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

File No.* SR - 2015 - * 13
Amendment No. (req. for Amendments *)

Filing by NASDAQ OMX PHLX LLC.

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

Initial * ☑ Amendment * ☐ Withdrawal ☐

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

Pilot ☐

Extension of Time Period for Commission Action * ☐

Date Expires *

Rule

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

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

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

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

Section 3C(b)(2) * ☐

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

Description

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

Relating to the Pricing Schedule in Section B, Section II and Section IV, Part A

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 * Jurij Last Name * Trypupenko
Title * Associate General Counsel
E-mail * jurij.trypupenko@nasdaq.com
Telephone * (301) 978-8132 Fax (301) 978-8472

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.

Date 02/02/2015
By Edward S. Knight
(Name *)

(Title *)
Executive Vice President and General Counsel

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

edward.knight@nasdaq.com

Required fields are shown with yellow backgrounds and asterisks.

SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

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

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

1. Text of the Proposed Rule Change

(a) NASDAQ OMX PHLX LLC ("Phlx" or "Exchange"), pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 ("Act")[1] and Rule 19b-4 thereunder,[2] proposes to modify the Phlx Pricing Schedule ("Pricing Schedule"). Specifically, the Exchange proposes to amend pricing in Section B, entitled "Customer Rebate Program," Section II, entitled "Multiply Listed Options Fees,"[3] and Section IV, entitled "PIXL Pricing,"[4] of the Pricing Schedule. The Exchange proposes these amendments in order to: (i) establish a cap on rebates specifically for electronic Simple PIXL and Complex[5] PIXL Orders and not pay rebates when electronic[6] Customer[7] Complex PIXL Orders

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

2 17 CFR 240.19b-4.

3 This includes options overlying equities, exchange traded funds ("ETFs"), exchange traded notes ("ETNs") and indexes which are Multiply Listed.

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

5 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 ETF coupled with the purchase or sale of options contract(s). See Exchange Rule 1080, Commentary .08(a)(i).

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

7 The term "Customer" defines a person or entity that is neither a broker-dealer nor a direct or indirect affiliate of a broker-dealer, and includes a "Professional" as

execute against electronic Complex PIXL Initiating Orders; (ii) increase the assessment of fees for electronic Firm[8] Simple Orders underlying options in AAPL, BAC, EEM, FB, FXI, IWM, QQQ, TWTR, VXX and XLF;[9] (iii) increase the assessment of fees for electronic Complex Orders for Professionals,[10] Firms and Broker-Dealers;[11] (iv) increase the assessment of fees for adding liquidity in Penny Pilot Options[12] for Specialists[13] and

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defined in Rule 1000(b)(14). See Securities Exchange Act Release Nos. 66755 (April 6, 2012), 77 FR 22037 (April 12, 2012) (SR-Phlx-2012-42) (notice of filing and immediate effectiveness).

8 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.

9 AAPL, BAC, EEM, FB, FXI, IWM, QQQ, TWTR, VXX and XLF are currently Penny Pilot options (together “certain Penny Options”). The $ 0.27 per contract pricing proposed herein is symbol-specific and will continue to apply to these symbols whether or not they are deleted from or added to the Penny Pilot.

10 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).

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

12 The Penny Pilot was established in January 2007 and was last extended in 2014. See Securities Exchange Act Release Nos. 55153 (January 23, 2007), 72 FR 4553 (January 31, 2007) (SR-Phlx-2006-74) (notice of filing and approval order establishing Penny Pilot); and 73688 (November 25, 2014), 79 FR 71484 (December 2, 2014)(SR-Phlx-2014-77)(notice of filing and immediate effectiveness extending the Penny Pilot through June 30, 2015.) All Penny Pilot Options listed on the Exchange can be found at http://www.nasdaqtrader.com/Micro.aspx?id=phlx.

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

Market Makers;[14] (v) clarify that the fee for Specialists and Market Makers that have reached their Monthly Market Maker Cap[15] in a non-complex electronic auction will include transactions which execute against an order for which the Exchange broadcast an order exposure alert; (vi) amend the Initiating Order fee for Simple PIXL and Complex PIXL Initiating Orders; and (vii) amend the requirements to receive the PIXL Initiating Order fee discount to require a member or member organization under Common Ownership[16] to qualify for a Tier 4 or Tier 5 Customer Rebate in Section B of the Pricing Schedule.

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.

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

15 Specialists and Market Makers are subject to a "Monthly Market Maker Cap" of $550,000 for: (i) electronic and floor Option Transaction Charges; (ii) QCC Transaction Fees (as defined in Exchange Rule 1080(o) and Floor QCC Orders, as defined in 1064(e)); and (iii) fees related to an order or quote that is contra to a PIXL Order or specifically responding to a PIXL auction. The trading activity of separate Specialist and Market Maker member organizations is aggregated in calculating the Monthly Market Maker Cap if there is Common Ownership between the member organizations. All dividend, merger, short stock interest, reversal and conversion, jelly roll and box spread strategy executions (as defined in Section II) are excluded from the Monthly Market Maker Cap.

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

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 Jurij Trypupenko, Associate General Counsel, The NASDAQ OMX Group, at (301) 978-8132.

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 modify the Pricing Schedule to specifically amend fees in Section B, entitled “Customer Rebate Program,” Section II, entitled “Multiply Listed Options Fees,” and Section IV, entitled “PIXL Pricing.” The Exchange proposes various amendments to the Pricing Schedule as described below.

Section B – Customer Rebate Program

Currently, the Exchange has a Customer Rebate Program consisting of five tiers that pays Customer rebates on two categories, A and B,[17] of transactions. A Phlx member qualifies for a certain rebate tier based on the percentage of total national customer volume in Multiply Listed equity and exchange traded funds (“ETFs,”) options classes, excluding SPY Options that it transacts monthly on Phlx. The Exchange calculates Customer volume in Multiply Listed Options (including SPY options) by

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17 Category A and Category B rebates are described below.

totaling electronically-delivered and executed volume, excluding volume associated with electronic Qualified Contingent Cross Orders,[18] as defined in Exchange Rule 1080(o).[19] The Exchange proposes, as discussed below, to establish a cap for Simple PIXL Orders (Category A) and Complex PIXL Orders (Category B) rebates. Also, the Exchange is proposing to not offer rebates when Customer Complex PIXL Orders execute against Complex PIXL Initiating Orders for Category B rebates.

Currently, a Category A Customer rebate is paid to members executing electronically-delivered Customer Simple Orders in Penny Pilot Options and Customer Simple Orders in Non-Penny Pilot Options in Section II symbols. Rebates are paid on Customer PIXL Orders in Section II symbols that execute against non-Initiating Order interest. In the instance where member organizations qualify for Tier 4 or higher in the Customer Rebate Program, Customer PIXL Orders that execute against a PIXL Initiating Order are paid a rebate of $0.14 per contract. Today there is no rebate cap. The Exchange proposes to establish a cap for Category A rebates as follows: rebates on PIXL

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

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

Orders will be capped at 4,000 contracts per order for Simple PIXL Orders. The Exchange believes that the Category A rebates will continue to encourage members to send Customer liquidity to Phlx despite the cap on PIXL Simple Order rebates at the proposed 4,000 contracts.

Currently, a Category B Rebate is paid to members executing electronically-delivered Customer Complex Orders in Penny Pilot Options and Non-Penny Pilot Options in Section II symbols. Rebates are paid on Customer PIXL Complex Orders in Section II symbols that execute against non-Initiating Order interest. In the instance where member organizations qualify for Tier 4 or higher in the Customer Rebate Program, Customer Complex PIXL Orders that execute against a Complex PIXL Initiating Order are paid a rebate of $0.17 per contract. The Category B rebate is not paid when an electronically-delivered Customer Complex Order, including Customer Complex PIXL Order, executes against another electronically-delivered Customer Complex Order. Today there is no rebate cap. The Exchange proposes to establish a cab for Category B Customer Complex Order rebates as follows: rebates on PIXL Orders will be capped at 4,000 contracts per order leg for Complex PIXL Orders. The Exchange believes that the Category B rebates will continue to encourage members to send Customer liquidity to Phlx despite the cap on PIXL Complex Order rebates at the proposed 4,000 contracts per order leg.

The Exchange also proposes to amend the rule change to specify that Category B Customer Complex PIXL Orders that execute against a Complex PIXL Initiating Order will not be paid a rebate. As noted above, the Category B rebate is not paid when an electronically-delivered Customer Complex Order, including Customer Complex PIXL

Order, executes against another electronically-delivered Customer Complex Order, which includes a Complex PIXL Initiating Order.

Section II – Multiply Listed Options

The Exchange proposes to amend the discounted amount that is currently assessed to a Firm for electronic orders in certain Penny Pilot Options. Today, the Exchange assesses a Firm a $0.48 per contract Options Transaction Charge for electronic transactions in Penny Pilot Options and a $0.70 per contract Options Transaction Charge for Non-Penny Pilot Options. The Exchange also offers a discount to Firms transacting electronic Simple Orders in AAPL, BAC, EEM, FB, FXI, IWM, QQQ, TWTR, VXX and XLF of $0.25 per contract. The Exchange is proposing to increase the discount from $0.25 to $0.27 per contract,[20] resulting in a lower discounted rate. Despite the increase in the discount, the Exchange believes that this discount will continue to incentivize Firms to transact volume in these symbols.

The Exchange proposes to assess a lower discounted fee for electronic Complex Orders to Professionals, Broker-Dealers and Firms in Penny and Non-Penny Pilot Options regarding electronic Complex Orders. Today, Professionals, Broker-Dealers and Firms are offered the opportunity to reduce Options Transaction Charges in Penny Pilot Complex Orders from $0.48 to $0.30 per contract and to reduce Options Transaction Charges in Non-Penny Pilot Complex Orders from $0.70 to $0.30 per contract. The Exchange is proposing to reduce the discount for Professionals, Firms and Broker-Dealers from $0.30 to $0.35 per contract when transacting electronic Complex Orders.

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20 The fee reduction today is only applicable to Penny Pilot Options as all of the symbols, AAPL, BAC, EEM, FB, FXI, IWM, QQQ, TWTR, VXX and XLF, are Penny Pilot symbols.

Despite the increase in the discount, the Exchange believes that this discount will continue to incentivize thee market participants to transact electronic Complex Order volume.

Currently, Specialists and Market Makers are subject to a "Monthly Market Maker Cap" of $500,000 for: (i) electronic and floor Option Transaction Charges; and (ii) QCC Transaction Fees (as defined in Exchange Rule 1080(o) and Floor QCC Orders, as defined in 1064(e)). The trading activity of separate Specialist and Market Maker member organizations are aggregated in calculating the Monthly Market Maker Cap if there is Common Ownership between the member organizations. All dividend, merger, short stock interest, reversal and conversion, jelly roll and box spread strategy executions[21] are excluded from the Monthly Market Maker Cap. Specialists or Market Makers that (i) are on the contra-side of an electronically-delivered and executed Customer order, excluding responses to a PIXL auction; and (ii) have reached the Monthly Market Maker Cap are currently assessed fees per contract as follows: $0.00 per contract Fee for Adding Liquidity in Penny Pilot Options; $0.17 per contract Fee for Removing Liquidity in Penny Pilot Options; $0.17 per contract in Non-Penny Pilot Options; and $0.17 per contract in a non-Complex electronic auction, including the Quote Exhaust auction and, for purposes of this fee, the opening process. A Complex electronic auction includes, but is not limited to, the Complex Order Live Auction ("COLA").

The Exchange proposes to increase the Fee for Adding Liquidity in Penny Pilot Options, when a Specialist or Market Maker is on the contra-side of an electronically-delivered and executed Customer order, excluding responses to a PIXL auction, and has

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[21] See descriptions of these strategies in Section II of the Pricing Schedule.

reached the Monthly Market Maker Cap, from $0.00 to $0.05 per contract. The Exchange also proposes to make it clear that transactions which execute against an order for which the Exchange broadcast an order exposure alert will be subject to the fee of $0.17 per contract in a non-Complex electronic auction. This rule change should add greater clarity to the Pricing Schedule.

Section IV, Part A – PIXL Pricing

Currently, PIXL pricing for Initiating Orders is located in subsection IV, Part A (Other Transaction Fees) of the Pricing Schedule. Today, the Initiating Order Fee is $0.07 per contract or $0.05 per contract if Customer Rebate Program Threshold Volume defined in Section B is greater than 100,000 contracts per day in a month. The Exchange proposes, as discussed below, to continue to assess the $0.07 Initiating Order fee, and to asses a $0.05 Simple PIXL Order Fee and a $0.03 Complex PIXL Order Fee and amend the qualifier for the discounted fees.

With respect to the qualifier, today, for an Initiating Order there is a fee of $0.07 per contract or $0.05 per contract if the Customer Rebate Program Threshold Volume defined in Section B is greater than 100,000 contracts per day in a month.[22] The Initiating Order Fee for non-Customers, including Professionals, Firms, Broker-Dealers, Specialists and Market Makers, that have orders contra to a Customer PIXL Order is reduced to $0.00 if the Customer PIXL Order is greater than 399 contracts. The Exchange proposes to continue to assess an Initiating Order fee of $0.07 per contract, but proposes to instead assess an Initiating Order Fee of $0.05 per contract for Simple PIXL

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22 Any member or member organization under Common Ownership with another member or member organization that qualifies for a Customer Rebate Tier discount in Section B receives the PIXL Initiating Order discount OF $0.05 per contract.

Orders and assess a new lower Initiating Order Fee pf $0.03 per contract for Complex PIXL Orders. The Exchange also proposes to ament the qualifier to receive the $0.07 per contract Initiating Order Fee to require a member to qualify for the Tier 4 or 5 Customer Rebate in Section B of the Pricing Schedule, instead of today's requirement that a member's Customer Rebate Program Threshold Volume, as defined in Section B of the Pricing Schedule, must be greater than 100,000 contracts per day in a month. Tier 4 and 5 of the Customer Rebate Schedule in Section B provides the highest relative rebates in the five tier Customer Rebate Program, in particular where the percentage thresholds of national customer volume in multiply-listed equity and ETF Options classes, excluding SPY Options (monthly), are also the highest. In making these proposals, the Exchange continues to incentivize members to execute Customer liquidity on the Exchange.

b. Statutory Basis

The Exchange believes that its proposal to amend the Pricing Schedule is consistent with Section 6(b) of the Act[23] in general, and furthers the objectives of Section 6(b)(4) and (b)(5) of the Act[24] 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 market participants to whom the Exchange's fees and rebates are applicable.

Section B – Customer Rebates

The Exchange believes that capping rebates on electronic PIXL Simple Orders at

[23] 15 U.S.C. 78f(b).

[24] 15 U.S.C. 78f(b)(4), (5).

4,000 contracts per order for Category A or 4,000 contracts per order leg for Complex PIXL Orders for Category B is reasonable because it will allow the Exchange to continue to attract Customer liquidity to the Exchange. Customer orders bring valuable liquidity to the market which liquidity benefits other market participants. Customer liquidity benefits all market participants by providing more trading opportunities, which attracts Specialists and Market Makers. An increase in the activity of these market participants in turn facilitates tighter spreads, which may cause an additional corresponding increase in order flow from other market participants. Additionally, the Chicago Board Options Exchange Incorporated ("CBOE") similarly caps AIM transactions at 1,000 contracts.[25]

The Exchange believes that capping rebates on electronic PIXL Simple Orders at 4,000 contracts per order for Category A or 4,000 contracts per order leg for Complex PIXL Orders for Category B is equitable and not unfairly discriminatory because these amendments to Category A and Category B apply uniformly to all market participants.

The Exchange believes also that it is reasonable to no longer offer a $0.17 per contract rebate for Customer Complex PIXL Orders that execute against a Complex PIXL Initiating Order because the Exchange believes this rebate incentive is no longer necessary any for this particular service to increase order flow to the Exchange.

The Exchange's proposal to no longer offer a $0.17 per contract rebate for Customer Complex PIXL Orders that execute against a Complex PIXL Initiating is equitable and not unfairly discriminatory because the Exchange will not pay such a rebate to any market participant.

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25 See CBOE's Fees Schedule. Credits on orders executed electronically in AIM are capped at 1,000 contracts per order for simple executions and 1,000 contracts per leg for complex executions.

Section II – Multiply Listed Options

The Exchange believes that increasing the assessment for Firms executing electronic Simple Orders in certain Penny Options from $0.25 to $0.27 per contract is reasonable because the Exchange would continue to offer a discount to Firms which will continue to attract liquidity. This benefits all market participants by providing more trading opportunities, which attracts Specialists and Market Makers. An increase in the activity of these market participants in turn facilitates tighter spreads, which may cause an additional corresponding increase in order flow from other market participants. In addition, this fee is consistent with fees associated by Miami International Securities Exchange LLC ("MIAX").[26]

The Exchange believes that increasing the assessment for Firms executing electronic Simple Orders, and thereby offering a smaller discount, in certain Penny Pilot Options[27] from $0.25 to $0.27 per contract is equitable and not unfairly discriminatory because it applies uniformly to all market participants. Further, the proposed amendment will continue to allow the Exchange to incentivize Firms to send electronic Simple Orders in these symbols to the Exchange and because pricing by symbol is a common practice on many U.S. options exchanges[28] as a means to incentive order flow to be sent to an exchange for execution. The Exchange believes it is reasonable to continue to use a

26 See MIAX's Fee Schedule. MIAX assesses firms a $0.27 per contract fee for transactions in Penny classes. This fee is assessed to an EEM that enters an order that is executed for an account identified by the EEM for clearing in the OCC "Firm" range.

27 All of the symbols, AAPL, BAC, EEM, FB, FXI, IWM, QQQ, TWTR, VXX and XLF, are currently Penny Pilot Options. This fee discount is only available on these symbols and therefore not available for Non-Penny Pilot Options.

28 See, e.g., the International Securities Exchange LLC ("ISE") Schedule of Fees.

pricing reduction to provide additional opportunities for members to increase their participation in the market. The Exchange's fees will be competitive with fees at other options markets. Although the Exchange will still be assessing Firms more than Customers (which do not pay the Option Transaction Charge in Penny Pilot or in non-Penny Pilot options), Customer order flow enhances liquidity on the Exchange for the benefit of all market participants and benefits all market participants by providing more trading opportunities, which attracts Specialists and Market Makers. An increase in the activity of these market participants in turn facilitates tighter spreads, which may cause an additional corresponding increase in order flow from other market participants. Although Firms will still be charged more for Penny Pilot Options than Specialists and Market Makers who are charged $0.22, Specialists and Market Makers have obligations to the market and regulatory requirements, which normally do not apply to other market participants.[29] 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. Finally, as proposed, Firms will be charged only $0.27 in these symbols which is less than the Professional and Broker-Dealer charge of $0.48 (for Penny Pilot Options). Moreover, the proposed differential does not misalign pricing, in that Firms already benefit from certain pricing advantages that Broker-Dealers do not also enjoy (for example, the Firm Monthly Fee Cap).[30] The proposed fee reduction that

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

30 Firms are subject to a maximum fee of $ 75,000 ("Monthly Firm Fee Cap"). Firm

will apply to Firms but not to Broker-Dealers is equitable and not unfairly discriminatory for the same reasons that the Firm Monthly Fee Cap which applies to Firms and not to Broker-Dealers is equitable and not unfairly discriminatory. The fee reduction proposed herein, like the Monthly Firm Fee Cap, provides an incentive for Firms to transact order flow on the Exchange, which order flow brings increased liquidity to the Exchange for the benefit of all Exchange participants. To the extent the purpose of the proposed Firm fee reduction is achieved, all the Exchange's market participants, including Broker-Dealers, should benefit from the improved market liquidity. Further, competitive forces are influencing the price reduction in these symbols for Firm orders.

The Exchange believes it is reasonable to increase the assessment applicable to Professionals, Broker-Dealers and Firms that transact Electronic Complex Orders from $0.30 to $0.35 per contract, thereby reducing the discount, because this discount will continue to attract liquidity and benefit all market participants by providing more trading opportunities, which attracts Specialists and Market Makers. The Exchange's fees will continue to remain competitive with fees at other options markets.[31] Today, a Professional, Firma and Broker-Dealer are assessed the highest electronic Options

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Floor Option Transaction Charges and QCC Transaction Fees, in the aggregate, for one billing month may not exceed the Monthly Firm Fee Cap per member organization when such members are trading in their own proprietary account. All dividend, merger, and short stock interest strategy executions (as defined in Section II of the Pricing Schedule) are excluded from the Monthly Firm Fee Cap. Reversal and conversion, jelly roll and box spread strategy executions (as defined in Section II) are included in the Monthly Firm Fee Cap. QCC Transaction Fees are included in the calculation of the Monthly Firm Fee Cap. See Section II of the Pricing Schedule.

[31] See the NASDAQ Options Market LLC's ("NOM") pricing at Chapter XV of NOM's Rulebook.

Transaction Charges in Penny Pilot Options of $0.48 per contract, as compared to other market participants. Despite the fee increase, the proposal will allow the Exchange to incentivize market participants by offering the opportunity to lower Options Transaction Charges as described herein.

The Exchange believes it is equitable and not unfairly discriminatory to increase the assessment applicable to Professionals, Broker-Dealers and Firms that transact Electronic Complex Orders from $0.30 to $0.35 per contract because the Exchange will assess Professionals, Broker-Dealers and Firms the same electronic Options Transaction Charges in Penny Pilot Options. The Exchange does not assess Customers an electronic Options Transaction Charge in Penny Pilot Options because Customer order flow enhances liquidity on the Exchange for the benefit of all market participants. Customer liquidity benefits all market participants by providing more trading opportunities, which attracts Specialists and Market Makers. An increase in the activity of these market participants in turn facilitates tighter spreads, which may cause an additional corresponding increase in order flow from other market participants. Specialists and Market Makers are assessed lower electronic Options Transaction Charges in Penny Pilot Options as compared to Professionals, Broker-Dealers and Firms because they have obligations to the market and regulatory requirements, which normally do not apply to other market participants.[32] They have obligations to make continuous markets, engage in a course of dealings reasonably calculated to contribute to the maintenance of a fair and orderly market, and not make bids or offers or enter into transactions that are inconsistent with a course of dealings. The proposed differentiation as between

[32] See note 29.

Customers, Specialists and Market Makers and other market participants recognizes the differing contributions made to the liquidity and trading environment on the Exchange by these market participants. .

The Exchange believes that increasing the assessment from $0.00 to $0.05 per contract rebate for Adding Liquidity in Penny Pilot Options when Specialists or Market Makers are on the contra-side of an electronically-delivered and executed Customer order, excluding responses to a PIXL auction; and have reached the Monthly Market Maker Cap is reasonable because Specialists and Market Makers will continue to pay a lower fee as compared to other market participants and should be incentivized to continue to add liquidity.

The Exchange believes that increasing the assessment from $0.00 to $0.05 per contract rebate for Adding Liquidity in Penny Pilot Options when Specialists or Market Makers are on the contra-side of an electronically-delivered and executed Customer order, excluding responses to a PIXL auction; and have reached the Monthly Market Maker Cap is equitable and not unfairly discriminatory because Specialists and Market Makers are assessed lower electronic order fees as compared to Professionals, Broker-Dealers and Firms because they have obligations to the market and regulatory requirements, which normally do not apply to other market participants.[33]

The Exchange believes that clarifying that transactions which execute against an order for which the Exchange broadcast an order exposure alert is also subject to the $0.17 per contract fee is reasonable, equitable and not unfairly discriminatory because the Exchange is not proposing to amend the manner in which the fee is applied, but rather

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33 Id.

provide additional clarity to market participants that responses to an order exposure alert shall be treated by the Exchange in a similar manner as other auctions for purposes of applying this fee.

Section IV – PIXL Pricing

The Exchange believes that its proposal to assess an Initiating Order of $0.07 per contract, as is the case today, $0.05 per contract for Simple PIXL Orders, as is the case today, and adopt an alternative of $0.03 per contract for Complex PIXL Orders provided however the qualifier shall now be the ability to qualify for the Tier 4 or 5 Customer Rebate in Section B of the Pricing Schedule is reasonable because the Exchange believes this additional incentive will further incentivize members to send price improving seeking orders to PIXL as well as bring additional liquidity to the Exchange in an effort to earn the Initiating Order discount. Amending the qualifier from 100,000 contracts to qualifying for a Tier 4 and Tier 5 Customer rebate is reasonable because requires members that desire to earn the discounted PIXL pricing to send additional Customer order flow to the Exchange with the new qualifier.. The Exchange notes that in order to remain competitive, the Exchange must implement fees and rebates that are competitive with pricing at other options exchanges that offer a similar auction opportunity. The PIXL electronic auction represents an increasingly important and crucial segment of options trading. The goal is creating and increasing incentives to attract orders to the Exchange that will, in turn, benefit all market participants through increased liquidity at the Exchange. The proposal is designed to incentivize market participants to continue bringing liquidity to the Exchange.

The Exchange believes that its proposal to assess an Initiating Order of $0.07 per contract, as is the case today, $0.05 per contract for Simple PIXL Orders, as is the case today, and adopt an alternative of $0.03 per contract for Complex PIXL Orders provided however the qualifier shall now be the ability to qualify for the Tier 4 or 5 Customer Rebate in Section B of the Pricing Schedule is equitable and not unfairly discriminatory. The volume discount will be applied uniformly to all according to liquidity brought to the Exchange to all non-Customers. The Exchange would offer all market participants, other than Customers who are not assessed an Initiating Order Fee, an incentive to transact large sized orders in PIXL. The Exchange believes that the proposal will continue to attract liquidity, which benefits market participants and provides the opportunity for increased order interaction on the Exchange.

The Exchange desires to incentivize members and member organizations, through the Exchange's rebate and fee structure, to select Phlx as a venue for bringing liquidity and trading by offering competitive pricing. Such competitive, differentiated pricing exists today on other options exchanges. The Exchange's goal is creating and increasing incentives to attract orders to the Exchange that will, in turn, benefit all market participants through increased liquidity at the Exchange.

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

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 Customer Rebate Program amendments in Section B of the Pricing Schedule do not create an undue burden on competition because the caps applicable to PIXL Orders will apply uniformly to all market participants. The amendments to Section B The Exchange's proposal to increase the assessment for Firms executing electronic Simple

Orders in certain Penny Options from $0.25 to $0.27 per contract does not place an undue burden on competition, rather this reduction will continue to attract liquidity which benefits all market participants by providing more trading opportunities, which attracts Specialists and Market Makers. In addition, this fee is consistent with fees associated by Miami International Securities Exchange LLC ("MIAX").[34]

The Exchange believes it is reasonable to increase the assessment applicable to Professionals, Broker-Dealers and Firms that transact Electronic Complex Orders from $0.30 to $0.35 per contract, thereby reducing the discount, because this discount will continue to attract liquidity and benefit all market participants by providing more trading opportunities, which attracts Specialists and Market Makers. The Exchange's fees will continue to remain competitive with fees at other options markets.[35] Today, a Professional, Firma and Broker-Dealer are assessed the highest electronic Options Transaction Charges in Penny Pilot Options of $0.48 per contract, as compared to other market participants. Despite the fee increase, the proposal will allow the Exchange to incentivize market participants by offering the opportunity to lower Options Transaction Charges as described herein.

The Exchange believes its proposal to increase the assessment applicable to Professionals, Broker-Dealers and Firms that transact Electronic Complex Orders from $0.30 to $0.35 per contract does not create an undue burden on competition because the

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34 See MIAX's Fee Schedule. MIAX assesses firms a $0.27 per contract fee for transactions in Penny classes. This fee is assessed to an EEM that enters an order that is executed for an account identified by the EEM for clearing in the OCC "Firm" range.

35 See the NASDAQ Options Market LLC's ("NOM") pricing at Chapter XV of NOM's Rulebook.

Exchange will continue to offer a discount to these market participants that pay the highest Penny Pilot Options transaction fees. The Exchange does not assess Customers an electronic Options Transaction Charge in Penny Pilot Options because Customer order flow enhances liquidity on the Exchange for the benefit of all market participants. Customer liquidity benefits all market participants by providing more trading opportunities, which attracts Specialists and Market Makers. An increase in the activity of these market participants in turn facilitates tighter spreads, which may cause an additional corresponding increase in order flow from other market participants. Specialists and Market Makers are assessed lower electronic Options Transaction Charges in Penny Pilot Options as compared to Professionals, Broker-Dealers and Firms because they have obligations to the market and regulatory requirements, which normally do not apply to other market participants.[36]

The Exchange's proposal to increase the fee assessment from $0.00 to $0.05 per contract rebate for Adding Liquidity in Penny Pilot Options when Specialists or Market Makers are on the contra-side of an electronically-delivered and executed Customer order, excluding responses to a PIXL auction; and have reached the Monthly Market Maker Cap is reasonable because Specialists and Market Makers does not create an undue burden on competition because market makers have obligations to the market and regulatory requirements, which normally do not apply to other market participants.[37]

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[36] See note 29.

[37] Id.

The Exchange's proposal to clarify that transactions which execute against an order for which the Exchange broadcast an order exposure alert does not create an undue burden on competition. This amendment will bring additional clarity to the fees.

The Exchange believes that the proposed new volume discount for PIXL Fees creates additional opportunity for incentivizing Professionals, Firms, Broker-Dealers, Specialists and Market Makers to bring additional liquidity to the market. The Exchange believes that effectively assessing lower fees or paying rebates when a market participant brings a certain amount of Customer orders creates competition among market participants to remove liquidity from the Phlx Book. This competition does not create an undue burden on competition but rather offers all market participants the opportunity to receive the benefit of the pricing when transacting options. Also, providing an ability to earn greater discounts incentivizes order flow into the auction.

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

The proposed fees are designed to ensure a fair and reasonable use of Exchange resources by allowing the Exchange to recoup costs while continuing to attract liquidity and offer connectivity at competitive rates to Exchange members and member organizations.

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,[38] 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.

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[38] 15 U.S.C. 78s(b)(3)(A)(ii).

11. Exhibits

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

5. Applicable portion of the Exchange's Pricing Schedule.

Exhibit 1

SECURITIES AND EXCHANGE COMMISSION
(Release No. ; File No. SR-Phlx-2015-13)

Self-Regulatory Organizations; NASDAQ OMX PHLX LLC; Notice of Filing and Immediate Effectiveness of Proposed Rule Change Relating to Relating to the Pricing Schedule in Section B, Section II and Section IV, Part A

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 February 2, 2015, 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 modify the Phlx Pricing Schedule ("Pricing Schedule"). Specifically, the Exchange proposes to amend pricing in Section B, entitled "Customer Rebate Program," Section II, entitled "Multiply Listed Options Fees,"[3] and Section IV, entitled "PIXL Pricing,"[4] of the Pricing Schedule. The Exchange proposes these amendments in order to: (i) establish a cap on rebates specifically for electronic

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

[2] 17 CFR 240.19b-4.

[3] This includes options overlying equities, exchange traded funds ("ETFs"), exchange traded notes ("ETNs") and indexes which are Multiply Listed.

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

Simple PIXL and Complex[5] PIXL Orders and not pay rebates when electronic[6] Customer[7] Complex PIXL Orders execute against electronic Complex PIXL Initiating Orders; (ii) increase the assessment of fees for electronic Firm[8] Simple Orders underlying options in AAPL, BAC, EEM, FB, FXI, IWM, QQQ, TWTR, VXX and XLF;[9] (iii) increase the assessment of fees for electronic Complex Orders for Professionals,[10] Firms

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5 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 ETF coupled with the purchase or sale of options contract(s). See Exchange Rule 1080, Commentary .08(a)(i).

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

7 The term "Customer" defines a person or entity that is neither a broker-dealer nor a direct or indirect affiliate of a broker-dealer, and includes a "Professional" as defined in Rule 1000(b)(14). See Securities Exchange Act Release Nos. 66755 (April 6, 2012), 77 FR 22037 (April 12, 2012) (SR-Phlx-2012-42) (notice of filing and immediate effectiveness).

8 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.

9 AAPL, BAC, EEM, FB, FXI, IWM, QQQ, TWTR, VXX and XLF are currently Penny Pilot options (together "certain Penny Options"). The $ 0.27 per contract pricing proposed herein is symbol-specific and will continue to apply to these symbols whether or not they are deleted from or added to the Penny Pilot.

10 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).

and Broker-Dealers;[11] (iv) increase the assessment of fees for adding liquidity in Penny Pilot Options[12] for Specialists[13] and Market Makers;[14] (v) clarify that the fee for Specialists and Market Makers that have reached their Monthly Market Maker Cap[15] in a non-complex electronic auction will include transactions which execute against an order for which the Exchange broadcast an order exposure alert; (vi) amend the Initiating Order fee for Simple PIXL and Complex PIXL Initiating Orders; and (vii) amend the requirements to receive the PIXL Initiating Order fee discount to require a member or

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

12 The Penny Pilot was established in January 2007 and was last extended in 2014. See Securities Exchange Act Release Nos. 55153 (January 23, 2007), 72 FR 4553 (January 31, 2007) (SR-Phlx-2006-74) (notice of filing and approval order establishing Penny Pilot); and 73688 (November 25, 2014), 79 FR 71484 (December 2, 2014)(SR-Phlx-2014-77)(notice of filing and immediate effectiveness extending the Penny Pilot through June 30, 2015.) All Penny Pilot Options listed on the Exchange can be found at http://www.nasdaqtrader.com/Micro.aspx?id=phlx.

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

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

15 Specialists and Market Makers are subject to a "Monthly Market Maker Cap" of $550,000 for: (i) electronic and floor Option Transaction Charges; (ii) QCC Transaction Fees (as defined in Exchange Rule 1080(o) and Floor QCC Orders, as defined in 1064(e)); and (iii) fees related to an order or quote that is contra to a PIXL Order or specifically responding to a PIXL auction. The trading activity of separate Specialist and Market Maker member organizations is aggregated in calculating the Monthly Market Maker Cap if there is Common Ownership between the member organizations. All dividend, merger, short stock interest, reversal and conversion, jelly roll and box spread strategy executions (as defined in Section II) are excluded from the Monthly Market Maker Cap.

member organization under Common Ownership[16] to qualify for a Tier 4 or Tier 5 Customer Rebate in Section B of the Pricing Schedule.

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

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

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

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

1. Purpose

The purpose of this filing is to modify the Pricing Schedule to specifically amend fees in Section B, entitled "Customer Rebate Program," Section II, entitled "Multiply Listed Options Fees," and Section IV, entitled "PIXL Pricing." The Exchange proposes various amendments to the Pricing Schedule as described below.

Section B – Customer Rebate Program

Currently, the Exchange has a Customer Rebate Program consisting of five tiers that pays Customer rebates on two categories, A and B,[17] of transactions. A Phlx

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

member qualifies for a certain rebate tier based on the percentage of total national customer volume in Multiply Listed equity and exchange traded funds ("ETFs,") options classes, excluding SPY Options that it transacts monthly on Phlx. The Exchange calculates Customer volume in Multiply Listed Options (including SPY options) by totaling electronically-delivered and executed volume, excluding volume associated with electronic Qualified Contingent Cross Orders,[18] as defined in Exchange Rule 1080(o).[19] The Exchange proposes, as discussed below, to establish a cap for Simple PIXL Orders (Category A) and Complex PIXL Orders (Category B) rebates. Also, the Exchange is proposing to not offer rebates when Customer Complex PIXL Orders execute against Complex PIXL Initiating Orders for Category B rebates.

Currently, a Category A Customer rebate is paid to members executing electronically-delivered Customer Simple Orders in Penny Pilot Options and Customer Simple Orders in Non-Penny Pilot Options in Section II symbols. Rebates are paid on

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17 Category A and Category B rebates are described below.

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

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

Customer PIXL Orders in Section II symbols that execute against non-Initiating Order interest. In the instance where member organizations qualify for Tier 4 or higher in the Customer Rebate Program, Customer PIXL Orders that execute against a PIXL Initiating Order are paid a rebate of $0.14 per contract. Today there is no rebate cap. The Exchange proposes to establish a cap for Category A rebates as follows: rebates on PIXL Orders will be capped at 4,000 contracts per order for Simple PIXL Orders. The Exchange believes that the Category A rebates will continue to encourage members to send Customer liquidity to Phlx despite the cap on PIXL Simple Order rebates at the proposed 4,000 contracts.

Currently, a Category B Rebate is paid to members executing electronically-delivered Customer Complex Orders in Penny Pilot Options and Non-Penny Pilot Options in Section II symbols. Rebates are paid on Customer PIXL Complex Orders in Section II symbols that execute against non-Initiating Order interest. In the instance where member organizations qualify for Tier 4 or higher in the Customer Rebate Program, Customer Complex PIXL Orders that execute against a Complex PIXL Initiating Order are paid a rebate of $0.17 per contract. The Category B rebate is not paid when an electronically-delivered Customer Complex Order, including Customer Complex PIXL Order, executes against another electronically-delivered Customer Complex Order. Today there is no rebate cap. The Exchange proposes to establish a cab for Category B Customer Complex Order rebates as follows: rebates on PIXL Orders will be capped at 4,000 contracts per order leg for Complex PIXL Orders. The Exchange believes that the Category B rebates will continue to encourage members to send

Customer liquidity to Phlx despite the cap on PIXL Complex Order rebates at the proposed 4,000 contracts per order leg.

The Exchange also proposes to amend the rule change to specify that Category B Customer Complex PIXL Orders that execute against a Complex PIXL Initiating Order will not be paid a rebate. As noted above, the Category B rebate is not paid when an electronically-delivered Customer Complex Order, including Customer Complex PIXL Order, executes against another electronically-delivered Customer Complex Order, which includes a Complex PIXL Initiating Order.

Section II – Multiply Listed Options

The Exchange proposes to amend the discounted amount that is currently assessed to a Firm for electronic orders in certain Penny Pilot Options. Today, the Exchange assesses a Firm a $0.48 per contract Options Transaction Charge for electronic transactions in Penny Pilot Options and a $0.70 per contract Options Transaction Charge for Non-Penny Pilot Options. The Exchange also offers a discount to Firms transacting electronic Simple Orders in AAPL, BAC, EEM, FB, FXI, IWM, QQQ, TWTR, VXX and XLF of $0.25 per contract. The Exchange is proposing to increase the discount from $0.25 to $0.27 per contract,[20] resulting in a lower discounted rate. Despite the increase in the discount, the Exchange believes that this discount will continue to incentivize Firms to transact volume in these symbols.

The Exchange proposes to assess a lower discounted fee for electronic Complex Orders to Professionals, Broker-Dealers and Firms in Penny and Non-Penny Pilot

[20] The fee reduction today is only applicable to Penny Pilot Options as all of the symbols, AAPL, BAC, EEM, FB, FXI, IWM, QQQ, TWTR, VXX and XLF, are Penny Pilot symbols.

Options regarding electronic Complex Orders. Today, Professionals, Broker-Dealers and Firms are offered the opportunity to reduce Options Transaction Charges in Penny Pilot Complex Orders from $0.48 to $0.30 per contract and to reduce Options Transaction Charges in Non-Penny Pilot Complex Orders from $0.70 to $0.30 per contract. The Exchange is proposing to reduce the discount for Professionals, Firms and Broker-Dealers from $0.30 to $0.35 per contract when transacting electronic Complex Orders. Despite the increase in the discount, the Exchange believes that this discount will continue to incentivize thee market participants to transact electronic Complex Order volume.

Currently, Specialists and Market Makers are subject to a “Monthly Market Maker Cap” of $500,000 for: (i) electronic and floor Option Transaction Charges; and (ii) QCC Transaction Fees (as defined in Exchange Rule 1080(o) and Floor QCC Orders, as defined in 1064(e)). The trading activity of separate Specialist and Market Maker member organizations are aggregated in calculating the Monthly Market Maker Cap if there is Common Ownership between the member organizations. All dividend, merger, short stock interest, reversal and conversion, jelly roll and box spread strategy executions[21] are excluded from the Monthly Market Maker Cap. Specialists or Market Makers that (i) are on the contra-side of an electronically-delivered and executed Customer order, excluding responses to a PIXL auction; and (ii) have reached the Monthly Market Maker Cap are currently assessed fees per contract as follows: $0.00 per contract Fee for Adding Liquidity in Penny Pilot Options; $0.17 per contract Fee for Removing Liquidity in Penny Pilot Options; $0.17 per contract in Non-Penny Pilot

21 See descriptions of these strategies in Section II of the Pricing Schedule.

Options; and $0.17 per contract in a non-Complex electronic auction, including the Quote Exhaust auction and, for purposes of this fee, the opening process. A Complex electronic auction includes, but is not limited to, the Complex Order Live Auction ("COLA").

The Exchange proposes to increase the Fee for Adding Liquidity in Penny Pilot Options, when a Specialist or Market Maker is on the contra-side of an electronically-delivered and executed Customer order, excluding responses to a PIXL auction, and has reached the Monthly Market Maker Cap, from $0.00 to $0.05 per contract. The Exchange also proposes to make it clear that transactions which execute against an order for which the Exchange broadcast an order exposure alert will be subject to the fee of $0.17 per contract in a non-Complex electronic auction. This rule change should add greater clarity to the Pricing Schedule.

Section IV, Part A – PIXL Pricing

Currently, PIXL pricing for Initiating Orders is located in subsection IV, Part A (Other Transaction Fees) of the Pricing Schedule. Today, the Initiating Order Fee is $0.07 per contract or $0.05 per contract if Customer Rebate Program Threshold Volume defined in Section B is greater than 100,000 contracts per day in a month. The Exchange proposes, as discussed below, to continue to assess the $0.07 Initiating Order fee, and to asses a $0.05 Simple PIXL Order Fee and a $0.03 Complex PIXL Order Fee and amend the qualifier for the discounted fees.

With respect to the qualifier, today, for an Initiating Order there is a fee of $0.07 per contract or $0.05 per contract if the Customer Rebate Program Threshold Volume defined in Section B is greater than 100,000 contracts per day in a month.[22] The Initiating Order Fee for non-Customers, including Professionals, Firms, Broker-Dealers, Specialists and Market Makers, that have orders contra to a Customer PIXL Order is reduced to $0.00 if the Customer PIXL Order is greater than 399 contracts. The Exchange proposes to continue to assess an Initiating Order fee of $0.07 per contract, but proposes to instead assess an Initiating Order Fee of $0.05 per contract for Simple PIXL Orders and assess a new lower Initiating Order Fee pf $0.03 per contract for Complex PIXL Orders. The Exchange also proposes to ament the qualifier to receive the $0.07 per contract Initiating Order Fee to require a member to qualify for the Tier 4 or 5 Customer Rebate in Section B of the Pricing Schedule, instead of today's requirement that a member's Customer Rebate Program Threshold Volume, as defined in Section B of the Pricing Schedule, must be greater than 100,000 contracts per day in a month. Tier 4 and 5 of the Customer Rebate Schedule in Section B provides the highest relative rebates in the five tier Customer Rebate Program, in particular where the percentage thresholds of national customer volume in multiply-listed equity and ETF Options classes, excluding SPY Options (monthly), are also the highest. In making these proposals, the Exchange continues to incentivize members to execute Customer liquidity on the Exchange.

2. Statutory Basis

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22 Any member or member organization under Common Ownership with another member or member organization that qualifies for a Customer Rebate Tier discount in Section B receives the PIXL Initiating Order discount OF $0.05 per contract.

The Exchange believes that its proposal to amend the Pricing Schedule is consistent with Section 6(b) of the Act[23] in general, and furthers the objectives of Section 6(b)(4) and (b)(5) of the Act[24] 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 market participants to whom the Exchange's fees and rebates are applicable.

Section B – Customer Rebates

The Exchange believes that capping rebates on electronic PIXL Simple Orders at 4,000 contracts per order for Category A or 4,000 contracts per order leg for Complex PIXL Orders for Category B is reasonable because it will allow the Exchange to continue to attract Customer liquidity to the Exchange. Customer orders bring valuable liquidity to the market which liquidity benefits other market participants. Customer liquidity benefits all market participants by providing more trading opportunities, which attracts Specialists and Market Makers. An increase in the activity of these market participants in turn facilitates tighter spreads, which may cause an additional corresponding increase in order flow from other market participants. Additionally, the Chicago Board Options Exchange Incorporated ("CBOE") similarly caps AIM transactions at 1,000 contracts.[25]

The Exchange believes that capping rebates on electronic PIXL Simple Orders at

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[23] 15 U.S.C. 78f(b).

[24] 15 U.S.C. 78f(b)(4), (5).

[25] See CBOE's Fees Schedule. Credits on orders executed electronically in AIM are capped at 1,000 contracts per order for simple executions and 1,000 contracts per leg for complex executions.

4,000 contracts per order for Category A or 4,000 contracts per order leg for Complex PIXL Orders for Category B is equitable and not unfairly discriminatory because these amendments to Category A and Category B apply uniformly to all market participants.

The Exchange believes also that it is reasonable to no longer offer a $0.17 per contract rebate for Customer Complex PIXL Orders that execute against a Complex PIXL Initiating Order because the Exchange believes this rebate incentive is no longer necessary any for this particular service to increase order flow to the Exchange.

The Exchange's proposal to no longer offer a $0.17 per contract rebate for Customer Complex PIXL Orders that execute against a Complex PIXL Initiating is equitable and not unfairly discriminatory because the Exchange will not pay such a rebate to any market participant.

Section II – Multiply Listed Options

The Exchange believes that increasing the assessment for Firms executing electronic Simple Orders in certain Penny Options from $0.25 to $0.27 per contract is reasonable because the Exchange would continue to offer a discount to Firms which will continue to attract liquidity. This benefits all market participants by providing more trading opportunities, which attracts Specialists and Market Makers. An increase in the activity of these market participants in turn facilitates tighter spreads, which may cause an additional corresponding increase in order flow from other market participants. In addition, this fee is consistent with fees associated by Miami International Securities Exchange LLC ("MIAX").[26]

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[26] See MIAX's Fee Schedule. MIAX assesses firms a $0.27 per contract fee for

The Exchange believes that increasing the assessment for Firms executing electronic Simple Orders, and thereby offering a smaller discount, in certain Penny Pilot Options[27] from $0.25 to $0.27 per contract is equitable and not unfairly discriminatory because it applies uniformly to all market participants. Further, the proposed amendment will continue to allow the Exchange to incentivize Firms to send electronic Simple Orders in these symbols to the Exchange and because pricing by symbol is a common practice on many U.S. options exchanges[28] as a means to incentive order flow to be sent to an exchange for execution. The Exchange believes it is reasonable to continue to use a pricing reduction to provide additional opportunities for members to increase their participation in the market. The Exchange's fees will be competitive with fees at other options markets. Although the Exchange will still be assessing Firms more than Customers (which do not pay the Option Transaction Charge in Penny Pilot or in non-Penny Pilot options), Customer order flow enhances liquidity on the Exchange for the benefit of all market participants and benefits all market participants by providing more trading opportunities, which attracts Specialists and Market Makers. An increase in the activity of these market participants in turn facilitates tighter spreads, which may cause an additional corresponding increase in order flow from other market participants. Although Firms will still be charged more for Penny Pilot Options than Specialists and

transactions in Penny classes. This fee is assessed to an EEM that enters an order that is executed for an account identified by the EEM for clearing in the OCC "Firm" range.

27 All of the symbols, AAPL, BAC, EEM, FB, FXI, IWM, QQQ, TWTR, VXX and XLF, are currently Penny Pilot Options. This fee discount is only available on these symbols and therefore not available for Non-Penny Pilot Options.

28 See, e.g., the International Securities Exchange LLC ("ISE") Schedule of Fees.

Market Makers who are charged $0.22, Specialists and Market Makers have obligations to the market and regulatory requirements, which normally do not apply to other market participants.[29] 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. Finally, as proposed, Firms will be charged only $0.27 in these symbols which is less than the Professional and Broker-Dealer charge of $0.48 (for Penny Pilot Options). Moreover, the proposed differential does not misalign pricing, in that Firms already benefit from certain pricing advantages that Broker-Dealers do not also enjoy (for example, the Firm Monthly Fee Cap).[30] The proposed fee reduction that will apply to Firms but not to Broker-Dealers is equitable and not unfairly discriminatory for the same reasons that the Firm Monthly Fee Cap which applies to Firms and not to Broker-Dealers is equitable and not unfairly discriminatory. The fee reduction proposed herein, like the Monthly Firm Fee Cap, provides an incentive for Firms to transact order flow on the Exchange, which order flow brings increased liquidity to the Exchange for the benefit of all Exchange participants. To the extent the purpose of the proposed Firm

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

[30] Firms are subject to a maximum fee of $ 75,000 ("Monthly Firm Fee Cap"). Firm Floor Option Transaction Charges and QCC Transaction Fees, in the aggregate, for one billing month may not exceed the Monthly Firm Fee Cap per member organization when such members are trading in their own proprietary account. All dividend, merger, and short stock interest strategy executions (as defined in Section II of the Pricing Schedule) are excluded from the Monthly Firm Fee Cap. Reversal and conversion, jelly roll and box spread strategy executions (as defined in Section II) are included in the Monthly Firm Fee Cap. QCC Transaction Fees are included in the calculation of the Monthly Firm Fee Cap. See Section II of the Pricing Schedule.

fee reduction is achieved, all the Exchange's market participants, including Broker-Dealers, should benefit from the improved market liquidity. Further, competitive forces are influencing the price reduction in these symbols for Firm orders.

The Exchange believes it is reasonable to increase the assessment applicable to Professionals, Broker-Dealers and Firms that transact Electronic Complex Orders from $0.30 to $0.35 per contract, thereby reducing the discount, because this discount will continue to attract liquidity and benefit all market participants by providing more trading opportunities, which attracts Specialists and Market Makers. The Exchange's fees will continue to remain competitive with fees at other options markets.[31] Today, a Professional, Firma and Broker-Dealer are assessed the highest electronic Options Transaction Charges in Penny Pilot Options of $0.48 per contract, as compared to other market participants. Despite the fee increase, the proposal will allow the Exchange to incentivize market participants by offering the opportunity to lower Options Transaction Charges as described herein.

The Exchange believes it is equitable and not unfairly discriminatory to increase the assessment applicable to Professionals, Broker-Dealers and Firms that transact Electronic Complex Orders from $0.30 to $0.35 per contract because the Exchange will assess Professionals, Broker-Dealers and Firms the same electronic Options Transaction Charges in Penny Pilot Options. The Exchange does not assess Customers an electronic Options Transaction Charge in Penny Pilot Options because Customer order flow enhances liquidity on the Exchange for the benefit of all market participants. Customer

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31 See the NASDAQ Options Market LLC's ("NOM") pricing at Chapter XV of NOM's Rulebook.

liquidity benefits all market participants by providing more trading opportunities, which attracts Specialists and Market Makers. An increase in the activity of these market participants in turn facilitates tighter spreads, which may cause an additional corresponding increase in order flow from other market participants. Specialists and Market Makers are assessed lower electronic Options Transaction Charges in Penny Pilot Options as compared to Professionals, Broker-Dealers and Firms because they have obligations to the market and regulatory requirements, which normally do not apply to other market participants.[32] They have obligations to make continuous markets, engage in a course of dealings reasonably calculated to contribute to the maintenance of a fair and orderly market, and not make bids or offers or enter into transactions that are inconsistent with a course of dealings. The proposed differentiation as between Customers, Specialists and Market Makers and other market participants recognizes the differing contributions made to the liquidity and trading environment on the Exchange by these market participants. .

The Exchange believes that increasing the assessment from $0.00 to $0.05 per contract rebate for Adding Liquidity in Penny Pilot Options when Specialists or Market Makers are on the contra-side of an electronically-delivered and executed Customer order, excluding responses to a PIXL auction; and have reached the Monthly Market Maker Cap is reasonable because Specialists and Market Makers will continue to pay a lower fee as compared to other market participants and should be incentivized to continue to add liquidity.

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32 See note 29.

The Exchange believes that increasing the assessment from $0.00 to $0.05 per contract rebate for Adding Liquidity in Penny Pilot Options when Specialists or Market Makers are on the contra-side of an electronically-delivered and executed Customer order, excluding responses to a PIXL auction; and have reached the Monthly Market Maker Cap is equitable and not unfairly discriminatory because Specialists and Market Makers are assessed lower electronic order fees as compared to Professionals, Broker-Dealers and Firms because they have obligations to the market and regulatory requirements, which normally do not apply to other market participants.[33]

The Exchange believes that clarifying that transactions which execute against an order for which the Exchange broadcast an order exposure alert is also subject to the $0.17 per contract fee is reasonable, equitable and not unfairly discriminatory because the Exchange is not proposing to amend the manner in which the fee is applied, but rather provide additional clarity to market participants that responses to an order exposure alert shall be treated by the Exchange in a similar manner as other auctions for purposes of applying this fee.

Section IV – PIXL Pricing

The Exchange believes that its proposal to assess an Initiating Order of $0.07 per contract, as is the case today, $0.05 per contract for Simple PIXL Orders, as is the case today, and adopt an alternative of $0.03 per contract for Complex PIXL Orders provided however the qualifier shall now be the ability to qualify for the Tier 4 or 5 Customer Rebate in Section B of the Pricing Schedule is reasonable because the Exchange believes this additional incentive will further incentivize members to send price improving

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33 Id.

seeking orders to PIXL as well as bring additional liquidity to the Exchange in an effort to earn the Initiating Order discount. Amending the qualifier from 100,000 contracts to qualifying for a Tier 4 and Tier 5 Customer rebate is reasonable because requires members that desire to earn the discounted PIXL pricing to send additional Customer order flow to the Exchange with the new qualifier.. The Exchange notes that in order to remain competitive, the Exchange must implement fees and rebates that are competitive with pricing at other options exchanges that offer a similar auction opportunity. The PIXL electronic auction represents an increasingly important and crucial segment of options trading. The goal is creating and increasing incentives to attract orders to the Exchange that will, in turn, benefit all market participants through increased liquidity at the Exchange. The proposal is designed to incentivize market participants to continue bringing liquidity to the Exchange.

The Exchange believes that its proposal to assess an Initiating Order of $0.07 per contract, as is the case today, $0.05 per contract for Simple PIXL Orders, as is the case today, and adopt an alternative of $0.03 per contract for Complex PIXL Orders provided however the qualifier shall now be the ability to qualify for the Tier 4 or 5 Customer Rebate in Section B of the Pricing Schedule is equitable and not unfairly discriminatory. The volume discount will be applied uniformly to all according to liquidity brought to the Exchange to all non-Customers. The Exchange would offer all market participants, other than Customers who are not assessed an Initiating Order Fee, an incentive to transact large sized orders in PIXL. The Exchange believes that the proposal will continue to attract liquidity, which benefits market participants and provides the opportunity for increased order interaction on the Exchange.

The Exchange desires to incentivize members and member organizations, through the Exchange's rebate and fee structure, to select Phlx as a venue for bringing liquidity and trading by offering competitive pricing. Such competitive, differentiated pricing exists today on other options exchanges. The Exchange's goal is creating and increasing incentives to attract orders to the Exchange that will, in turn, benefit all market participants through increased liquidity at the Exchange.

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 Customer Rebate Program amendments in Section B of the Pricing Schedule do not create an undue burden on competition because the caps applicable to PIXL Orders will apply uniformly to all market participants. The amendments to Section B The Exchange's proposal to increase the assessment for Firms executing electronic Simple Orders in certain Penny Options from \$0.25 to \$0.27 per contract does not place an undue burden on competition, rather this reduction will continue to attract liquidity which benefits all market participants by providing more trading opportunities, which attracts Specialists and Market Makers. In addition, this fee is consistent with fees associated by Miami International Securities Exchange LLC ("MIAX").[34]

The Exchange believes it is reasonable to increase the assessment applicable to Professionals, Broker-Dealers and Firms that transact Electronic Complex Orders from

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[34] See MIAX's Fee Schedule. MIAX assesses firms a \$0.27 per contract fee for transactions in Penny classes. This fee is assessed to an EEM that enters an order that is executed for an account identified by the EEM for clearing in the OCC "Firm" range.

$0.30 to $0.35 per contract, thereby reducing the discount, because this discount will continue to attract liquidity and benefit all market participants by providing more trading opportunities, which attracts Specialists and Market Makers. The Exchange's fees will continue to remain competitive with fees at other options markets.[35] Today, a Professional, Firma and Broker-Dealer are assessed the highest electronic Options Transaction Charges in Penny Pilot Options of $0.48 per contract, as compared to other market participants. Despite the fee increase, the proposal will allow the Exchange to incentivize market participants by offering the opportunity to lower Options Transaction Charges as described herein.

The Exchange believes its proposal to increase the assessment applicable to Professionals, Broker-Dealers and Firms that transact Electronic Complex Orders from $0.30 to $0.35 per contract does not create an undue burden on competition because the Exchange will continue to offer a discount to these market participants that pay the highest Penny Pilot Options transaction fees. The Exchange does not assess Customers an electronic Options Transaction Charge in Penny Pilot Options because Customer order flow enhances liquidity on the Exchange for the benefit of all market participants. Customer liquidity benefits all market participants by providing more trading opportunities, which attracts Specialists and Market Makers. An increase in the activity of these market participants in turn facilitates tighter spreads, which may cause an additional corresponding increase in order flow from other market participants. Specialists and Market Makers are assessed lower electronic Options Transaction Charges in Penny Pilot Options as compared to Professionals, Broker-Dealers and Firms

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35 See the NASDAQ Options Market LLC's ("NOM") pricing at Chapter XV of NOM's Rulebook.

because they have obligations to the market and regulatory requirements, which normally do not apply to other market participants.[36]

The Exchange's proposal to increase the fee assessment from $0.00 to $0.05 per contract rebate for Adding Liquidity in Penny Pilot Options when Specialists or Market Makers are on the contra-side of an electronically-delivered and executed Customer order, excluding responses to a PIXL auction; and have reached the Monthly Market Maker Cap is reasonable because Specialists and Market Makers does not create an undue burden on competition because market makers have obligations to the market and regulatory requirements, which normally do not apply to other market participants.[37]

The Exchange's proposal to clarify that transactions which execute against an order for which the Exchange broadcast an order exposure alert does not create an undue burden on competition. This amendment will bring additional clarity to the fees.

The Exchange believes that the proposed new volume discount for PIXL Fees creates additional opportunity for incentivizing Professionals, Firms, Broker-Dealers, Specialists and Market Makers to bring additional liquidity to the market. The Exchange believes that effectively assessing lower fees or paying rebates when a market participant brings a certain amount of Customer orders creates competition among market participants to remove liquidity from the Phlx Book. This competition does not create an undue burden on competition but rather offers all market participants the opportunity to receive the benefit of the pricing when transacting options. Also, providing an ability to earn greater discounts incentivizes order flow into the auction.

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36 See note 29.

37 Id.

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

The proposed fees are designed to ensure a fair and reasonable use of Exchange resources by allowing the Exchange to recoup costs while continuing to attract liquidity and offer connectivity at competitive rates to Exchange members and member organizations.

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

No written comments were either solicited or received.

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

The foregoing rule change has become effective pursuant to Section 19(b)(3)(A)(ii) of the Act.[38] 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

[38] 15 U.S.C. 78s(b)(3)(A)(ii).

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-2015-13 on the subject line.

Paper comments:

- Send paper comments in triplicate to Brent J. Fields, Secretary, Securities and Exchange Commission, 100 F Street, NE, Washington, DC 20549-1090.

All submissions should refer to File Number SR-Phlx-2015-13. 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-2015-13 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.[39]

Kevin M. O'Neill
Deputy Secretary

[39] 17 CFR 200.30-3(a)(12).

EXHIBIT 5

New text is underlined; deleted text is in [brackets].

NASDAQ OMX PHLX LLC[1] PRICING SCHEDULE

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

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

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B. Customer Rebate Program

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

Customer Rebate Tiers	Percentage Thresholds of National Customer Volume in Multiply-Listed Equity and ETF Options Classes, excluding SPY Options (Monthly)	Category A	Category B
Tier 1	0.00% - 0.60%	$0.00	$0.00
Tier 2	Above 0.60% - 1.10%	$0.10*	$0.17*
Tier 3	Above 1.10% - 1.60%	$0.12*	$0.17*

Tier 4	Above 1.60% - 2.50%	$0.16	$0.20
Tier 5	Above 2.50%	$0.17	$0.20

Category A: Rebate will be paid to members executing electronically-delivered Customer Simple Orders in Penny Pilot Options and Customer Simple Orders in Non-Penny Pilot Options in Section II symbols. Rebate will be paid on Customer PIXL Orders in Section II symbols that execute against non-Initiating Order interest. In the instance where member organizations qualify for Tier 4 or higher in the Customer Rebate Program, Customer PIXL Orders that execute against a PIXL Initiating Order will be paid a rebate of $0.14 per contract. Rebates on PIXL Orders will be capped at 4,000 contracts per order for Simple PIXL Orders.

Category B: Rebate will be paid to members executing electronically-delivered Customer Complex Orders in Penny Pilot Options and Non-Penny Pilot Options in Section II symbols. Rebate will be paid on Customer PIXL Complex Orders in Section II symbols that execute against non-Initiating Order interest. [In the instance where member organizations qualify for Tier 4 or higher in the Customer Rebate Program,] Customer Complex PIXL Orders that execute against a Complex PIXL Initiating Order will not be paid a rebate [of $0.17 per contract]under any circumstance. The Category B Rebate will not be paid when an electronically-delivered Customer Complex Order, including Customer Complex PIXL Order, executes against another electronically-delivered Customer Complex Order. Rebates on PIXL Orders will be capped at 4,000 contracts per order leg for Complex PIXL Orders.

*The Exchange will pay a $0.02 per contract Category A rebate and a $0.03 per contract Category B rebate in addition to the applicable Tier 2 and 3 rebate to a Specialist or Market Maker or its member or member organization affiliate under Common Ownership provided the Specialist or Market Maker has reached the Monthly Market Maker Cap, as defined in Section II.

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

	Customer	Professional		Specialist and Market Maker		Broker-Dealer		Firm	
		Electronic	Floor	Electronic	Floor	Electronic	Floor	Electronic	Floor
Options Transaction Charge (Penny Pilot)	$0.00	$0.48[13]	$0.25	$0.22	$0.30	$0.48[13]	$0.25	$0.48[12, 13]	$0.25
Options	$0.00	$0.70[13, 14]	$0.25	$0.25[15]	$0.30	$0.70[13, 14]	$0.25	$0.70[12, 13,]	$0.25

Transaction Charge (non-Penny Pilot)								[14]	
Options Surcharge in MNX and NDX	N/A	$0.15	$0.15	$0.15	$0.15	$0.15	$0.15	$0.15	$0.15
Options Surcharge in BKX	N/A	$0.10	$0.10	$0.10	$0.10	$0.10	$0.10	$0.10	$0.10
Cabinet Options	$0.00	N/A	$0.10	N/A	$0.10	N/A	$0.10	N/A	$0.10

• These fees are per contract.

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

[12]Firm electronic simple orders in AAPL, BAC, EEM, FB, FXI, IWM, QQQ, TWTR, VXX and XLF will be assessed $0.2[5]7.

[13]Electronic Complex Orders will be assessed $0.3[0]5 per contract.

[14]Any member or member organization under Common Ownership with another member or member organization that qualifies for Customer Rebate Tiers 2, 3, 4 or 5 in Section B of the Pricing Schedule will be assessed $0.60 per contract.

[15]Any member or member organization under Common Ownership with another member or member organization that qualifies for Customer Rebate Tiers 2, 3, 4 or 5 in Section B of the Pricing Schedule will be assessed $0.23 per contract.

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

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

QCC Rebate Schedule

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

The maximum QCC Rebate to be paid in a given month will not exceed $375,000.

• Specialists and Market Makers are subject to a "Monthly Market Maker Cap" of $500,000 for: (i) electronic and floor Option Transaction Charges; and (ii) QCC Transaction Fees (as defined in Exchange Rule 1080(o) and Floor QCC Orders, as defined in 1064(e)). The trading activity of separate Specialist and Market Maker member organizations will be aggregated in calculating the Monthly Market Maker Cap if there is Common Ownership between the member organizations. All dividend, merger, short stock interest, reversal and conversion, jelly roll and box spread strategy executions (as defined in this Section II) will be excluded from the Monthly Market Maker Cap. Specialists or Market Makers that (i) are on the contra-side of an electronically-delivered and executed Customer order, excluding responses to a PIXL auction; and (ii) have reached the Monthly Market Maker Cap will be assessed fees as follows:

Fee per contract

$0.0[0]<u>5</u> per contract Fee for Adding Liquidity in Penny Pilot Options

$0.17 per contract Fee for Removing Liquidity in Penny Pilot Options

$0.17 per contract in Non-Penny Pilot Options

$0.17 per contract in a non-Complex electronic auction, including the Quote Exhaust auction and, for purposes of this fee, the opening process. A Complex electronic auction includes, but is not limited to, the Complex Order Live Auction ("COLA"). <u>Transactions which execute against an order for which the Exchange broadcast an order exposure alert will be subject to this fee.</u>

• Firms are subject to a maximum fee of $75,000 ("Monthly Firm Fee Cap"). Firm Floor Option Transaction Charges and QCC Transaction Fees, as defined in this section above, in the aggregate, for one billing month will not exceed the Monthly Firm Fee Cap per member organization when such members are trading in their own proprietary account. All dividend, merger, and short stock interest strategy executions (as defined in this Section II) will be excluded from the Monthly Firm Fee Cap. Reversal and conversion, jelly roll and box spread strategy executions (as defined in this Section II) will be included in the Monthly Firm Fee Cap. QCC Transaction Fees are included in the calculation of the Monthly Firm Fee Cap. Member organizations must notify the Exchange in writing of all accounts in which the member is not trading in its own proprietary account. The Exchange will not make adjustments to billing invoices where transactions are commingled in accounts which are not subject to the Monthly Firm Fee Cap.

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

• Proprietary orders of affiliates of member organizations (non-member organizations) that qualify for the Monthly Firm Fee Cap ("Qualifying Member Organization") effected for purposes of hedging the proprietary over-the-counter trading of the Qualifying Member Organization or its affiliates will be included in calculating the Monthly Firm Fee Cap. Member organizations must notify the Exchange in writing of the account(s) designated for purposes of hedging the proprietary over-the-counter trading of the Qualifying Member Organization or its affiliates. The Exchange would require member organizations to segregate other orders from that of its affiliates for those orders to be eligible for the Monthly Firm Fee Cap. The Exchange will not make adjustments to billing invoices where transactions are commingled in accounts which are not subject to the Monthly Firm Fee Cap.

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IV. Other Transaction Fees

A. PIXL Pricing

Initiating Order (Section II)	$0.07 per contract or $0.05 per contract for Simple PIXL Orders and $0.03 per contract for Complex PIXL Orders per contract if Customer Rebate Program Threshold Volume defined in Section B [is greater than 100,000 contracts per day in a month]qualifies for the Tier 4 or 5 Customer Rebate. Any member or member organization under Common Ownership with another member or member organization that qualifies for a Customer Rebate Tier 4 or 5 discount in Section B will receive the PIXL Initiating Order discount as described above. The Initiating Order Fee for Professional, Firm, Broker-Dealer, Specialist and Market Maker orders that are contra to a Customer PIXL Order will be reduced to $0.00 if the Customer PIXL Order is greater than 399

contracts.

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

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

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

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

All other fees discussed in Section II, including Payment for Order Flow and surcharges, will also apply as appropriate.

Executions in Singly Listed Options in Section III (Includes options overlying currencies, equities, ETFs, ETNs and indexes not listed on another exchange):

- The fees described in Section III will apply in all instances.

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