

Required fields are shown with yellow backgrounds and asterisks.

Page 1 of * <input type="text" value="33"/>	SECURITIES AND EXCHANGE COMMISSION WASHINGTON, D.C. 20549 Form 19b-4	File No.* SR - <input type="text" value="2014"/> - * <input type="text" value="43"/>	Amendment No. (req. for Amendments *) <input type="text"/>
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Filing by **NASDAQ OMX PHLX LLC.**
Pursuant to Rule 19b-4 under the Securities Exchange Act of 1934

Initial * <input checked="" type="checkbox"/>	Amendment * <input type="checkbox"/>	Withdrawal <input type="checkbox"/>	Section 19(b)(2) * <input type="checkbox"/>	Section 19(b)(3)(A) * <input checked="" type="checkbox"/>	Section 19(b)(3)(B) * <input type="checkbox"/>
			Rule		
Pilot <input type="checkbox"/>	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 checked="" type="checkbox"/> 19b-4(f)(2)
			<input type="checkbox"/> 19b-4(f)(3)	<input type="checkbox"/> 19b-4(f)(5)	<input type="checkbox"/> 19b-4(f)(6)

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

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

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

Amend the Exchange's Pricing Schedule under Section VIII with Respect to Execution and Routing of Orders in Securities Priced at \$1 or More Per Share.

Contact Information

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

First Name * <input type="text" value="T. Sean"/>	Last Name * <input type="text" value="Bennett"/>
Title * <input type="text" value="Associate General Counsel"/>	
E-mail * <input type="text" value="sean.bennett@nasdaqomx.com"/>	
Telephone * <input type="text" value="(301) 978-8499"/>	Fax <input type="text" value="(301) 974-8472"/>

Signature

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

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

(Title *)

Date <input type="text" value="06/27/2014"/>	Executive Vice President and General Counsel
By <input type="text" value="Edward S. Knight"/>	<div style="border: 1px solid black; height: 30px; width: 100%;"></div>

(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

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

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Exhibit Sent As Paper Document

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

Exhibit 4 - Marked Copies

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

Exhibit 5 - Proposed Rule Text

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

Partial Amendment

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

1. Text of the Proposed Rule Change

(a) NASDAQ OMX PHLX LLC (“Phlx” or “Exchange”), pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 (“Act”)¹ and Rule 19b-4 thereunder,² proposes to amend the Exchange’s Pricing Schedule under Section VIII, entitled “NASDAQ OMX PSX FEES,” with respect to execution and routing of orders in securities priced at \$1 or more per share.

While changes to the Pricing Schedule pursuant to this proposal are effective upon filing, the Exchange has designated that they become operative on 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 portion of the Exchange’s Pricing Schedule is attached hereto as Exhibit 5.

(b) Not applicable.

(c) Not applicable.

2. Procedures of the Self-Regulatory Organization

The proposed rule change was approved by senior management of the Exchange pursuant to authority delegated by the Board of Directors of the Exchange on July 17, 2013. Exchange staff will advise the Board of Directors of any action taken pursuant to delegated authority. No other action by the Exchange is necessary for the filing of the rule change.

¹ 15 U.S.C. 78s(b)(1).

² 17 CFR 240.19b-4.

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

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

a. Purpose

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

The Exchange is proposing to eliminate the distinction in the fees assessed for order execution and routing based on security type. Currently, the Exchange has three separate rule sections³ that provide charges and credits for securities that execute on PSX, which are divided by whether the executed security is listed on The Nasdaq Stock Market ("Nasdaq"), New York Stock Exchange ("NYSE"), or an exchange other than Nasdaq or NYSE (collectively, "Exchange-Listed Securities"). The three sections are largely identical in terms of the categories for which charges are assessed and credits given, with the differences noted in the discussion below. The Exchange is combining all three sections into one section, which will result in a single category of credits provided and charges assessed on executions in quotes/orders on PSX.

Amended Fees for Execution of Quotes/Orders

The Exchange proposes to eliminate the \$0.0030 per share charge currently assessed for orders in Exchange-Listed Securities entered through a PSX market

³ NASDAQ OMX PHLX LLC Pricing Schedule, Section VIII(a)(1)-(3).

participant identifier (“MPID”) through which the member organization provides an average daily volume of 10,000 or more shares of liquidity during the month. The Exchange is also proposing to reduce the charge assessed for an order that is designated as eligible for routing in Exchange-Listed Securities from \$0.0030 per share to \$0.0026 per share. Similarly, the Exchange is proposing to reduce the charge assessed for all other orders in Exchange-Listed Securities from \$0.0030 per share to \$0.0026 per share.

Amended Credits for Execution of Quotes/Orders: Displayed Orders

The Exchange is proposing to provide a new credit for the execution of displayed quotes and orders in securities listed on Nasdaq, and to reduce the related credits currently provided for execution of displayed quotes and orders in securities listed on NYSE and other exchanges. Currently, for a security listed on NYSE or other exchanges, the Exchange provides a credit of \$0.0030 per share executed for Quotes/Orders entered by a member organization that provides an average daily volume of 6 million or more shares of liquidity during the month; provided that (i) the Quote/Order is entered through a MPID through which the member organization displays, on average over the course of the month, 100 shares or more at the national best bid and/or national best offer at least 25% of the time during regular market hours in the security that is the subject of the Quote/Order, or (ii) the member organization displays, on average over the course of the month, 100 shares or more at the national best bid and/or national best offer at least 25% of the time during regular market hours in 500 or more securities. The Exchange is proposing to reduce this credit to \$0.0025 per share executed. In addition, the Exchange is extending eligibility for this credit to execution of securities listed on Nasdaq. As a consequence, the \$0.0025 per share credit will apply to all Exchange-Listed Securities.

The Exchange is also proposing to reduce the credits provided in Exchange-Listed Securities for Quotes/Orders entered by a member organization that provides an average daily volume of 2 million or more shares of liquidity during the month; provided that (i) the Quote/Order is entered through a MPID through which the member organization displays, on average over the course of the month, 100 shares or more at the national best bid and/or national best offer at least 25% of the time during regular market hours in the security that is the subject of the Quote/Order, or (ii) the member organization displays, on average over the course of the month, 100 shares or more at the national best bid and/or national best offer at least 25% of the time during regular market hours in 500 or more securities. Currently, the Exchange provides a credit of \$0.0028 per share executed for Nasdaq-listed securities, and a credit of \$0.0029 per share executed for NYSE listed and securities listed on other exchanges, under the applicable rules. The Exchange is proposing to reduce the credit provided for all Exchange-Listed Securities under the consolidated rule to \$0.0024 per share executed.

The Exchange is also proposing to reduce the credits provided in Exchange-Listed Securities for Quotes/Orders entered through a MPID through which the member organization provides an average daily volume of 100,000 or more shares of liquidity during the month. Currently, the Exchange provides a credit of the \$0.0026 per share executed for Exchange-Listed Securities. The Exchange is proposing to reduce the credit provided for Exchange-Listed Securities under the consolidated rule to \$0.0021 per share executed.

Lastly, the Exchange is proposing to reduce the credit provided for all other displayed Quotes/Orders in Exchange-Listed Securities from \$0.0020 per share executed to \$0.0015 per share executed.

Amended Credits and New Charges for Execution of Quotes/Orders: Non-Displayed Orders

The Exchange is proposing to change the title of the rule section under Section VIII(a) of the Pricing Schedule concerning the credits provided for the execution of non-displayed quotes and orders to reflect that it no longer provides only credits, but also charges.

The Exchange is proposing to eliminate the credit provided to member organizations for the execution of a midpoint pegged order or a midpoint peg post-only order (a “midpoint order”) and instead assess a charge for such an execution. Currently, the Exchange provides a credit of \$0.0010 per share executed in Exchange-Listed Securities. The Exchange is proposing to replace the credit and instead assess a charge of \$0.0003 per share executed.

In light of the amended title of the rule, the Exchange is also proposing to add clarifying rule text concerning the \$0.0005 per share executed credit provided for other non-displayed orders in Exchange-Listed Securities. Specifically, the Exchange is adding the word “credit” to the rule. The Exchange is also adding language that makes it clear that the credit is intended for non-displayed orders that provide liquidity.

Lastly, the Exchange is proposing to add a new charge of \$0.0003 per share executed for orders that execute against resting midpoint order liquidity in Exchange-Listed Securities.

b. Statutory Basis

The Exchange believes that its proposal to amend its Pricing Schedule is consistent with Section 6(b) of the Act⁴ in general, and furthers the objectives of Sections 6(b)(4) and (b)(5) of the Act⁵ in particular, in that it is an equitable allocation of reasonable fees and other charges among Exchange members and other persons using its facilities, and it does not unfairly discriminate between customers, issuers, brokers or dealers. The proposed changes are reasonable because they reflect a modest decrease in the credits provided in the execution of certain orders and a modest increase in the fees assessed for others, which will allow the Exchange to reduce costs and increase revenue.

The proposed change with respect to consolidating the three fee schedules under Section VIII(a) is reasonable because it will simplify the presentation of the fees, which are similar in many respects currently and will be identical under the proposed changes. The change is consistent with an equitable allocation of fees and not unfairly discriminatory because it presents the harmonized charges and credits in a single schedule of charges and credits.

The proposed change with respect to the elimination of the \$0.0030 per share charge assessed for quotes and orders entered through a MPID through which the member organization provides an average daily volume of 10,000 or more shares of liquidity during the month is reasonable because it eliminates a fee assessed on providers of liquidity in order to encourage further participation on PSX by these market participants. The Exchange believes that the proposed change is consistent with an

⁴ 15 U.S.C. 78f(b).

⁵ 15 U.S.C. 78f(b)(4) and (5).

equitable allocation of fees and is not unfairly discriminatory because it applies to all market participants who formally met the requirements of the fee who will now be assessed the same fee assessed other market participants that enters orders that execute orders on PSX. The Exchange notes that the current rule assesses a fee that is identical to the other rates that are assessed for entering orders that execute in PSX.

The proposed change with respect to the reduction of fees assessed for execution of an order that is designated as eligible for routing and for other orders executed on PSX are reasonable because they create a single, lower charge assessed for orders that execute on PSX designed to further attract liquidity to the market. The Exchange believes that the proposed changes are consistent with an equitable allocation of fees and is not unfairly discriminatory because they will result in the same fee assessed on all member organizations that enter orders that execute on PSX.

The proposed change with respect to the new credit for Quotes/Orders entered by a member organization that provides an average daily volume of 6 million or more shares of liquidity during the month; provided that (i) the Quote/Order is entered through a MPID through which the member organization displays, on average over the course of the month, 100 shares or more at the national best bid and/or national best offer at least 25% of the time during regular market hours in the security that is the subject of the Quote/Order, or (ii) the member organization displays, on average over the course of the month, 100 shares or more at the national best bid and/or national best offer at least 25% of the time during regular market hours in 500 or more securities is reasonable because it provides a new credit designed to incentivize member organizations to provide displayed liquidity in Nasdaq-listed securities. The Exchange notes that it currently provides

identical categories of incentive for liquidity provided in NYSE-listed securities and securities listed on other exchanges. The Exchange believes that the proposed changes are consistent with an equitable allocation of fees and are not unfairly discriminatory because they extend the credits currently provided to member organizations for the same liquidity in NYSE-listed securities and securities listed on other exchanges. Accordingly, all member organizations will receive the same credit for providing liquidity that meets the requirements of the rules.

The Exchange notes that it is reducing all of the credits under the rule for providing liquidity in displayed quotes and orders, regardless of the listing venue of the security. The Exchange believes that the proposed reduction in these credits is reasonable because it reflects a modest reduction in the credits provided. Phlx notes that the credits provided by the rule are given in lieu of assessing normal fees, and accordingly provide incentive to market participants to enter such orders. The proposed change balances the Exchange's desire to provide certain incentives to market participants with the costs the Exchange incurs in providing such incentives, which ultimately affect the ability to sustain them. The Exchange believes that the proposed changes are consistent with an equitable allocation of fees and is not unfairly discriminatory because they will provide the same credits to member organizations for the same levels of liquidity provided, regardless of the listing venue of the security.

The Exchange believes that the proposed changes to the credits concerning non-displayed orders are also consistent with the Act. Specifically, the believes that the proposed change from a credit provided for non-displayed midpoint orders to a charge is reasonable because it reflects the Exchange's need to adjust its credits and fees in

response to the costs and benefits provided. As discussed above, credits provided by the Exchange are given in lieu of assessing normal fees, and accordingly provide incentive to market participants to enter such orders. The proposed change balances the Exchange's desire to provide certain incentives to market participants with the costs the Exchange incurs in providing such incentives, which, in the case of the proposed change, have outweighed the Exchange's desire to incentivize member organizations to provide such liquidity. The Exchange believes that the proposed changes are consistent with an equitable allocation of fees and is not unfairly discriminatory because they result in a uniform charge to member organizations that provide such non-displayed liquidity.

The change with respect to the new charge assessed for orders that remove liquidity in resting midpoint orders is reasonable because it imposes a modest charge for removing midpoint liquidity from PSX. As discussed above, the Exchange currently assesses charges for removing liquidity from PSX and the proposed new charge is less than the standard removal charge, which is reflective of the price improvement such orders provide to the market. The Exchange believes that the proposed change is consistent with an equitable allocation of fees and is not unfairly discriminatory because it applies the charge for removing liquidity from PSX in midpoint orders to all member organizations that remove such liquidity, regardless of the listing venue of the security of the order.

Lastly, the clarifying changes to the title of the rule section concerning credits for non-displayed orders and the text of the credit for other non-displayed orders are reasonable because they more accurately reflect the nature of the rule section and the credit provided, in light of the changes discussed above. The Exchange believes that the

proposed changes are consistent with an equitable allocation of fees and are not unfairly discriminatory because the changes apply to all member organizations that use PSX.

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

The Exchange does not believe that the proposed rule change will impose any burden on competition not necessary or appropriate in furtherance of the purposes of the Act, as amended.⁶ The Exchange notes that it operates in a highly competitive market in which market participants can readily favor competing venues if they deem fee levels at a particular venue to be excessive, or rebate opportunities available at other venues to be more favorable. In such an environment, the Exchange must continually adjust its fees to remain competitive with other exchanges and with alternative trading systems that have been exempted from compliance with the statutory standards applicable to exchanges. Because competitors are free to modify their own fees in response, and because market participants may readily adjust their order routing practices, the Exchange believes that the degree to which fee changes in this market may impose any burden on competition is extremely limited. In this instance, the changes to the credits provided and charges assessed are intended to reduce the Exchange's costs, while still continuing to provide an incentive for members to execute shares on PSX and make use of its optional routing functionality. Because there are numerous competitive alternatives to PSX, it is likely the Exchange will lose market share as a result of the changes if they are unattractive to market participants. Accordingly, the Exchange does not believe the proposed changes will impair the ability of members or competing order execution venues to maintain their competitive standing in the financial markets.

⁶ 15 U.S.C. 78f(b)(8).

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,⁷ the Exchange has designated this proposal as establishing or changing a due, fee, or other charge imposed on any person, whether or not the person is a member of the self-regulatory organization, which renders the proposed rule change effective upon filing.

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

Not applicable.

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

Not applicable.

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

Not applicable.

11. Exhibits

1. Notice of proposed rule for publication in the Federal Register.
5. Applicable portion of the Exchange's Pricing Schedule.

⁷ 15 U.S.C. 78s(b)(3)(A)(ii).

EXHIBIT 1

SECURITIES AND EXCHANGE COMMISSION
(Release No. _____ ; File No. SR-Phlx-2014-43)

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

Pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 ("Act"),¹ and Rule 19b-4 thereunder,² notice is hereby given that on June 27, 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 amend the Exchange's Pricing Schedule under Section VIII, entitled "NASDAQ OMX PSX FEES," with respect to execution and routing of orders in securities priced at \$1 or more per share.

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

¹ 15 U.S.C. 78s(b)(1).

² 17 CFR 240.19b-4.

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

In its filing with the Commission, the Exchange included statements concerning the purpose of and basis for the proposed rule change and discussed any comments it received on the proposed rule change. The text of these statements may be examined at the places specified in Item IV below. The Exchange has prepared summaries, set forth in sections A, B, and C below, of the most significant aspects of such statements.

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

1. Purpose

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

The Exchange is proposing to eliminate the distinction in the fees assessed for order execution and routing based on security type. Currently, the Exchange has three separate rule sections³ that provide charges and credits for securities that execute on PSX, which are divided by whether the executed security is listed on The Nasdaq Stock Market ("Nasdaq"), New York Stock Exchange ("NYSE"), or an exchange other than Nasdaq or NYSE (collectively, "Exchange-Listed Securities"). The three sections are largely identical in terms of the categories for which charges are assessed and credits given, with the differences noted in the discussion below. The Exchange is combining all three sections into one section, which will result in a single category of credits provided and charges assessed on executions in quotes/orders on PSX.

³ NASDAQ OMX PHLX LLC Pricing Schedule, Section VIII(a)(1)-(3).

Amended Fees for Execution of Quotes/Orders

The Exchange proposes to eliminate the \$0.0030 per share charge currently assessed for orders in Exchange-Listed Securities entered through a PSX market participant identifier (“MPID”) through which the member organization provides an average daily volume of 10,000 or more shares of liquidity during the month. The Exchange is also proposing to reduce the charge assessed for an order that is designated as eligible for routing in Exchange-Listed Securities from \$0.0030 per share to \$0.0026 per share. Similarly, the Exchange is proposing to reduce the charge assessed for all other orders in Exchange-Listed Securities from \$0.0030 per share to \$0.0026 per share.

Amended Credits for Execution of Quotes/Orders: Displayed Orders

The Exchange is proposing to provide a new credit for the execution of displayed quotes and orders in securities listed on Nasdaq, and to reduce the related credits currently provided for execution of displayed quotes and orders in securities listed on NYSE and other exchanges. Currently, for a security listed on NYSE or other exchanges, the Exchange provides a credit of \$0.0030 per share executed for Quotes/Orders entered by a member organization that provides an average daily volume of 6 million or more shares of liquidity during the month; provided that (i) the Quote/Order is entered through a MPID through which the member organization displays, on average over the course of the month, 100 shares or more at the national best bid and/or national best offer at least 25% of the time during regular market hours in the security that is the subject of the Quote/Order, or (ii) the member organization displays, on average over the course of the month, 100 shares or more at the national best bid and/or national best offer at least 25% of the time during regular market hours in 500 or more securities. The Exchange is

proposing to reduce this credit to \$0.0025 per share executed. In addition, the Exchange is extending eligibility for this credit to execution of securities listed on Nasdaq. As a consequence, the \$0.0025 per share credit will apply to all Exchange-Listed Securities.

The Exchange is also proposing to reduce the credits provided in Exchange-Listed Securities for Quotes/Orders entered by a member organization that provides an average daily volume of 2 million or more shares of liquidity during the month; provided that (i) the Quote/Order is entered through a MPID through which the member organization displays, on average over the course of the month, 100 shares or more at the national best bid and/or national best offer at least 25% of the time during regular market hours in the security that is the subject of the Quote/Order, or (ii) the member organization displays, on average over the course of the month, 100 shares or more at the national best bid and/or national best offer at least 25% of the time during regular market hours in 500 or more securities. Currently, the Exchange provides a credit of \$0.0028 per share executed for Nasdaq-listed securities, and a credit of \$0.0029 per share executed for NYSE listed and securities listed on other exchanges, under the applicable rules. The Exchange is proposing to reduce the credit provided for all Exchange-Listed Securities under the consolidated rule to \$0.0024 per share executed.

The Exchange is also proposing to reduce the credits provided in Exchange-Listed Securities for Quotes/Orders entered through a MPID through which the member organization provides an average daily volume of 100,000 or more shares of liquidity during the month. Currently, the Exchange provides a credit of the \$0.0026 per share executed for Exchange-Listed Securities. The Exchange is proposing to reduce the credit

provided for Exchange-Listed Securities under the consolidated rule to \$0.0021 per share executed.

Lastly, the Exchange is proposing to reduce the credit provided for all other displayed Quotes/Orders in Exchange-Listed Securities from \$0.0020 per share executed to \$0.0015 per share executed.

Amended Credits and New Charges for Execution of Quotes/Orders: Non-Displayed Orders

The Exchange is proposing to change the title of the rule section under Section VIII(a) of the Pricing Schedule concerning the credits provided for the execution of non-displayed quotes and orders to reflect that it no longer provides only credits, but also charges.

The Exchange is proposing to eliminate the credit provided to member organizations for the execution of a midpoint pegged order or a midpoint peg post-only order (a “midpoint order”) and instead assess a charge for such an execution. Currently, the Exchange provides a credit of \$0.0010 per share executed in Exchange-Listed Securities. The Exchange is proposing to replace the credit and instead assess a charge of \$0.0003 per share executed.

In light of the amended title of the rule, the Exchange is also proposing to add clarifying rule text concerning the \$0.0005 per share executed credit provided for other non-displayed orders in Exchange-Listed Securities. Specifically, the Exchange is adding the word “credit” to the rule. The Exchange is also adding language that makes it clear that the credit is intended for non-displayed orders that provide liquidity.

Lastly, the Exchange is proposing to add a new charge of \$0.0003 per share executed for orders that execute against resting midpoint order liquidity in Exchange-Listed Securities.

2. Statutory Basis

The Exchange believes that its proposal to amend its Pricing Schedule is consistent with Section 6(b) of the Act⁴ in general, and furthers the objectives of Sections 6(b)(4) and (b)(5) of the Act⁵ in particular, in that it is an equitable allocation of reasonable fees and other charges among Exchange members and other persons using its facilities, and it does not unfairly discriminate between customers, issuers, brokers or dealers. The proposed changes are reasonable because they reflect a modest decrease in the credits provided in the execution of certain orders and a modest increase in the fees assessed for others, which will allow the Exchange to reduce costs and increase revenue.

The proposed change with respect to consolidating the three fee schedules under Section VIII(a) is reasonable because it will simplify the presentation of the fees, which are similar in many respects currently and will be identical under the proposed changes. The change is consistent with an equitable allocation of fees and not unfairly discriminatory because it presents the harmonized charges and credits in a single schedule of charges and credits.

The proposed change with respect to the elimination of the \$0.0030 per share charge assessed for quotes and orders entered through a MPID through which the member organization provides an average daily volume of 10,000 or more shares of

⁴ 15 U.S.C. 78f(b).

⁵ 15 U.S.C. 78f(b)(4) and (5).

liquidity during the month is reasonable because it eliminates a fee assessed on providers of liquidity in order to encourage further participation on PSX by these market participants. The Exchange believes that the proposed change is consistent with an equitable allocation of fees and is not unfairly discriminatory because it applies to all market participants who formally met the requirements of the fee who will now be assessed the same fee assessed other market participants that enters orders that execute orders on PSX. The Exchange notes that the current rule assesses a fee that is identical to the other rates that are assessed for entering orders that execute in PSX.

The proposed change with respect to the reduction of fees assessed for execution of an order that is designated as eligible for routing and for other orders executed on PSX are reasonable because they create a single, lower charge assessed for orders that execute on PSX designed to further attract liquidity to the market. The Exchange believes that the proposed changes are consistent with an equitable allocation of fees and is not unfairly discriminatory because they will result in the same fee assessed on all member organizations that enter orders that execute on PSX.

The proposed change with respect to the new credit for Quotes/Orders entered by a member organization that provides an average daily volume of 6 million or more shares of liquidity during the month; provided that (i) the Quote/Order is entered through a MPID through which the member organization displays, on average over the course of the month, 100 shares or more at the national best bid and/or national best offer at least 25% of the time during regular market hours in the security that is the subject of the Quote/Order, or (ii) the member organization displays, on average over the course of the month, 100 shares or more at the national best bid and/or national best offer at least 25%

of the time during regular market hours in 500 or more securities is reasonable because it provides a new credit designed to incentivize member organizations to provide displayed liquidity in Nasdaq-listed securities. The Exchange notes that it currently provides identical categories of incentive for liquidity provided in NYSE-listed securities and securities listed on other exchanges. The Exchange believes that the proposed changes are consistent with an equitable allocation of fees and are not unfairly discriminatory because they extend the credits currently provided to member organizations for the same liquidity in NYSE-listed securities and securities listed on other exchanges. Accordingly, all member organizations will receive the same credit for providing liquidity that meets the requirements of the rules.

The Exchange notes that it is reducing all of the credits under the rule for providing liquidity in displayed quotes and orders, regardless of the listing venue of the security. The Exchange believes that the proposed reduction in these credits is reasonable because it reflects a modest reduction in the credits provided. Phlx notes that the credits provided by the rule are given in lieu of assessing normal fees, and accordingly provide incentive to market participants to enter such orders. The proposed change balances the Exchange's desire to provide certain incentives to market participants with the costs the Exchange incurs in providing such incentives, which ultimately affect the ability to sustain them. The Exchange believes that the proposed changes are consistent with an equitable allocation of fees and is not unfairly discriminatory because they will provide the same credits to member organizations for the same levels of liquidity provided, regardless of the listing venue of the security.

The Exchange believes that the proposed changes to the credits concerning non-displayed orders are also consistent with the Act. Specifically, the Exchange believes that the proposed change from a credit provided for non-displayed midpoint orders to a charge is reasonable because it reflects the Exchange's need to adjust its credits and fees in response to the costs and benefits provided. As discussed above, credits provided by the Exchange are given in lieu of assessing normal fees, and accordingly provide incentive to market participants to enter such orders. The proposed change balances the Exchange's desire to provide certain incentives to market participants with the costs the Exchange incurs in providing such incentives, which, in the case of the proposed change, have outweighed the Exchange's desire to incentivize member organizations to provide such liquidity. The Exchange believes that the proposed changes are consistent with an equitable allocation of fees and is not unfairly discriminatory because they result in a uniform charge to member organizations that provide such non-displayed liquidity.

The change with respect to the new charge assessed for orders that remove liquidity in resting midpoint orders is reasonable because it imposes a modest charge for removing midpoint liquidity from PSX. As discussed above, the Exchange currently assesses charges for removing liquidity from PSX and the proposed new charge is less than the standard removal charge, which is reflective of the price improvement such orders provide to the market. The Exchange believes that the proposed change is consistent with an equitable allocation of fees and is not unfairly discriminatory because it applies the charge for removing liquidity from PSX in midpoint orders to all member organizations that remove such liquidity, regardless of the listing venue of the security of the order.

Lastly, the clarifying changes to the title of the rule section concerning credits for non-displayed orders and the text of the credit for other non-displayed orders are reasonable because they more accurately reflect the nature of the rule section and the credit provided, in light of the changes discussed above. The Exchange believes that the proposed changes are consistent with an equitable allocation of fees and are not unfairly discriminatory because the changes apply to all member organizations that use PSX.

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

The Exchange does not believe that the proposed rule change will impose any burden on competition not necessary or appropriate in furtherance of the purposes of the Act, as amended.⁶ The Exchange notes that it operates in a highly competitive market in which market participants can readily favor competing venues if they deem fee levels at a particular venue to be excessive, or rebate opportunities available at other venues to be more favorable. In such an environment, the Exchange must continually adjust its fees to remain competitive with other exchanges and with alternative trading systems that have been exempted from compliance with the statutory standards applicable to exchanges. Because competitors are free to modify their own fees in response, and because market participants may readily adjust their order routing practices, the Exchange believes that the degree to which fee changes in this market may impose any burden on competition is extremely limited. In this instance, the changes to the credits provided and charges assessed are intended to reduce the Exchange's costs, while still continuing to provide an incentive for members to execute shares on PSX and make use of its optional routing functionality. Because there are numerous competitive alternatives to PSX, it is likely

⁶ 15 U.S.C. 78f(b)(8).

the Exchange will lose market share as a result of the changes if they are unattractive to market participants. Accordingly, the Exchange does not believe the proposed changes will impair the ability of members or competing order execution venues to maintain their competitive standing in the financial markets.

C. Self-Regulatory Organization's Statement on Comments on the Proposed Rule Change Received from Members, Participants, or Others

No written comments were either solicited or received.

III. Date of Effectiveness of the Proposed Rule Change and Timing for Commission Action

Pursuant to Section 19(b)(3)(A)(ii) of the Act,⁷ the Exchange has designated this proposal as establishing or changing a due, fee, or other charge imposed by the self-regulatory organization on any person, whether or not the person is a member of the self-regulatory organization, which renders the proposed rule change effective upon filing.

At any time within 60 days of the filing of the proposed rule change, the Commission summarily may temporarily suspend such rule change if it appears to the 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:

⁷ 15 U.S.C. 78s(b)(3)(A)(ii).

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-2014-43 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-2014-43. 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-2014-43 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.⁸

Kevin M. O'Neill
Deputy Secretary

⁸ 17 CFR 200.30-3(a)(12).

EXHIBIT 5

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

* * * * *

VIII. NASDAQ OMX PSX FEES**Access Services Fees [†]**

The following charges are assessed by the Exchange for ports to establish connectivity to the NASDAQ OMX PSX market, as well as ports to receive data from the NASDAQ OMX PSX market:

\$400 per month for each port pair, other than Multicast ITCH® data feed pairs, for which the fee is \$1000 per month. The \$400 port pair fee will be waived from January 2012 through March 2012 for a single port pair subscribed to by a member used for routing during this free period. To be eligible for the fee waiver, the member must increase the number of routable ports it has as of December 31, 2011 and must send routable order flow through the designated port pair at some point during the free period, otherwise the monthly fee will apply.

An additional \$200 per month for each Internet port that requires additional bandwidth.

[†] *Access Services fees will be waived for the first full six months during which NASDAQ OMX PSX operates.*

Order Execution and Routing

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

(1) Fees for Execution of Quotes/Orders in Nasdaq-Listed Securities, Securities Listed on the New York Stock Exchange (“NYSE”) and Securities Listed on Exchanges other than Nasdaq and NYSE

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

[\$0.0030 per share executed for orders entered through a NASDAQ OMX PSX market participant identifier (“MPID”) through which the member organization provides an average daily volume of 10,000 or more shares of liquidity during the month]

\$0.0026[30] per share executed for an order

that is designated as eligible for routing

\$0.0026[30] per share executed for other orders

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

Displayed Quote/Order:

\$0.0025 per share executed for Quotes/Orders entered by a member organization that provides an average daily volume of 6 million or more shares of liquidity during the month; provided that (i) the Quote/Order is entered through a NASDAQ OMX PSX MPID through which the member organization displays, on average over the course of the month, 100 shares or more at the national best bid and/or national best offer at least 25% of the time during regular market hours* in the security that is the subject of the Quote/Order, or (ii) the member organization displays, on average over the course of the month, 100 shares or more at the national best bid and/or national best offer at least 25% of the time during regular market hours in 500 or more securities

\$0.0024[28] per share executed for Quotes/Orders entered by a member organization that provides an average daily volume of 2 million or more shares of liquidity during the month; provided that (i) the Quote/Order is entered through a NASDAQ OMX PSX MPID through which the member organization displays, on average over the course of the month, 100 shares or more at the national best bid and/or national best offer at least 25% of the time during regular market hours* in the security that is the subject of the Quote/Order, or (ii) the member organization displays, on average over the

course of the month, 100 shares or more at the national best bid and/or national best offer at least 25% of the time during regular market hours in 500 or more securities

\$0.0021[26] per share executed for Quotes/Orders entered through a NASDAQ OMX PSX MPID through which the member organization provides an average daily volume of 100,000 or more shares of liquidity during the month

\$0.0015[20] per share executed for other Quotes/Orders

Non-Displayed Order Charges and Credits:

\$0.0003[10] per share executed charge for a midpoint pegged order or a midpoint peg post-only order (a “midpoint order”)

\$0.0005 per share executed credit for other non-displayed orders that provide liquidity

\$0.0003 per share executed charge for orders that execute against resting midpoint order liquidity

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

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

\$0.0030 per share executed for orders entered through a NASDAQ OMX PSX MPID through which the member organization provides an average daily volume of 10,000 or more shares of liquidity during the month

\$0.0030 per share executed for an order that is designated as eligible for routing

\$0.0030 per share executed for other orders

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

Displayed Quote/Order:

\$0.0030 per share executed for Quotes/Orders entered by a member organization that provides an average daily volume of 6 million or more shares of liquidity during the month; provided that (i) the Quote/Order is entered through a NASDAQ OMX PSX MPID through which the member organization displays, on average over the course of the month, 100 shares or more at the national best bid and/or national best offer at least 25% of the time during regular market hours* in the security that is the subject of the Quote/Order, or (ii) the member organization displays, on average over the course of the month, 100 shares or more at the national best bid and/or national best offer at least 25% of the time during regular market hours in 500 or more securities

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

\$0.0026 per share executed for Quotes/Orders entered through a NASDAQ

OMX PSX MPID through which the member organization provides an average daily volume of 100,000 or more shares of liquidity during the month

\$0.0020 per share executed for other Quotes/Orders

Non-Displayed Order:

\$0.0010 per share executed for midpoint orders

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

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

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

\$0.0030 per share executed for orders entered through a NASDAQ OMX PSX MPID through which the member organization provides an average daily volume of 10,000 or more shares of liquidity during the month

\$0.0030 per share executed for an order that is designated as eligible for routing

\$0.0030 per share executed for other orders

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

Displayed Quote/Order:

\$0.0030 per share executed for Quotes/Orders entered by a member organization that provides an average daily volume of 6 million or more shares of liquidity during the month; provided that (i) the Quote/Order is entered through a NASDAQ OMX PSX MPID through which

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

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

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

\$0.0020 per share executed for other Quotes/Orders

Non-Displayed Order:	\$0.0010 per share executed for midpoint orders
	\$0.0005 per share executed for other non-displayed orders

]

(2)[(4)] Fees for Routing of Orders in All Securities

No change.

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

(b) – (c) No change.

* * * * *