free and open market and a national market system, and, in general to protect investors and the public interest. Adding an origin code to JBO orders is a more efficient manner in which to identify those orders separate and apart from other orders entered on Phlx. In addition, JBO orders will continue to clear in the Firm range at OCC as is the case today. The Exchange will more easily be able to discern the pricing associated with clearly identified JBO orders. This will eliminate any

⁹ 15 U.S.C. 78f(b).

¹⁰ 15 U.S.C. 78f(b)(5).

potential confusion, thereby removing a potential impediment to and perfecting the mechanism for a free and open market and a national market system, and, in general, protecting investors and the public interest. The Exchange believes that automating this process of manually identifying JBO Orders will promote just and equitable principles of trade by creating an identifiable method of distinguishing JBO orders entered into the Exchange's Trading System. The Exchange believes that automating this process is a more efficient manner in which to identify and bill these type of orders.

The Exchange believes that the proposed rule change is consistent with the provisions of Section 6 of the Act,¹¹ in general, and with Section 6(b)(4) and 6(b)(5) of the Act,¹² 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. The Exchange believes that its proposal to assess pricing for JBO orders the same as for Broker-Dealers is reasonable because the Exchange believes that the business of a JBO is similar to that of an away market maker and other Broker-Dealers. A JBO participant maintains a JBO arrangement with a JBO Broker pursuant to Section 220.7 of Regulation T. A JBO participant could be a member, member organization or non-member organization. The transactions at issue are not being done for the member or member organization's proprietary account. Similarly, an away market maker is a member of another national securities exchange registered as a market maker in an options class(es). An away

¹¹ 15 U.S.C. 78f.

¹² 15 U.S.C. 78f(b)(4) and (5).

marker maker is considered to be a Broker-Dealer as the market maker is not subject to market making obligations on the Exchange similar to other Phlx Market Makers. The Chicago Board Options Exchange, Incorporated (“CBOE”) assesses manual equity option JBO orders fees the same as broker-dealer and electronic equity option JBO orders fees the same as a Professional.¹³

The Exchange believes that it is reasonable to assess the same fees and pay the same rebates on JBO orders as are paid and assessed to a Broker-Dealer because the Exchange believes a JBO participant’s business is similar to that of a Broker-Dealer and should therefore be priced the same. The Exchange believes that its proposal to assess JBO orders pricing the same as Broker-Dealers is equitable and not unfairly discriminatory because the Exchange will uniformly assess JBO orders the same fees and pay the same rebates as today are assessed and paid to a Broker-Dealer.

The Exchange believes that it is reasonable to exclude all JBO orders (member and non-member) from the Monthly Firm Fee Cap and facilitation waiver because JBO Orders will be assessed fees and paid rebates the same as Broker-Dealers and therefore should not be able to benefit from Firm pricing. The Exchange believes that it is equitable and not unfairly discriminatory to exclude all JBO orders (member and non-member) from the Monthly Firm Fee Cap and facilitation waiver because the Exchange will uniformly assess JBO orders the same fees and pay the same rebates as today are assessed and paid to a Broker-Dealer. All JBO Orders would be excluded from the Monthly Firm Fee Cap and facilitation waiver uniformly.

¹³ See CBOE’s Fees Schedule.

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

The Exchange does not believe that the proposed rule change will impose any burden on competition not necessary or appropriate in furtherance of the purposes of the Act. The Exchange is assessing fees to all JBOs (member and non-member) in a similar manner with this proposal. JBO participants would be assessed fees and paid rebates the same as Broker-Dealers. The Exchange believes that assessing JBO Orders the same as Broker-Dealers does not impose a burden on competition because a JBO participant's business is similar to that of a Broker-Dealer and should therefore be priced the same. JBO Orders are not being transacted for the member or member organization's proprietary account. Rather, JBO participants maintain JBO arrangements with a JBO Broker pursuant to Section 220.7 of Regulation T. Also, today Firms and Broker-Dealer fees are the same.

Further, utilizing an origin code to identify JBO Orders does not impose an unfair burden on competition. The Exchange believes that automating the process of manually identifying JBO Orders by creating an identifiable method of distinguishing JBO orders entered into the Exchange's Trading System would assist the Exchange in regulating its market. In addition, CBOE utilizes an origin code today to identify JBO Orders.

The Exchange's proposal would exclude both member and non-member JBO Orders from the Monthly Firm Fee Cap and firm facilitation waiver. Today, member JBO Orders are eligible for the Monthly Firm Fee Cap and firm facilitation waiver, although there are currently no members who send JBO orders that have met the qualifications for and have been afforded the benefit of either the Monthly Firm Fee Cap or Firm facilitation waiver. The Exchange believes this proposal does not create an

undue burden on competition because both member and non-member JBO Orders would be treated equally.

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

The Exchange does not consent to an extension of the time period for Commission action.

7. Basis for Summary Effectiveness Pursuant to Section 19(b)(3) or for Accelerated Effectiveness Pursuant to Section 19(b)(2)

The foregoing rule change has become effective pursuant to Section 19(b)(3)(A)¹⁴ of the Act and Rule 19b-4(f)(6) thereunder¹⁵ in that it effects a change that: (i) does not significantly affect the protection of investors or the public interest; (ii) does not impose any significant burden on competition; and (iii) by its terms, does not become operative for 30 days after the date of the filing, or such shorter time as the Commission may designate if consistent with the protection of investors and the public interest. The Exchange is proposing to adopt an origin code for a JBO as utilized by CBOE.¹⁶ The Exchange believes that automating this process of manually identifying JBO Orders will not significantly affect the protection of investors or the public interest, rather it will create an identifiable method of distinguishing JBO orders entered into the Exchange's Trading System. The Exchange believes that automating this process is a more efficient

¹⁴ 15 U.S.C. 78s(b)(3)(A).

¹⁵ 17 CFR 240.19b-4(f)(6).

¹⁶ See note 17.

manner in which to identify and bill these type of orders. For these reasons, the Exchange does not believe this proposal to adopt an origin code imposes any significant burden on competition.

The Exchange desires to assess JBO Orders the same fees as Broker Dealers because a JBO participant's business is similar to that of a Broker-Dealer and should therefore be priced the same. Today, CBOE assesses manual equity option JBO orders fees the same as broker-dealers but assesses electronic equity option JBO orders fees the same as a Professional.¹⁷ The Exchange believes that assessing the same fees and paying the same rebates on JBO Orders as are paid and assessed to a Broker-Dealer does not significantly affect the protection of investors or the public interest. The Exchange believes that adopting fees for JBO Orders the same as a Broker-Dealer also does not create a burden on competition because the Exchange would assess all JBO Orders (member and non-member) the same fees.

The Exchange's proposal to exclude all JBO orders from the Monthly Firm Fee Cap and facilitation waiver does not significantly affect the protection of investors or the public interest because all JBO Orders (member and non-member) would be subject to Broker-Dealer fees. Also, The Exchange does not believe that excluding all JBO orders from the Monthly Firm Fee Cap and facilitation waiver does not significantly burden competition because the Exchange would assess all JBO Orders (member and non-member) the same fees.

Furthermore, Rule 19b-4(f)(6)(iii) requires a self-regulatory organization to give the Commission written notice of its intent to file a proposed rule change under that

¹⁷ See CBOE's Fees Schedule.

subsection at least five business days prior to the date of filing, or such shorter time as designated by the Commission. The Exchange has provided such notice. 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: (i) necessary or appropriate in the public interest; (ii) for the protection of investors; or (iii) 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. The Exchange proposes the amendments become operative on June 2, 2014.

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

The proposal is similar to fees at CBOE.¹⁸

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.

¹⁸ See CBOE's Fees Schedule. See also Securities Release No. 68163 (November 6, 2012), 77 FR 67701 (November 13, 2012) (SR-CBOE-2012-098). CBOE introduced an origin code for billing in 2012. Today, CBOE clears JBO orders in the Firm range at OCC and CBOE excludes such orders from their firm cap. At the time of the filing, CBOE assessed JBO orders the same fees as Clearing Trading Permit Holder Proprietary orders. Today, CBOE assesses manual equity option JBO orders fees the same as broker-dealers similar to this proposal. CBOE assesses electronic equity option JBO orders fees the same as a Professional. This proposal would instead assess all JBO Orders (member and non-member) Broker-Dealer rates regardless of whether the transaction was manual or electronic.

11. Exhibits

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

Exhibit 1

SECURITIES AND EXCHANGE COMMISSION
(Release No. _____ ; File No. SR-Phlx-2014-28)

Self-Regulatory Organizations; NASDAQ OMX PHLX LLC; Notice of Filing and Immediate Effectiveness of Proposed Rule Change Relating to Joint Back Office Orders

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 April 22, 2014 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 assess joint back office (“JBO”)³ participants pricing the same as Broker-Dealers⁴ and require JBO participants to utilize a new origin code to identify JBO orders.

The Exchange proposes that the amendments become operative on July 1, 2014.

¹ 15 U.S.C. 78s(b)(1).

² 17 CFR 240.19b-4.

³ A JBO participant is a member, member organization or non-member organization that maintains a JBO arrangement with a clearing broker-dealer (“JBO Broker”) subject to the requirements of Regulation T Section 220.7 of the Federal Reserve System. See also Exchange Rule 703.

⁴ The term “Broker-Dealer” applies to any transaction which is not subject to any of the other transaction fees applicable within a particular category.

The text of the proposed rule change is available on the Exchange's Website at <http://www.nasdaqtrader.com/micro.aspx?id=PHLXRulefilings>, 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 proposes to introduce a new origin code to its Pricing Schedule which will be used to indicate orders for a JBO account to be cleared into the Firm range at The Options Clearing Corporation ("OCC") for purposes of pricing only. Further, the Exchange proposes to assess fees and pay rebates to JBO Orders the same as Broker-Dealers.

Currently, JBO orders clear in the Firm⁵ range at OCC as do Firm orders. The Exchange is proposing to introduce an origin code for members and member organizations to identify orders for a JBO account. Today, the Exchange requires

⁵ The term "Firm" applies to any transaction that is identified by a member or member organization for clearing in the Firm range at OCC.

members and member organizations to notify the Exchange in writing and indicate which accounts are used to segregate orders of JBO participants from other Firm orders.⁶

The origin code will simplify the process of identifying JBO orders for purposes of pricing only. Members and member organizations would be required to mark their JBO orders in accordance with the technical specifications definitions which are provided by the Exchange. This rule change will not impact the manner in which JBO orders are treated for purposes of other Exchange Rules including but not limited to priority in the Exchange's trading system. With this proposal, JBO orders will continue to be cleared in the Firm range at OCC. Today, JBO orders are assessed transaction fees and paid rebates the same as Firms.

Non-member JBO orders are excluded from the Monthly Firm Fee Cap⁷ and firm facilitation waiver.⁸ While member JBO Orders are eligible for the Monthly Firm Fee

⁶ See Securities Exchange Act Release No. 62661 (August 13, 2010), 75 FR 49544 (August 6, 2010) (SR-Phlx-2010-110).

⁷ Firms are subject to a maximum fee of \$75,000 ("Monthly Firm Fee Cap"). Firm Floor Option Transaction Charges and QCC Transaction Fees, in the aggregate, for one billing month may not exceed the Monthly Firm Fee Cap per member organization when such members are trading in their own proprietary account. All dividend, merger, and short stock interest strategy executions (as defined in Section II) are excluded from the Monthly Firm Fee Cap. Reversal and conversion, jelly roll and box spread strategy executions (as defined in Section II) are included in the Monthly Firm Fee Cap. QCC Transaction Fees are included in the calculation of the Monthly Firm Fee Cap. Member organizations must notify the Exchange in writing of all accounts in which the member is not trading in its own proprietary account. The Exchange does not make adjustments to billing invoices where transactions are commingled in accounts which are not subject to the Monthly Firm Fee Cap. JBO participant charges are not included in the Monthly Firm Fee Cap. See Securities Exchange Act Release No. 63780 (January 6, 2011), 76 FR 5846 (February 2, 2011) (SR-Phlx-2011-07).

⁸ A facilitation occurs when a floor broker holds an option order for a public customer and a contra-side order for the same options series and, after providing an opportunity for all persons in the trading crowd to participate in the transaction, executes both orders as a facilitation cross. See Exchange Rule 1064. The Firm Floor Options Transaction

Cap and firm facilitation waiver today, there are currently no members who send JBO orders that have met the qualifications for and have been afforded the benefit of either the Monthly Firm Fee Cap or Firm facilitation waiver. With this proposal, the Exchange proposes to exclude all JBO orders, member or non-member, from the Monthly Firm Fee Cap and Firm facilitation waiver. JBO participants would be assessed fees and paid rebates the same as Broker-Dealers as of July 1, 2014.

The Exchange proposes to amend the Exchange's Pricing Schedule to define the term JBO in the preface as follows: "The term "Joint Back Office" or "JBO" applies to any transaction that is identified by a member or member organization for clearing in the Firm range at OCC and is identified with an origin code as a JBO. A JBO will be priced the same as a Broker-Dealer." Further a footnote describing a JBO is included in the Preface to the Pricing Schedule. JBO Orders may be entered electronically or on the Exchange's trading floor.

2. Statutory Basis

The Exchange believes that its proposal is consistent with Section 6(b) of the Act⁹ in general, and furthers the objectives of Section 6(b)(5) of the Act¹⁰ in particular, in that

Charges is waived for members executing facilitation orders pursuant to Exchange Rule 1064 when such members are trading in their own proprietary account (including Cabinet Options Transaction Charges). The Firm Floor Options Transaction Charges is waived for the buy side of a transaction if the same member or its affiliates under Common Ownership represents both sides of a Firm transaction when such members are trading in their own proprietary account. In addition, the Broker-Dealer Floor Options Transaction Charge (including Cabinet Options Transaction Charges) is waived for members executing facilitation orders pursuant to Exchange Rule 1064 when such members would otherwise incur this charge for trading in their own proprietary account contra to a Customer ("BD-Customer Facilitation"), if the member's BD-Customer Facilitation average daily volume (including both FLEX and non-FLEX transactions) exceeds 10,000 contracts per day in a given month.

⁹ 15 U.S.C. 78f(b).

it is designed to promote just and equitable principles of trade, to remove impediments to and perfect the mechanism of a free and open market and a national market system, and, in general to protect investors and the public interest. Adding an origin code to JBO orders is a more efficient manner in which to identify those orders separate and apart from other orders entered on Phlx. In addition, JBO orders will continue to clear in the Firm range at OCC as is the case today. The Exchange will more easily be able to discern the pricing associated with clearly identified JBO orders. This will eliminate any potential confusion, thereby removing a potential impediment to and perfecting the mechanism for a free and open market and a national market system, and, in general, protecting investors and the public interest. The Exchange believes that automating this process of manually identifying JBO Orders will promote just and equitable principles of trade by creating an identifiable method of distinguishing JBO orders entered into the Exchange's Trading System. The Exchange believes that automating this process is a more efficient manner in which to identify and bill these type of orders.

The Exchange believes that the proposed rule change is consistent with the provisions of Section 6 of the Act,¹¹ in general, and with Section 6(b)(4) and 6(b)(5) of the Act,¹² 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. The Exchange believes

¹⁰ 15 U.S.C. 78f(b)(5).

¹¹ 15 U.S.C. 78f.

¹² 15 U.S.C. 78f(b)(4) and (5).

that its proposal to assess pricing for JBO orders the same as for Broker-Dealers is reasonable because the Exchange believes that the business of a JBO is similar to that of an away market maker and other Broker-Dealers. A JBO participant maintains a JBO arrangement with a JBO Broker pursuant to Section 220.7 of Regulation T. A JBO participant could be a member, member organization or non-member organization. The transactions at issue are not being done for the member or member organization's proprietary account. Similarly, an away market maker is a member of another national securities exchange registered as a market maker in an options class(es). An away market maker is considered to be a Broker-Dealer as the market maker is not subject to market making obligations on the Exchange similar to other Phlx Market Makers. The Chicago Board Options Exchange, Incorporated ("CBOE") assesses manual equity option JBO orders fees the same as broker-dealer and electronic equity option JBO orders fees the same as a Professional.¹³

The Exchange believes that it is reasonable to assess the same fees and pay the same rebates on JBO orders as are paid and assessed to a Broker-Dealer because the Exchange believes a JBO participant's business is similar to that of a Broker-Dealer and should therefore be priced the same. The Exchange believes that its proposal to assess JBO orders pricing the same as Broker-Dealers is equitable and not unfairly discriminatory because the Exchange will uniformly assess JBO orders the same fees and pay the same rebates as today are assessed and paid to a Broker-Dealer.

The Exchange believes that it is reasonable to exclude all JBO orders (member and non-member) from the Monthly Firm Fee Cap and facilitation waiver because JBO

¹³ See CBOE's Fees Schedule.

Orders will be assessed fees and paid rebates the same as Broker-Dealers and therefore should not be able to benefit from Firm pricing. The Exchange believes that it is equitable and not unfairly discriminatory to exclude all JBO orders (member and non-member) from the Monthly Firm Fee Cap and facilitation waiver because the Exchange will uniformly assess JBO orders the same fees and pay the same rebates as today are assessed and paid to a Broker-Dealer. All JBO Orders would be excluded from the Monthly Firm Fee Cap and facilitation waiver uniformly.

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

The Exchange does not believe that the proposed rule change will impose any burden on competition not necessary or appropriate in furtherance of the purposes of the Act. The Exchange is assessing fees to all JBOs (member and non-member) in a similar manner with this proposal. JBO participants would be assessed fees and paid rebates the same as Broker-Dealers. The Exchange believes that assessing JBO Orders the same as Broker-Dealers does not impose a burden on competition because a JBO participant's business is similar to that of a Broker-Dealer and should therefore be priced the same. JBO Orders are not being transacted for the member or member organization's proprietary account. Rather, JBO participants maintain JBO arrangements with a JBO Broker pursuant to Section 220.7 of Regulation T. Also, today Firms and Broker-Dealer fees are the same.

Further, utilizing an origin code to identify JBO Orders does not impose an unfair burden on competition. The Exchange believes that automating the process of manually identifying JBO Orders by creating an identifiable method of distinguishing JBO orders

entered into the Exchange's Trading System would assist the Exchange in regulating its market. In addition, CBOE utilizes an origin code today to identify JBO Orders.

The Exchange's proposal would exclude both member and non-member JBO Orders from the Monthly Firm Fee Cap and firm facilitation waiver. Today, member JBO Orders are eligible for the Monthly Firm Fee Cap and firm facilitation waiver, although there are currently no members who send JBO orders that have met the qualifications for and have been afforded the benefit of either the Monthly Firm Fee Cap or Firm facilitation waiver. The Exchange believes this proposal does not create an undue burden on competition because both member and non-member JBO Orders would be treated equally.

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-2014-28 on the subject line.

Paper comments:

- Send paper comments in triplicate to Elizabeth M. Murphy, Secretary, Securities and Exchange Commission, 100 F Street, NE, Washington, DC 20549-1090.

All submissions should refer to File Number SR-Phlx-2014-28. 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-2014-28 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.¹⁴

Kevin M. O'Neill
Deputy Secretary

¹⁴ 17 CFR 200.30-3(a)(12).

Exhibit 5

New text is underlined and deleted text is in brackets.

**NASDAQ OMX PHLX LLC¹ 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.**

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

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PREFACE

For purposes of assessing fees, the following references should serve as guidance.

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)).²

The term "**Specialist**" applies to transactions for the account of a Specialist³ (as defined in Exchange Rule 1020(a)).

The term "**ROT, SQT and RSQT**" applies to transactions for the accounts of Registered Option Traders⁴ ("ROTs"), Streaming Quote Traders ("SQTs"),⁵ and Remote Streaming Quote Traders ("RSQTs").⁶ For purposes of the Pricing Schedule, the term "**Market Maker**" will be utilized to describe fees and rebates applicable to ROTs, SQTs and RSQTs.

The term "**Firm**" applies to any transaction that is identified by a member or member organization for clearing in the Firm range at OCC.

The term "**Professional**" applies to transactions for the accounts of Professionals (as defined in Exchange Rule 1000(b)(14)).

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

The term "**Joint Back Office**" or "**JBO**"⁷ applies to any transaction that is identified by a member or member organization for clearing in the Firm range at OCC and is identified with an origin code as a JBO. A JBO will be priced the same as a Broker-Dealer.

The term "**Common Ownership**" shall mean members or member organizations under 75% common ownership or control.

For purposes of determining average daily volume or volume-based pricing hereunder, any day that the market is not open for the entire trading day will be excluded from such calculation.

² Rule 1000(b)(14) provides in relevant part: "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).

³ A Specialist is an Exchange member who is registered as an options specialist pursuant to Rule 1020(a). An options Specialist includes a Remote Specialist which is defined as an options specialist in one or more classes that does not have a physical presence on an Exchange floor and is approved by the Exchange pursuant to Rule 501.

⁴ A Registered Option Trader is defined in Exchange Rule 1014(b) as a regular member of the Exchange located on the trading floor who has received permission from the Exchange to trade in options for his own account. A ROT includes SQTs and RSQTs as well as on and off-floor ROTS.

⁵ A Streaming Quote Trader is defined in Exchange Rule 1014(b)(ii)(A) as an ROT who has received permission from the Exchange to generate and submit option quotations electronically in options to which such SQT is assigned.

⁶ A Remote Streaming Quote Trader is defined Exchange Rule in 1014(b)(ii)(B) as an ROT that is a member affiliated with an RSQTO with no physical trading floor presence who has received permission from the Exchange to generate and submit option quotations electronically in options to which such RSQT has been assigned. A Remote Streaming Quote Trader Organization or "RSQTO," which may also be referred to as a Remote Market Making Organization ("RMO"), is a member organization in good standing that satisfies the RSQTO readiness requirements in Rule 507(a).

⁷ A JBO participant is a member, member organization or non-member organization that maintains a JBO arrangement with a clearing broker-dealer ("JBO Broker") subject to the requirements of Regulation T Section 220.7 of the Federal Reserve System as further discussed at Exchange Rule 703.

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