

Required fields are shown with yellow backgrounds and asterisks.

Page 1 of * <input type="text" value="43"/>	SECURITIES AND EXCHANGE COMMISSION WASHINGTON, D.C. 20549 Form 19b-4	File No.* SR - <input type="text" value="2014"/> - * <input type="text" value="51"/>	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)(5)	
			<input type="checkbox"/> 19b-4(f)(3)	<input type="checkbox"/> 19b-4(f)(6)	

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

Related to Pricing in Singly Listed Options

Contact Information

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

First Name * <input type="text" value="Angela"/>	Last Name * <input type="text" value="Dunn"/>
Title * <input type="text" value="Associate General Counsel"/>	
E-mail * <input type="text" value="angela.dunn@nasdaqomx.com"/>	
Telephone * <input type="text" value="(215) 496-5692"/>	Fax <input type="text"/>

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="07/28/2014"/>	<input type="text" value="Executive Vice President and General Counsel"/>
By <input type="text" value="Edward S. Knight"/>	<input type="text"/>
(Name *)	

Persona Not Validated - 1383935917270,

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

SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

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

Form 19b-4 Information *

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

Exhibit 1 - Notice of Proposed Rule Change *

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

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

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

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

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Exhibit Sent As Paper Document

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

Exhibit 3 - Form, Report, or Questionnaire

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Exhibit Sent As Paper Document

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

Exhibit 4 - Marked Copies

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

Exhibit 5 - Proposed Rule Text

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

Partial Amendment

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

1. Text of the Proposed Rule Change

(a) NASDAQ OMX PHLX LLC (“Phlx” or “Exchange”), pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 (“Act”)¹ and Rule 19b-4 thereunder,² proposes to amend Section III of the Pricing Schedule which pertains to Singly Listed Options fees.³

While the changes proposed herein are effective upon filing, the Exchange has designated that the amendments be operative August 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 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 16, 2014. Exchange staff will advise the Board of Directors of any action taken pursuant to delegated authority. No other action by the Exchange is necessary for the filing of the rule change.

Questions and comments on the proposed rule change may be directed to Angela Saccomandi Dunn, Associate General Counsel, The NASDAQ OMX Group, Inc. at (215)

¹ 15 U.S.C. 78s(b)(1).

² 17 CFR 240.19b-4.

³ Singly Listed Options fees includes options overlying currencies, equities, ETFs, ETNs treasury securities and indexes not listed on another exchange.

496-5692.

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

a. Purpose

The purpose of this filing is to amend Section III of the Exchange's Pricing Schedule entitled "Singly Listed Options" to: (i) amend Options Transaction Charges; (ii) delete NASDAQ OMX Alpha Indexes^(TM) ("Alpha Indexes"),⁴ MSCI Index Options,⁵ and Treasury Securities⁶ pricing; (iii) adopt new pricing for FX Options⁷ (currencies);

⁴ Alpha Indexes measure relative total returns of one stock and one exchange-traded fund share ("ETF") underlying options which are also traded on the Exchange (each such combination of two components is referred to as an "Alpha Pair"). The first component identified in an Alpha Pair (the "Target Component") is measured against the second component identified in the Alpha Pair (the "Benchmark Component"). Alpha Index Options contracts will be exercised European-style and settled in U.S. dollars. See Securities Exchange Act Release No. 63860 (February 7, 2011), 76 FR 7888 (February 11, 2011) (SR-Phlx-2010-176).

⁵ The Exchange filed to list options on the MSCI EM Index. The MSCI EM Index is a free float-adjusted market capitalization index consisting of large and midcap component securities from countries classified by MSCI as "emerging markets," and is designed to measure equity market performance of emerging markets. The index consists of component securities from the following 21 emerging market countries: Brazil, Chile, China, Colombia, Czech Republic, Egypt, Hungary, India, Indonesia, Korea, Malaysia, Mexico, Morocco, Peru, Philippines, Poland, Russia, South Africa, Taiwan, Thailand, and Turkey. See Securities Exchange Act Release No. 66420 (February 17, 2012), 77 FR 11177 (February 24, 2012) (SR-Phlx-2011-179) (an order granting approval of the proposal to list and trade options on the MSCI EM Index). The Exchange also filed to list options on the MSCI EAFE Index. The MSCI EAFE Index is a free float-adjusted market capitalization index that is designed to measure the equity market performance of developed markets, excluding the U.S. and Canada. The MSCI EAFE Index consists of component securities from the following twenty-two (22) developed market countries: Australia, Austria, Belgium, Denmark, Finland, France, Germany, Greece, Hong Kong, Ireland, Israel, Italy, Japan, the Netherlands, New Zealand, Norway, Portugal, Singapore, Spain, Sweden, Switzerland, and the United Kingdom. See Securities Exchange Act Release No. 66569 (March 9, 2012), 77 FR 15409 (March 15, 2014) (SR-Phlx-2012-28).

⁶ Subsection (a)(1) of Phlx Rule 1001D states that the term "Treasury securities" (also known as Treasury debt securities) means a bond or note or other evidence of indebtedness that is a direct obligation of, or an obligation guaranteed as to principal or

and(iv) make other technical amendments to the Pricing Schedule to clarify text and remove outdated text.

Today, the Exchange assesses an Options Transaction Charge for Customers of \$0.40 per contract, for Professionals,⁸ Firms⁹ and Broker-Dealers¹⁰ of \$0.60 per contract and for Specialists¹¹ and Market Makers¹² of \$0.40 per contract. These fees apply to options overlying currencies,¹³ equities, exchange-traded notes (“ETNs”),¹⁴ exchange-

interest by, the United States or a corporation in which the United States has a direct or indirect interest (except debt securities guaranteed as to timely payment of principal and interest by the Government National Mortgage Association). Securities issued or guaranteed by individual departments or agencies of the United States are sometimes referred to by the title of the department or agency involved (e.g., a “Treasury security” is a debt instrument that is issued by the United States Treasury).

⁷ For purposes of pricing of Singly Listed FX Options, this includes the following U.S. dollar-settled foreign currency options: XDB, XDE, XDN, XDS, XDA, XDM, XEH, XEV, XDZ, XDC and XDV.

⁸ The term “professional” means any person or entity that (i) is not a broker or dealer in securities, and (ii) places more than 390 orders in listed options per day on average during a calendar month for its own beneficial account(s). See Rule 1000(b)(14).

⁹ The term “Firm” applies to any transaction that is identified by a member or member organization for clearing in the Firm range at The Options Clearing Corporation.

¹⁰ The term “Broker-Dealer” applies to any transaction which is not subject to any of the other transaction fees applicable within a particular category.

¹¹ A Specialist is an Exchange member who is registered as an options specialist pursuant to Rule 1020(a).

¹² A “Market Maker” includes Registered Options Traders (Rule 1014(b)(i) and (ii)), which includes Streaming Quote Traders (see Rule 1014(b)(ii)(A)) and Remote Streaming Quote Traders (see Rule 1014(b)(ii)(B)).

¹³ U.S. dollar-settled foreign currency options include XDB, XDE, XDN, XDS, XDA, XDM, XEH, XEV, XDZ, XDC and XDV.

¹⁴ ETNs are also known as “Index-Linked Securities,” which are designed for investors who desire to participate in a specific market segment by providing exposure to one or more identifiable underlying securities, commodities, currencies, derivative instruments or market indexes of the foregoing. Index-Linked Securities are the non-convertible debt

traded fund (“ETF”)¹⁵ and indexes.¹⁶ Today, these fees do not apply to Alpha Index Options, MSCI Index Options or Treasury Securities, which have separate pricing listed in Section III of the Pricing Schedule. The Exchange proposes to increase the Professional, Broker-Dealer and Firm Options Transaction Charges from \$0.60 to \$0.70 per contract for Singly Listed Options. The increase aligns these fees with electronic Non-Penny Pilot fees in Section II of the Pricing Schedule.¹⁷ Despite the fee increase, the proposal will allow the Exchange to incentivize market participants to transact Singly Listed Options.

The Exchange proposes to delete pricing related to Alpha Indexes, MSCI Index Options and Treasury Securities because the Exchange no longer lists options on Alpha Indexes, MSCI Index Options or Treasury Securities. The separate pricing related to these products is not relevant to any product currently listed on Phlx. The Exchange proposes to remove the words “treasury securities” from the title of Section III.

The Exchange proposes to adopt new pricing for FX Options (currently referred to as currencies in the Pricing Schedule in Section III and including XDB, XDE, XDN,

of an issuer that have a term of at least one (1) year but not greater than thirty (30) years. Despite the fact that Index-Linked Securities are linked to an underlying index, each trade as a single, exchange-listed security. Accordingly, rules pertaining to the listing and trading of standard equity options apply to Index-Linked Securities.

¹⁵ An ETF is an open-ended registered investment company under the Investment Company Act of 1940 that has received certain exemptive relief from the Commission to allow secondary market trading in the ETF shares. ETFs are generally index-based products, in that each ETF holds a portfolio of securities that is intended to provide investment results that, before fees and expenses, generally correspond to the price and yield performance of the underlying benchmark index.

¹⁶ The following index symbols will be assessed the Options Transaction Charges in Section III for Singly Listed Options: SOX, HGX and OSX.

¹⁷ Professionals, Broker-Dealers and Firms are assessed a \$0.70 per contract electronic Options Transaction Charge in Multiply Listed Options.

XDS, XDA, XDM, XEH, XEV, XDZ, XDC and XDV). Today, as noted above, the Exchange assesses an Options Transaction Charge for Customer of \$0.40 per contract, for Professional, Firm and Broker-Dealer of \$0.60 per contract and for Specialist and Market Maker of \$0.40 per contract and these fees apply to options overlying FX Options. The Exchange is proposing to adopt new pricing for FX Options to incentivize market participants to transact a greater number of FX Options. The Exchange also proposes to refer to “currencies” as “FX Options” in the Pricing Schedule.

Specifically, the Exchange proposes to pay the following Rebates for Adding Liquidity and assess the following per contract Fees for Removing Liquidity in Singly Listed FX Options for Simple Orders:

	Customer	Specialist	Market Maker	Firm	Broker-Dealer	Professional
Rebate for Adding Liquidity	\$0.00	\$0.20	\$0.20	\$0.00	\$0.00	\$0.00
Fee for Removing Liquidity	\$0.40	\$0.40	\$0.40	\$0.40	\$0.40	\$0.40

The Exchange would add the above pricing to Section III as Part A. The Exchange also proposes to assess the following per contract Fees for Adding and Removing Liquidity in Singly Listed FX Options for Complex Orders:¹⁸

¹⁸ A Complex Order is any order involving the simultaneous purchase and/or sale of two or more different options series in the same underlying security, priced at a net debit or credit based on the relative prices of the individual components, for the same account, for the purpose of executing a particular investment strategy. Furthermore, a Complex Order can also be a stock-option order, which is an order to buy or sell a stated number of units of an underlying stock or exchange-traded fund (“ETF”) coupled with the purchase or sale of options contract(s). See Exchange Rule 1080, Commentary .08(a)(i).

	Customer	Specialist	Market Maker	Firm	Broker-Dealer	Professional
Fee for Adding Liquidity	\$0.40	\$0.40	\$0.40	\$0.40	\$0.40	\$0.40
Fee for Removing Liquidity	\$0.40	\$0.40	\$0.40	\$0.40	\$0.40	\$0.40

Simple Singly Listed FX Options Orders that are executed against the individual components of Complex Singly Listed FX Options Orders will be assessed the fees and paid the rebates in Part A. However, the individual components of Complex Singly Listed FX Options Orders will be assessed the fees in Part B. Transactions in Singly Listed FX Options originating on the Exchange floor will be subject to the Fee for Removing Liquidity. However, if one side of the transaction originates on the Exchange floor and any other side of the trade was the result of an electronically submitted order or a quote, then these fees will apply to the transactions which originated on the Exchange floor and the contracts that are executed electronically on all sides of the transaction. The fees for FX Options executions in all electronic auctions including, but not limited to, the Quote Exhaust auction,¹⁹ the opening process and Complex electronic auction, including the Complex Order Live Auction (“COLA”),²⁰ will be \$0.40 per contract for Customer,

¹⁹ A Quote Exhaust occurs when the market at a particular price level on the Exchange includes a quote, and such market is exhausted by an inbound contra-side quote or order (“initiating quote or order”), and following such exhaustion, contracts remain to be executed from the initiating quote or order. See Exchange Rule 1082(a)(ii)(B)(3).

²⁰ The Complex Order Live Auction (“COLA”) is the auction for eligible Complex Orders. See Phlx Rule 1080, Commentary .08.

Professional, Firm, Broker-Dealer, Specialist and Market Maker. PIXL²¹ Executions in FX Options will be as follows: Initiating Order:²² \$0.20 per contract and all other participants: \$0.40 per contract. The Exchange believes the proposed competitive pricing will incentivize market participants to transact Singly Listed FX Options orders on Phlx.

Finally, the Exchange proposes to remove certain notes in the Pricing Schedule. The Exchange proposes to remove the note applying to Treasury Securities, “The Options Transaction Charges and Rebates for Treasury Securities will be effective as of March 1, 2013,” because this note is outdated. The Exchange also proposes to delete the note 11 in the Pricing Schedule that was applicable to MSCI Index Options and states, “Non-Customer executions in MSCI Index Options will be assessed a surcharge of \$0.05 per contract,” because the Exchange no longer lists MSCI Index Options. The Exchange proposes to delete note 12 in the Pricing Schedule, “Options Transaction Charge - Floor will apply to the first 500 contract only. Each additional contract will be assessed an options transaction charge - floor of \$0.00.” Note 14 is associated with Treasury Securities, which are not currently listed on Phlx.

²¹ PIXL is the Exchange’s price improvement mechanism known as Price Improvement XL or (PIXLSM). See Phlx Rule 1080(n).

²² A member may electronically submit for execution an order it represents as agent on behalf of a public customer, broker-dealer, or any other entity (“PIXL Order”) against principal interest or against any other order (except as provided in Rule 1080(n)(i)(E)) it represents as agent (“Initiating Order”) provided it submits the PIXL order for electronic execution into the PIXL Auction (“Auction”) pursuant to Rule 1080. See Exchange Rule 1080(n).

b. Statutory Basis

The Exchange believes that its proposal to amend its Pricing Schedule is consistent with Section 6(b) of the Act²³ in general, and furthers the objectives of Section 6(b)(4) and (b)(5) of the Act²⁴ 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 Phlx operates or controls, and is not designed to permit unfair discrimination between customers, issuers, brokers, or dealers.

Singly Listed Options Transaction Charge

The Exchange believes that increasing the Professional, Firm and Broker-Dealer Options Transaction Charges is reasonable because the Exchange is seeking to recoup the operational costs for Singly Listed Options, which costs are higher than those for Multiply Listed Options.²⁵ Also, the Exchange believes the fees are reasonable because the proposed fees are within the range of similar fees assessed at other exchanges.²⁶

²³ 15 U.S.C. 78f(b).

²⁴ 15 U.S.C. 78f(b)(4), (5).

²⁵ By way of example, in analyzing an obvious error, the Exchange would have additional data points available in establishing a theoretical price for a Multiply Listed Option as compared to a Singly Listed Option, which requires additional analysis and administrative time to comply with Exchange rules to resolve an obvious error.

²⁶ The Chicago Board Options Exchange, Incorporated (“CBOE”) assesses an \$0.80 per contract fee to Customers, Broker-Dealers, Non-Trading Permit Holder Market Makers and Professional, Voluntary Professional and Joint Back-Office market participants for SPX Range Options (SRO) transactions, a proprietary index, in addition to a surcharge fee. SPX refers to options on the Standard & Poor's 500 Index. See CBOE’s Fees Schedule. In addition, NASDAQ Options Market LLC (“NOM”) assesses Non-Penny Pilot Fees for Removing Liquidity ranging from \$0.85 to \$0.89 per contract depending on the market participant. See Chapter XV, Section 2 of NOM’s Rules. The Exchange also assesses a Professional, Broker-Dealer and Firm an electronic options transaction charge (Non-Penny Pilot Options) of \$0.70 per contract for transactions in Multiply Listed Options. See Section II of the Exchange’s Pricing Schedule.

The Exchange believes that increasing the Professional, Firm and Broker-Dealer Options Transaction Charges is equitable and not unfairly discriminatory because the pricing will be comparable among similar categories of market participants, as is the case today. Professionals, Firms and Broker-Dealers will be assessed the same rates (\$0.70 per contract) and Customers, Specialists and Market Makers will continue to be assessed lower rates as compared to other market participants. Customer order flow is assessed the lowest fee because incentivizing members to continue to offer Customer trading opportunities in Singly Listed Options benefits all market participants through increased liquidity. The Exchange notes that Specialists and Market Makers are assessed lower options transaction charges as compared to other market participants, except Customers, because they have burdensome quoting obligations²⁷ to the market which do not apply to Customers, Professionals, Firms and Broker-Dealers. The proposed differentiation as between Customers, Specialists and Market Makers as compared to Professionals, Firms and Broker-Dealers recognizes the differing contributions made to the liquidity and trading environment on the Exchange by these market participants.

Alpha Indexes, MSCI Index Options and Treasury Securities

The Exchange's proposal to delete pricing related to Alpha Indexes, MSCI Index Options and Treasury Securities is reasonable because the Exchange no longer lists options on Alpha Indexes, MSCI Index Options or Treasury Securities. The Exchange's proposal to delete pricing related to Alpha Indexes, MSCI Index Options and Treasury

²⁷ See Rule 1014 titled "Obligations and Restrictions Applicable to Specialists and Registered Options Traders."

Securities is equitable and not unfairly discriminatory because the pricing will not apply to any market participant.

FX Options

The Exchange's proposal to adopt new pricing for Singly Listed FX Options is reasonable, equitable, and not unfairly discriminatory because pricing by symbol is a common practice on many U.S. options exchanges as a means to incentivize order flow to be sent to an exchange for execution in particular products. Other options exchanges price by symbol.²⁸

The Exchange's proposed new Simple and Complex Order pricing in Singly Listed FX Options is reasonable because the Exchange desires to incentivize market participants to transact a greater number of Singly Listed FX Options on Phlx. The Exchange is offering pricing specific to Singly Listed FX Options because the Exchange believes that incentivizing Specialists and Market Makers to add increased liquidity in Singly Listed FX Options by offering Simple Order rebates to these participants will benefit all market participants through tighter markets and order interaction. Also, providing Specialists and Market Makers an opportunity to earn a rebate will incentivize Specialists and Market Makers to interact with a greater number of Simple Orders in Singly Listed FX Options on the Exchange. The Exchange believes it is reasonable to assess lower fees to transact Singly Listed FX Options, as compared to other Singly Listed products, because the Exchange seeks to incentivize these market participants to transact a greater number of FX Options.

With respect to Simple Orders, the Exchange would only pay a Rebate for Adding

²⁸ See CBOE's Fees Schedule and the International Securities Exchange LLC's Fee Schedule.

Liquidity to Specialists and Market Makers to encourage order interaction in Singly Listed FX Options. All market participants would be assessed a \$0.40 per contract Fee for Removing Liquidity in Singly Listed FX Options. The Exchange believes that the Simple Order Singly Listed FX Options Fees are equitable and not unfairly discriminatory because all market participants would be assessed the same Fees for Removing Liquidity. Also, offering only Specialists and Market Makers a Rebate for Adding Liquidity when transacting FX Options is equitable and not unreasonably discriminatory because Specialists and Market Makers have obligations to the market and regulatory requirements,²⁹ which normally do not apply to other market participants. They have obligations to make continuous markets, engage in a course of dealings reasonably calculated to contribute to the maintenance of a fair and orderly market, and not make bids or offers or enter into transactions that are inconsistent with a course of dealings. With respect to Complex Orders, the Exchange would assess all market participants a \$0.40 per contract Fee for Adding and Removing Liquidity in Singly Listed FX Options. The Exchange believes that the Complex Order Singly Listed FX Options Fees are equitable and not unfairly discriminatory because all market participants would be assessed the same Fees for Adding and Removing Liquidity.

The Exchange's proposal to assess the fees and pay the rebates in Part A for Simple FX Options Orders that are executed against the individual components of Complex FX Options Orders and assess the fees in Part B to the individual components of Complex FX Options Orders is reasonable, equitable and not unfairly discriminatory because the Exchange is seeking to assess fees and pay rebates for Singly Listed Options

²⁹ See note 27.

in a manner comparable to the current Pricing Schedule.³⁰ Additionally, all market participants would be assessed fees and paid rebates for Singly Listed Options in a uniform manner.

The Exchange's proposal to assess transactions in Singly Listed FX Options originating on the Exchange floor the proposed FX Options Fees for Removing Liquidity in Section III, unless one side of the transaction originates on the Exchange floor and any other side of the trade was the result of an electronically submitted order or a quote, then the FX Options Fees for Removing Liquidity would apply to transactions which originated on the Exchange floor and electronically executed contracts, on all sides is reasonable, equitable and not unfairly discriminatory for the reasons which follow. The Exchange proposes to not amend the manner in which Singly Listed FX Options are treated today as compared to other Exchange products such as SPY transactions in Section I of the Pricing Schedule. The Exchange intends to uniformly apply its fees in the manner described herein to all market participants. The Exchange believes that the addition of this rule text in the Pricing Schedule will add clarity to the manner in which the Exchange will impose fees.

The Exchange's proposal to treat FX Options executions in Singly Listed Options which occur as part of an electronic auction, including, but not limited to, the Quote Exhaust Auction, opening process and Complex electronic auction, including COLA, in the same manner by assessing \$0.40 per contract for all market participants is reasonable, equitable and not unfairly discriminatory because the Exchange is proposing to assess the

³⁰ See Section I of the Pricing Schedule.

same fee³¹ for these auctions as other transactions and is proposing to uniformly assess these fees to all market participants.

The Exchange's proposal to assess PIXL pricing for Singly Listed FX Options of \$0.20 per contract for the Initiating Order and \$0.40 per contract for all market participants for all PIXL transactions is reasonable because the fees should encourage market participants to transact a greater number of PIXL Orders for the purpose of obtaining price improvement with respect to their orders. The \$0.40 per contract fee is comparable to the FX Options Fees for Removing Liquidity in Simple and Complex Options. The Exchange's proposal to assess \$0.20 per contract for the Initiating Order is discounted by half to encourage market participants to submit Initiating PIXL Orders. The Exchange similarly lowered the fee for the Initiating Order for options in SPY in order to encourage market participants to submit a greater number of Initiating Orders.³² The Exchange believes that an Initiating Order of \$0.20 per contract is reasonable given the \$0.40 per contract rate for all other orders in PIXL and the differential between the Initiating Order and all other orders is within the range of differentials existing on the Exchange's Pricing Schedule (\$0.05 vs. \$0.38 for SPY and \$0.05 or \$0.07 per contract vs. \$0.30 for all other PIXL Orders).³³

The Exchange's proposal to assess PIXL pricing for Singly Listed FX Options of \$0.20 per contract for the Initiating Order and \$0.40 per contract for all market participants for all PIXL transactions is equitable and not unfairly discriminatory because

³¹ The proposed Singly Listed FX Options Fees for Removing Liquidity in Simple and Complex Options is \$0.40 per contract.

³² See Section I of the Pricing Schedule.

³³ See Section I and Section IV, Part A of the Pricing Schedule.

the Exchange proposes to assess all market participants transacting Singly Listed FX Options in PIXL these rates. Under the proposal, all market participants would be treated in a uniform manner with respect to FX Options Singly Listed PIXL orders.

The Exchange's proposal to delete various notes from the Pricing Schedule is reasonable, equitable and not unfairly discriminatory because the notes are outdated or apply to products no longer listed on Phlx. By removing outdated rule text which is no longer applicable, the Pricing Schedule will be less confusing and refer to only current pricing in Section III.

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 believes that increasing the Professional, Firm and Broker-Dealer Options Transaction Charges does not create an undue burden on competition because the Exchange incurs higher costs to list Singly Listed Options as compared to Multiply Listed Options and the Exchange proposes to recoup these operational costs by assessing uniform fees for all market participants except Customers, Specialists and Market Makers. Customer order flow is assessed the lowest fee because incentivizing members to continue to offer Customer trading opportunities in Singly Listed Options benefits all market participants through increased liquidity. Specialists and Market Makers are assessed lower options transaction charges as compared to other market participants, except Customers, because they have burdensome quoting obligations³⁴ to the market which do not apply to Customers, Professionals, Firms and Broker-Dealers. The

³⁴ See note 27.

proposed differentiation as between Customers, Specialists and Market Makers as compared to Professionals, Firms and Broker-Dealers recognizes the differing contributions made to the liquidity and trading environment on the Exchange by these market participants.

The Exchange's proposal to delete pricing related to Alpha Indexes, MSCI Index Options and Treasury Securities does not create an undue burden on competition because the Exchange no longer lists options on Alpha Indexes, MSCI Index Options or Treasury Securities and the pricing will not apply to any market participant.

The Exchange's proposal to adopt new pricing for Singly Listed FX Options does not create an undue burden on competition because pricing by symbol is a common practice on many U.S. options exchanges as a means to incentivize order flow to be sent to an exchange for execution in particular products.³⁵ Further, incentivizing Specialists and Market Makers to add increased liquidity in Singly Listed FX Options by offering Simple Order rebates to these participants will benefit all market participants through tighter markets and order interaction. Also, by providing Specialists and Market Makers an opportunity to earn a rebate will incentivize Specialists and Market Makers to interact with a greater number of Simple Orders in Singly Listed FX Options on the Exchange. The Exchange believes it is reasonable to assess lower fees to transact Singly Listed FX Options, as compared to other Singly Listed products, because the Exchange seeks to incentivize these market participants to transact a greater number of FX Options. Specialists and Market Makers have obligations to the market and regulatory

³⁵ See note 28.

requirements,³⁶ which normally do not apply to other market participants. With respect to Complex Orders, the Exchange would similarly assess all market participants a \$0.40 per contract Fee for Adding and Removing Liquidity in Singly Listed FX Options.

The Exchange's proposal to assess the fees and pay the rebates in Part A for Simple FX Options Orders that are executed against the individual components of Complex FX Options Orders and assess the fees in Part B to the individual components of Complex FX Options Orders is comparable to the manner in which pricing is currently applied today for SPY pricing³⁷ and does not create an undue burden on competition because the Exchange uniformly applies this treatment to all market participants. Similarly, the Exchange's proposal to assess transactions in Singly Listed FX Options originating on the Exchange floor the proposed FX Options Fees for Removing Liquidity in Section III, unless one side of the transaction originates on the Exchange floor and any other side of the trade was the result of an electronically submitted order or a quote, then the FX Options Fees for Removing Liquidity would apply to the transactions which originated on the Exchange floor and the contracts that are executed electronically on all sides of the transaction, does not create an undue burden on competition because this treatment is comparable to the manner in which pricing is currently applied today for SPY pricing³⁸ and does not create an undue burden on competition because the Exchange uniformly applies this treatment to all market participants. The Exchange's proposal to treat FX Options executions in Singly Listed Options which occur as part of an electronic

³⁶ See note 27.

³⁷ See Section I of the Pricing Schedule.

³⁸ Id.

auction, including, but not limited to, the Quote Exhaust Auction, opening process and Complex electronic auction, including COLA, in the same manner by assessing \$0.40 per contract for all market participants does not create an undue burden on competition because the Exchange is proposing to assess the same fee³⁹ for these auctions as other transactions and is proposing to uniformly assess these fees to all market participants.

The Exchange's proposal to assess PIXL pricing for Singly Listed FX Options of \$0.20 per contract for the Initiating Order and \$0.40 per contract for all market participants for all PIXL transactions does not create an undue burden on competition because the Exchange proposes to assess all market participants transacting Singly Listed FX Options in PIXL these rates. Under the proposal, all market participants would be treated in a uniform manner with respect to FX Options Singly Listed PIXL orders.

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

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

No written comments were either solicited or received.

³⁹ The proposed Singly Listed FX Options Fees for Removing Liquidity in Simple and Complex Options is \$0.40 per contract.

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,⁴⁰ 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.

⁴⁰ 15 U.S.C. 78s(b)(3)(A)(ii).

Exhibit 1

SECURITIES AND EXCHANGE COMMISSION
(Release No. _____ ; File No. SR-Phlx-2014-51)

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

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 July 28, 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 Section III of the Pricing Schedule which pertains to Singly Listed Options fees.³

While the changes proposed herein are effective upon filing, the Exchange has designated that the amendments be operative August 1, 2014.

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.

³ Singly Listed Options fees includes options overlying currencies, equities, ETFs, ETNs treasury securities and indexes not listed on another exchange.

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 this filing is to amend Section III of the Exchange's Pricing Schedule entitled "Singly Listed Options" to: (i) amend Options Transaction Charges; (ii) delete NASDAQ OMX Alpha Indexes^(TM) ("Alpha Indexes"),⁴ MSCI Index Options,⁵

⁴ Alpha Indexes measure relative total returns of one stock and one exchange-traded fund share ("ETF") underlying options which are also traded on the Exchange (each such combination of two components is referred to as an "Alpha Pair"). The first component identified in an Alpha Pair (the "Target Component") is measured against the second component identified in the Alpha Pair (the "Benchmark Component"). Alpha Index Options contracts will be exercised European-style and settled in U.S. dollars. See Securities Exchange Act Release No. 63860 (February 7, 2011), 76 FR 7888 (February 11, 2011) (SR-Phlx-2010-176).

⁵ The Exchange filed to list options on the MSCI EM Index. The MSCI EM Index is a free float-adjusted market capitalization index consisting of large and midcap component securities from countries classified by MSCI as "emerging markets," and is designed to measure equity market performance of emerging markets. The index consists of component securities from the following 21 emerging market countries: Brazil, Chile, China, Colombia, Czech Republic, Egypt, Hungary, India, Indonesia, Korea, Malaysia, Mexico, Morocco, Peru, Philippines, Poland, Russia, South Africa, Taiwan, Thailand, and Turkey. See Securities Exchange Act Release No. 66420 (February 17, 2012), 77 FR 11177 (February 24, 2012) (SR-Phlx-2011-179) (an order granting approval of the proposal to list and trade options on the MSCI EM Index). The Exchange also filed to list options on the MSCI EAFE Index. The MSCI EAFE Index is a free float-adjusted market capitalization index that is designed to measure the equity market performance of developed markets, excluding the U.S. and Canada. The MSCI EAFE Index consists of

and Treasury Securities⁶ pricing; (iii) adopt new pricing for FX Options⁷ (currencies); and(iv) make other technical amendments to the Pricing Schedule to clarify text and remove outdated text.

Today, the Exchange assesses an Options Transaction Charge for Customers of \$0.40 per contract, for Professionals,⁸ Firms⁹ and Broker-Dealers¹⁰ of \$0.60 per contract and for Specialists¹¹ and Market Makers¹² of \$0.40 per contract. These fees apply to

component securities from the following twenty-two (22) developed market countries: Australia, Austria, Belgium, Denmark, Finland, France, Germany, Greece, Hong Kong, Ireland, Israel, Italy, Japan, the Netherlands, New Zealand, Norway, Portugal, Singapore, Spain, Sweden, Switzerland, and the United Kingdom. See Securities Exchange Act Release No. 66569 (March 9, 2012), 77 FR 15409 (March 15, 2014) (SR-Phlx-2012-28).

⁶ Subsection (a)(1) of Phlx Rule 1001D states that the term “Treasury securities” (also known as Treasury debt securities) means a bond or note or other evidence of indebtedness that is a direct obligation of, or an obligation guaranteed as to principal or interest by, the United States or a corporation in which the United States has a direct or indirect interest (except debt securities guaranteed as to timely payment of principal and interest by the Government National Mortgage Association). Securities issued or guaranteed by individual departments or agencies of the United States are sometimes referred to by the title of the department or agency involved (e.g., a “Treasury security” is a debt instrument that is issued by the United States Treasury).

⁷ For purposes of pricing of Singly Listed FX Options, this includes the following U.S. dollar-settled foreign currency options: XDB, XDE, XDN, XDS, XDA, XDM, XEH, XEV, XDZ, XDC and XDV.

⁸ The term “professional” means any person or entity that (i) is not a broker or dealer in securities, and (ii) places more than 390 orders in listed options per day on average during a calendar month for its own beneficial account(s). See Rule 1000(b)(14).

⁹ The term “Firm” applies to any transaction that is identified by a member or member organization for clearing in the Firm range at The Options Clearing Corporation.

¹⁰ The term “Broker-Dealer” applies to any transaction which is not subject to any of the other transaction fees applicable within a particular category.

¹¹ A Specialist is an Exchange member who is registered as an options specialist pursuant to Rule 1020(a).

options overlying currencies,¹³ equities, exchange-traded notes (“ETNs”),¹⁴ exchange-traded fund (“ETF”)¹⁵ and indexes.¹⁶ Today, these fees do not apply to Alpha Index Options, MSCI Index Options or Treasury Securities, which have separate pricing listed in Section III of the Pricing Schedule. The Exchange proposes to increase the Professional, Broker-Dealer and Firm Options Transaction Charges from \$0.60 to \$0.70 per contract for Singly Listed Options. The increase aligns these fees with electronic Non-Penny Pilot fees in Section II of the Pricing Schedule.¹⁷ Despite the fee increase, the proposal will allow the Exchange to incentivize market participants to transact Singly Listed Options.

¹² A “Market Maker” includes Registered Options Traders (Rule 1014(b)(i) and (ii)), which includes Streaming Quote Traders (see Rule 1014(b)(ii)(A)) and Remote Streaming Quote Traders (see Rule 1014(b)(ii)(B)).

¹³ U.S. dollar-settled foreign currency options include XDB, XDE, XDN, XDS, XDA, XDM, XEH, XEV, XDZ, XDC and XDV.

¹⁴ ETNs are also known as “Index-Linked Securities,” which are designed for investors who desire to participate in a specific market segment by providing exposure to one or more identifiable underlying securities, commodities, currencies, derivative instruments or market indexes of the foregoing. Index-Linked Securities are the non-convertible debt of an issuer that have a term of at least one (1) year but not greater than thirty (30) years. Despite the fact that Index-Linked Securities are linked to an underlying index, each trade as a single, exchange-listed security. Accordingly, rules pertaining to the listing and trading of standard equity options apply to Index-Linked Securities.

¹⁵ An ETF is an open-ended registered investment company under the Investment Company Act of 1940 that has received certain exemptive relief from the Commission to allow secondary market trading in the ETF shares. ETFs are generally index-based products, in that each ETF holds a portfolio of securities that is intended to provide investment results that, before fees and expenses, generally correspond to the price and yield performance of the underlying benchmark index.

¹⁶ The following index symbols will be assessed the Options Transaction Charges in Section III for Singly Listed Options: SOX, HGX and OSX.

¹⁷ Professionals, Broker-Dealers and Firms are assessed a \$0.70 per contract electronic Options Transaction Charge in Multiply Listed Options.

The Exchange would add the above pricing to Section III as Part A. The Exchange also proposes to assess the following per contract Fees for Adding and Removing Liquidity in Singly Listed FX Options for Complex Orders:¹⁸

	Customer	Specialist	Market Maker	Firm	Broker-Dealer	Professional
Fee for Adding Liquidity	\$0.40	\$0.40	\$0.40	\$0.40	\$0.40	\$0.40
Fee for Removing Liquidity	\$0.40	\$0.40	\$0.40	\$0.40	\$0.40	\$0.40

Simple Singly Listed FX Options Orders that are executed against the individual components of Complex Singly Listed FX Options Orders will be assessed the fees and paid the rebates in Part A. However, the individual components of Complex Singly Listed FX Options Orders will be assessed the fees in Part B. Transactions in Singly Listed FX Options originating on the Exchange floor will be subject to the Fee for Removing Liquidity. However, if one side of the transaction originates on the Exchange floor and any other side of the trade was the result of an electronically submitted order or a quote, then these fees will apply to the transactions which originated on the Exchange floor and the contracts that are executed electronically on all sides of the transaction. The fees for FX Options executions in all electronic auctions including, but not limited to, the

¹⁸ A Complex Order is any order involving the simultaneous purchase and/or sale of two or more different options series in the same underlying security, priced at a net debit or credit based on the relative prices of the individual components, for the same account, for the purpose of executing a particular investment strategy. Furthermore, a Complex Order can also be a stock-option order, which is an order to buy or sell a stated number of units of an underlying stock or exchange-traded fund (“ETF”) coupled with the purchase or sale of options contract(s). See Exchange Rule 1080, Commentary .08(a)(i).

Quote Exhaust auction,¹⁹ the opening process and Complex electronic auction, including the Complex Order Live Auction (“COLA”),²⁰ will be \$0.40 per contract for Customer, Professional, Firm, Broker-Dealer, Specialist and Market Maker. PIXL²¹ Executions in FX Options will be as follows: Initiating Order:²² \$0.20 per contract and all other participants: \$0.40 per contract. The Exchange believes the proposed competitive pricing will incentivize market participants to transact Singly Listed FX Options orders on Phlx.

Finally, the Exchange proposes to remove certain notes in the Pricing Schedule. The Exchange proposes to remove the note applying to Treasury Securities, “The Options Transaction Charges and Rebates for Treasury Securities will be effective as of March 1, 2013,” because this note is outdated. The Exchange also proposes to delete the note 11 in the Pricing Schedule that was applicable to MSCI Index Options and states, “Non-Customer executions in MSCI Index Options will be assessed a surcharge of \$0.05 per contract,” because the Exchange no longer lists MSCI Index Options. The Exchange proposes to delete note 12 in the Pricing Schedule, “Options Transaction Charge - Floor

¹⁹ A Quote Exhaust occurs when the market at a particular price level on the Exchange includes a quote, and such market is exhausted by an inbound contra-side quote or order (“initiating quote or order”), and following such exhaustion, contracts remain to be executed from the initiating quote or order. See Exchange Rule 1082(a)(ii)(B)(3).

²⁰ The Complex Order Live Auction (“COLA”) is the auction for eligible Complex Orders. See Phlx Rule 1080, Commentary .08.

²¹ PIXL is the Exchange’s price improvement mechanism known as Price Improvement XL or (PIXLSM). See Phlx Rule 1080(n).

²² A member may electronically submit for execution an order it represents as agent on behalf of a public customer, broker-dealer, or any other entity (“PIXL Order”) against principal interest or against any other order (except as provided in Rule 1080(n)(i)(E)) it represents as agent (“Initiating Order”) provided it submits the PIXL order for electronic execution into the PIXL Auction (“Auction”) pursuant to Rule 1080. See Exchange Rule 1080(n).

will apply to the first 500 contract only. Each additional contract will be assessed an options transaction charge - floor of \$0.00.” Note 14 is associated with Treasury Securities, which are not currently listed on Phlx.

2. Statutory Basis

The Exchange believes that its proposal to amend its Pricing Schedule is consistent with Section 6(b) of the Act²³ in general, and furthers the objectives of Section 6(b)(4) and (b)(5) of the Act²⁴ 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 Phlx operates or controls, and is not designed to permit unfair discrimination between customers, issuers, brokers, or dealers.

Singly Listed Options Transaction Charge

The Exchange believes that increasing the Professional, Firm and Broker-Dealer Options Transaction Charges is reasonable because the Exchange is seeking to recoup the operational costs for Singly Listed Options, which costs are higher than those for Multiply Listed Options.²⁵ Also, the Exchange believes the fees are reasonable because the proposed fees are within the range of similar fees assessed at other exchanges.²⁶

²³ 15 U.S.C. 78f(b).

²⁴ 15 U.S.C. 78f(b)(4), (5).

²⁵ By way of example, in analyzing an obvious error, the Exchange would have additional data points available in establishing a theoretical price for a Multiply Listed Option as compared to a Singly Listed Option, which requires additional analysis and administrative time to comply with Exchange rules to resolve an obvious error.

²⁶ The Chicago Board Options Exchange, Incorporated (“CBOE”) assesses an \$0.80 per contract fee to Customers, Broker-Dealers, Non-Trading Permit Holder Market Makers and Professional, Voluntary Professional and Joint Back-Office market participants for SPX Range Options (SRO) transactions, a proprietary index, in addition to a surcharge fee. SPX refers to options on the Standard & Poor's 500 Index. See CBOE’s Fees

The Exchange believes that increasing the Professional, Firm and Broker-Dealer Options Transaction Charges is equitable and not unfairly discriminatory because the pricing will be comparable among similar categories of market participants, as is the case today. Professionals, Firms and Broker-Dealers will be assessed the same rates (\$0.70 per contract) and Customers, Specialists and Market Makers will continue to be assessed lower rates as compared to other market participants. Customer order flow is assessed the lowest fee because incentivizing members to continue to offer Customer trading opportunities in Singly Listed Options benefits all market participants through increased liquidity. The Exchange notes that Specialists and Market Makers are assessed lower options transaction charges as compared to other market participants, except Customers, because they have burdensome quoting obligations²⁷ to the market which do not apply to Customers, Professionals, Firms and Broker-Dealers. The proposed differentiation as between Customers, Specialists and Market Makers as compared to Professionals, Firms and Broker-Dealers recognizes the differing contributions made to the liquidity and trading environment on the Exchange by these market participants.

Alpha Indexes, MSCI Index Options and Treasury Securities

The Exchange's proposal to delete pricing related to Alpha Indexes, MSCI Index Options and Treasury Securities is reasonable because the Exchange no longer lists

Schedule. In addition, NASDAQ Options Market LLC ("NOM") assesses Non-Penny Pilot Fees for Removing Liquidity ranging from \$0.85 to \$0.89 per contract depending on the market participant. See Chapter XV, Section 2 of NOM's Rules. The Exchange also assesses a Professional, Broker-Dealer and Firm an electronic options transaction charge (Non-Penny Pilot Options) of \$0.70 per contract for transactions in Multiply Listed Options. See Section II of the Exchange's Pricing Schedule.

²⁷ See Rule 1014 titled "Obligations and Restrictions Applicable to Specialists and Registered Options Traders."

options on Alpha Indexes, MSCI Index Options or Treasury Securities. The Exchange's proposal to delete pricing related to Alpha Indexes, MSCI Index Options and Treasury Securities is equitable and not unfairly discriminatory because the pricing will not apply to any market participant.

FX Options

The Exchange's proposal to adopt new pricing for Singly Listed FX Options is reasonable, equitable, and not unfairly discriminatory because pricing by symbol is a common practice on many U.S. options exchanges as a means to incentivize order flow to be sent to an exchange for execution in particular products. Other options exchanges price by symbol.²⁸

The Exchange's proposed new Simple and Complex Order pricing in Singly Listed FX Options is reasonable because the Exchange desires to incentivize market participants to transact a greater number of Singly Listed FX Options on Phlx. The Exchange is offering pricing specific to Singly Listed FX Options because the Exchange believes that incentivizing Specialists and Market Makers to add increased liquidity in Singly Listed FX Options by offering Simple Order rebates to these participants will benefit all market participants through tighter markets and order interaction. Also, providing Specialists and Market Makers an opportunity to earn a rebate will incentivize Specialists and Market Makers to interact with a greater number of Simple Orders in Singly Listed FX Options on the Exchange. The Exchange believes it is reasonable to assess lower fees to transact Singly Listed FX Options, as compared to other Singly Listed products, because the Exchange seeks to incentivize these market participants to

²⁸ See CBOE's Fees Schedule and the International Securities Exchange LLC's Fee Schedule.

transact a greater number of FX Options.

With respect to Simple Orders, the Exchange would only pay a Rebate for Adding Liquidity to Specialists and Market Makers to encourage order interaction in Singly Listed FX Options. All market participants would be assessed a \$0.40 per contract Fee for Removing Liquidity in Singly Listed FX Options. The Exchange believes that the Simple Order Singly Listed FX Options Fees are equitable and not unfairly discriminatory because all market participants would be assessed the same Fees for Removing Liquidity. Also, offering only Specialists and Market Makers a Rebate for Adding Liquidity when transacting FX Options is equitable and not unreasonably discriminatory because Specialists and Market Makers have obligations to the market and regulatory requirements,²⁹ which normally do not apply to other market participants. They have obligations to make continuous markets, engage in a course of dealings reasonably calculated to contribute to the maintenance of a fair and orderly market, and not make bids or offers or enter into transactions that are inconsistent with a course of dealings. With respect to Complex Orders, the Exchange would assess all market participants a \$0.40 per contract Fee for Adding and Removing Liquidity in Singly Listed FX Options. The Exchange believes that the Complex Order Singly Listed FX Options Fees are equitable and not unfairly discriminatory because all market participants would be assessed the same Fees for Adding and Removing Liquidity.

The Exchange's proposal to assess the fees and pay the rebates in Part A for Simple FX Options Orders that are executed against the individual components of Complex FX Options Orders and assess the fees in Part B to the individual components

²⁹ See note 27.

of Complex FX Options Orders is reasonable, equitable and not unfairly discriminatory because the Exchange is seeking to assess fees and pay rebates for Singly Listed Options in a manner comparable to the current Pricing Schedule.³⁰ Additionally, all market participants would be assessed fees and paid rebates for Singly Listed Options in a uniform manner.

The Exchange's proposal to assess transactions in Singly Listed FX Options originating on the Exchange floor the proposed FX Options Fees for Removing Liquidity in Section III, unless one side of the transaction originates on the Exchange floor and any other side of the trade was the result of an electronically submitted order or a quote, then the FX Options Fees for Removing Liquidity would apply to transactions which originated on the Exchange floor and electronically executed contracts, on all sides is reasonable, equitable and not unfairly discriminatory for the reasons which follow. The Exchange proposes to not amend the manner in which Singly Listed FX Options are treated today as compared to other Exchange products such as SPY transactions in Section I of the Pricing Schedule. The Exchange intends to uniformly apply its fees in the manner described herein to all market participants. The Exchange believes that the addition of this rule text in the Pricing Schedule will add clarity to the manner in which the Exchange will impose fees.

The Exchange's proposal to treat FX Options executions in Singly Listed Options which occur as part of an electronic auction, including, but not limited to, the Quote Exhaust Auction, opening process and Complex electronic auction, including COLA, in the same manner by assessing \$0.40 per contract for all market participants is reasonable,

³⁰ See Section I of the Pricing Schedule.

equitable and not unfairly discriminatory because the Exchange is proposing to assess the same fee³¹ for these auctions as other transactions and is proposing to uniformly assess these fees to all market participants.

The Exchange's proposal to assess PIXL pricing for Singly Listed FX Options of \$0.20 per contract for the Initiating Order and \$0.40 per contract for all market participants for all PIXL transactions is reasonable because the fees should encourage market participants to transact a greater number of PIXL Orders for the purpose of obtaining price improvement with respect to their orders. The \$0.40 per contract fee is comparable to the FX Options Fees for Removing Liquidity in Simple and Complex Options. The Exchange's proposal to assess \$0.20 per contract for the Initiating Order is discounted by half to encourage market participants to submit Initiating PIXL Orders. The Exchange similarly lowered the fee for the Initiating Order for options in SPY in order to encourage market participants to submit a greater number of Initiating Orders.³² The Exchange believes that an Initiating Order of \$0.20 per contract is reasonable given the \$0.40 per contract rate for all other orders in PIXL and the differential between the Initiating Order and all other orders is within the range of differentials existing on the Exchange's Pricing Schedule (\$0.05 vs. \$0.38 for SPY and \$0.05 or \$0.07 per contract vs. \$0.30 for all other PIXL Orders).³³

The Exchange's proposal to assess PIXL pricing for Singly Listed FX Options of \$0.20 per contract for the Initiating Order and \$0.40 per contract for all market

³¹ The proposed Singly Listed FX Options Fees for Removing Liquidity in Simple and Complex Options is \$0.40 per contract.

³² See Section I of the Pricing Schedule.

³³ See Section I and Section IV, Part A of the Pricing Schedule.

participants for all PIXL transactions is equitable and not unfairly discriminatory because the Exchange proposes to assess all market participants transacting Singly Listed FX Options in PIXL these rates. Under the proposal, all market participants would be treated in a uniform manner with respect to FX Options Singly Listed PIXL orders.

The Exchange's proposal to delete various notes from the Pricing Schedule is reasonable, equitable and not unfairly discriminatory because the notes are outdated or apply to products no longer listed on Phlx. By removing outdated rule text which is no longer applicable, the Pricing Schedule will be less confusing and refer to only current pricing in Section III.

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 believes that increasing the Professional, Firm and Broker-Dealer Options Transaction Charges does not create an undue burden on competition because the Exchange incurs higher costs to list Singly Listed Options as compared to Multiply Listed Options and the Exchange proposes to recoup these operational costs by assessing uniform fees for all market participants except Customers, Specialists and Market Makers. Customer order flow is assessed the lowest fee because incentivizing members to continue to offer Customer trading opportunities in Singly Listed Options benefits all market participants through increased liquidity. Specialists and Market Makers are assessed lower options transaction charges as compared to other market participants, except Customers, because they have burdensome quoting obligations³⁴ to the market

³⁴ See note 27.

which do not apply to Customers, Professionals, Firms and Broker-Dealers. The proposed differentiation as between Customers, Specialists and Market Makers as compared to Professionals, Firms and Broker-Dealers recognizes the differing contributions made to the liquidity and trading environment on the Exchange by these market participants.

The Exchange's proposal to delete pricing related to Alpha Indexes, MSCI Index Options and Treasury Securities does not create an undue burden on competition because the Exchange no longer lists options on Alpha Indexes, MSCI Index Options or Treasury Securities and the pricing will not apply to any market participant.

The Exchange's proposal to adopt new pricing for Singly Listed FX Options does not create an undue burden on competition because pricing by symbol is a common practice on many U.S. options exchanges as a means to incentivize order flow to be sent to an exchange for execution in particular products.³⁵ Further, incentivizing Specialists and Market Makers to add increased liquidity in Singly Listed FX Options by offering Simple Order rebates to these participants will benefit all market participants through tighter markets and order interaction. Also, by providing Specialists and Market Makers an opportunity to earn a rebate will incentivize Specialists and Market Makers to interact with a greater number of Simple Orders in Singly Listed FX Options on the Exchange. The Exchange believes it is reasonable to assess lower fees to transact Singly Listed FX Options, as compared to other Singly Listed products, because the Exchange seeks to incentivize these market participants to transact a greater number of FX Options. Specialists and Market Makers have obligations to the market and regulatory

³⁵ See note 28.

requirements,³⁶ which normally do not apply to other market participants. With respect to Complex Orders, the Exchange would similarly assess all market participants a \$0.40 per contract Fee for Adding and Removing Liquidity in Singly Listed FX Options.

The Exchange's proposal to assess the fees and pay the rebates in Part A for Simple FX Options Orders that are executed against the individual components of Complex FX Options Orders and assess the fees in Part B to the individual components of Complex FX Options Orders is comparable to the manner in which pricing is currently applied today for SPY pricing³⁷ and does not create an undue burden on competition because the Exchange uniformly applies this treatment to all market participants. Similarly, the Exchange's proposal to assess transactions in Singly Listed FX Options originating on the Exchange floor the proposed FX Options Fees for Removing Liquidity in Section III, unless one side of the transaction originates on the Exchange floor and any other side of the trade was the result of an electronically submitted order or a quote, then the FX Options Fees for Removing Liquidity would apply to the transactions which originated on the Exchange floor and the contracts that are executed electronically on all sides of the transaction, does not create an undue burden on competition because this treatment is comparable to the manner in which pricing is currently applied today for SPY pricing³⁸ and does not create an undue burden on competition because the Exchange uniformly applies this treatment to all market participants. The Exchange's proposal to treat FX Options executions in Singly Listed Options which occur as part of an electronic

³⁶ See note 27.

³⁷ See Section I of the Pricing Schedule.

³⁸ Id.

auction, including, but not limited to, the Quote Exhaust Auction, opening process and Complex electronic auction, including COLA, in the same manner by assessing \$0.40 per contract for all market participants does not create an undue burden on competition because the Exchange is proposing to assess the same fee³⁹ for these auctions as other transactions and is proposing to uniformly assess these fees to all market participants.

The Exchange's proposal to assess PIXL pricing for Singly Listed FX Options of \$0.20 per contract for the Initiating Order and \$0.40 per contract for all market participants for all PIXL transactions does not create an undue burden on competition because the Exchange proposes to assess all market participants transacting Singly Listed FX Options in PIXL these rates. Under the proposal, all market participants would be treated in a uniform manner with respect to FX Options Singly Listed PIXL orders.

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

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

No written comments were either solicited or received.

³⁹ The proposed Singly Listed FX Options Fees for Removing Liquidity in Simple and Complex Options is \$0.40 per contract.

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

The foregoing rule change has become effective pursuant to Section 19(b)(3)(A)(ii) of the Act.⁴⁰ At any time within 60 days of the filing of the proposed rule change, the Commission summarily may temporarily suspend such rule change if it appears to the Commission that such action is necessary or appropriate in the public interest, for the protection of investors, or otherwise in furtherance of the purposes of the Act. If the Commission takes such action, the Commission shall institute proceedings to determine whether the proposed rule should be approved or disapproved.

IV. Solicitation of Comments

Interested persons are invited to submit written data, views, and arguments concerning the foregoing, including whether the proposed rule change is consistent with the Act. Comments may be submitted by any of the following methods:

Electronic comments:

- Use the Commission's Internet comment form (<http://www.sec.gov/rules/sro.shtml>); or
- Send an e-mail to rule-comments@sec.gov. Please include File Number SR-Phlx-2014-51 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.

⁴⁰ 15 U.S.C. 78s(b)(3)(A)(ii).

All submissions should refer to File Number SR-Phlx-2014-51. 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-2014-51 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.⁴¹

Kevin M. O'Neill
Deputy Secretary

⁴¹ 17 CFR 200.30-3(a)(12).

Exhibit 5

New text is underlined; 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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III. Singly Listed Options (Includes options overlying [currencies]FX Options,¹⁰ [equities, ETFs, ETNs, [treasury securities] and indexes not listed on another exchange⁹)

Singly Listed Options

	Customer	Professional	Specialist and Market Maker	Firm	Broker-Dealer
Options Transaction Charge	\$0.40	\$0.[60]70	\$0.40	\$0.[60]70	\$0.[60]70
[Alpha and MSCI¹¹ Index Options]	[\$0.10]	[\$0.25]	[\$0.15]	[\$0.25]	[\$0.25]

[Options on Treasury Securities]

	[Customer]	[Professional]	[Specialist and Market Maker]	[Firm]	[Broker-Dealer]
[Options Transaction Rebate – Electronic]	[N/A]	[N/A]	[\$0.05]	[N/A]	[N/A]
[Options Transaction Charge – Electronic]	[\$0.15]	[\$0.20]	[N/A]	[\$0.20]	[\$0.20]
[Options Transaction Charge - Floor¹²]	[\$0.15]	[\$0.20]	[\$0.10]	[\$0.20]	[\$0.20]

FX Options**Part A. Simple Order**

	<u>Customer</u>	<u>Specialist</u>	<u>Market Maker</u>	<u>Firm</u>	<u>Broker- Dealer</u>	<u>Professional</u>
<u>Rebate for Adding Liquidity</u>	\$0.00	\$0.20	\$0.20	\$0.00	\$0.00	\$0.00
<u>Fee for Removing Liquidity</u>	\$0.40	\$0.40	\$0.40	\$0.40	\$0.40	\$0.40

Part B. Complex Order

	<u>Customer</u>	<u>Specialist</u>	<u>Market Maker</u>	<u>Firm</u>	<u>Broker- Dealer</u>	<u>Professional</u>
<u>Fee for Adding Liquidity</u>	\$0.40	\$0.40	\$0.40	\$0.40	\$0.40	\$0.40
<u>Fee for Removing Liquidity</u>	\$0.40	\$0.40	\$0.40	\$0.40	\$0.40	\$0.40

- These fees are per contract.
- Simple FX Options Orders that are executed against the individual components of Complex FX Options Orders will be assessed the fees and paid the rebates in Part A. However, the individual components of Complex FX Options Orders will be assessed the fees in Part B.
- Transactions in FX Options originating on the Exchange floor will be subject to the Fees for Removing Liquidity defined above. However, if one side of the transaction originates on the Exchange floor and any other side of the trade was the result of an electronically submitted order or a quote, then the Fees for Removing Liquidity will apply to the transactions which originated on the Exchange floor and the contracts that are executed electronically on all sides of the transaction.

The fees for FX Options executions in all electronic auctions including, but not limited to, the Quote Exhaust auction, the opening process and Complex electronic auction, including the

Complex Order Live Auction (“COLA”), will be \$0.40 per contract for Customer, Professional, Firm, Broker-Dealer, Specialist and Market Maker.

PIXL Executions in FX Options:

- Initiating Order: \$0.20 per contract.
- All other participants: \$0.40 per contract.

[• The Options Transaction Charges and Rebates for Treasury Securities will be effective as of March 1, 2013.]

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

¹⁰U.S. dollar-settled foreign currency options include XDB, XDE, XDN, XDS, XDA, XDM, XEH, XEV, XDZ, XDC and XDV.

[¹¹ Non-Customer executions in MSCI Index Options will be assessed a surcharge of \$0.05 per contract.]

[¹² Options Transaction Charge - Floor will apply to the first 500 contract only. Each additional contract will be assessed an options transaction charge - floor of \$0.00.]

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