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

File No.* SR - 2015 - * 25
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 at Preface and Sections I II and IV

Contact Information

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

First Name * Angela Last Name * Dunn
Title * Associate General Counsel
E-mail * angela.dunn@nasdaq.com
Telephone * (215) 496-5692 Fax

Signature

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

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

Date 03/11/2015

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

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SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

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

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

1. Text of the Proposed Rule Change

(a) NASDAQ OMX PHLX LLC ("Phlx" or "Exchange"), pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 ("Act")[1] and Rule 19b-4 thereunder,[2] proposes to modify the Phlx Pricing Schedule ("Pricing Schedule"). Specifically, the Exchange proposes to amend: (1) the Preface to the Pricing Schedule to include a reference to a Non-Customer; (2) amend the Customer[3] Simple Order Fee for Removing Liquidity in Section I, entitled "Rebates and Fees for Adding and Removing Liquidity in SPY" as well as certain PIXL[4] executions in options overlying SPY;[5] (3) amend a Firm[6] fee in Section II, entitled "Multiply Listed Options Fees,"[7] as well as certain pricing applicable to Specialists[8] and Market Makers;[9] (4) amend PIXL pricing in Section IV,

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

[2] 17 CFR 240.19b-4.

[3] The term "Customer" applies to any transaction that is identified by a member or member organization for clearing in the Customer range at The Options Clearing Corporation ("OCC") which is not for the account of broker or dealer or for the account of a "professional" (as that term is defined in Rule 1000(b)(14)).

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

[5] Options overlying Standard and Poor's Depositary Receipts/SPDRs ("SPY") are based on the SPDR exchange-traded fund, which is designed to track the performance of the S&P 500 Index.

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

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

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

Part A entitled "PIXL Pricing," and FLEX pricing in Section IV, Part B, entitled "FLEX Transaction Fees" 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.

2. Procedures of the Self-Regulatory Organization

The proposed rule change was approved by senior management of the Exchange pursuant to authority delegated by the Board of Directors of the Exchange on July 16, 2014. Exchange staff will advise the Board of Directors of any action taken pursuant to delegated authority. No other action by the Exchange is necessary for the filing of the rule change.

Questions and comments on the proposed rule change may be directed to Angela Saccomandi Dunn, Associate General Counsel, The NASDAQ OMX Group at (215) 496-5692.

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

a. Purpose

The purpose of this filing is to modify the Pricing Schedule to specifically amend the Preface, Section I, entitled "Rebates and Fees for Adding and Removing Liquidity in

[9] 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.

SPY," Section II, entitled "Multiply Listed Options Fees," and Section IV, Part A, entitled "PIXL Pricing" and Part B entitled "FLEX Transaction Fees." The Exchange proposes various amendments to the Pricing Schedule as described below.

Preface

The Exchange proposes to amend the Preface of the Pricing Schedule to add a defined term, "Non-Customer." The Exchange proposes to state that a Non-Customer refers to transactions for the accounts of Specialists, Market Makers, Firms, Professionals,[10] Broker-Dealers[11] and JBOs.[12] The Exchange believes that adding this reference to the Preface will assist members and member organizations to better understand references to the term "Non-Customer" in the Pricing Schedule when pricing is applied to market participants other than a Customer.

Section I Rebates and Fees for Adding and Removing Liquidity in SPY

The Exchange is proposing to amend the Customer Simple Order Fees for Removing Liquidity in Section I applicable to transactions overlying SPY. The Exchange currently assesses Customers a $0.43 per contract Fee for Removing Liquidity

[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 term "Joint Back Office" or "JBO" applies to any transaction that is identified by a member or member organization for clearing in the Firm range at OCC and is identified with an origin code as a JBO. A JBO will be priced the same as a Broker-Dealer. A JBO participant is a member, member organization or non-member organization that maintains a JBO arrangement with a clearing broker-dealer ("JBO Broker") subject to the requirements of Regulation T Section 220.7 of the Federal Reserve System as further discussed at Exchange Rule 703.

in SPY Simple Orders and Specialists, Market Makers, Firms, Broker-Dealers and Professionals are assessed a $0.49 per contract Fee for Removing Liquidity in SPY Simple Orders. The Exchange is proposing to increase the Customer Fee for Removing Liquidity in SPY Simple Orders from $0.43 to $0.44 per contract. Despite the increased fee, Customers will continue to be assessed a lower Fee for Removing Liquidity in SPY Simple Orders as compared to other market participants.

The Exchange also proposes to amend PIXL fees in SPY in Section I of the Pricing Schedule. Today, when a PIXL Order is contra to other than the Initiating Order,[13] the PIXL Order will be assessed $0.00 per contract, unless the order is a Customer, in which case the Customer will receive a rebate of $0.38 per contract. All other contra parties to the PIXL Order, other than the Initiating Order, will be assessed a Fee for Removing Liquidity of $0.38 per contract or will receive the Rebate for Adding Liquidity.[14] The Exchange is proposing to increase the amount that all other contra parties to the PIXL Order, other than the Initiating Order, will be assessed to remove liquidity from $0.38 to $0.42 per contract. These contra parties will continue to be entitled to receive the Rebate for Adding Liquidity, as is the case today. Despite, the increase believes that its current SPY PIXL fees remain competitive.

For clarity, the Exchange is also proposing to add the word "Non-Customer" to

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[13] A member may electronically submit for execution an order it represents as agent on behalf of a public customer, broker-dealer, or any other entity ("PIXL Order") against principal interest or against any other order (except as provided in Rule 1080(n)(i)(E)) it represents as agent ("Initiating Order") provided it submits the PIXL order for electronic execution into the PIXL Auction ("Auction") pursuant to Rule 1080. See Exchange Rule 1080(n). Non-Initiating Order interest could be a PIXL Auction Responder or a resting order or quote that was on the Phlx book prior to the auction.

[14] The Exchange offers Specialists and Maker Makers a $0.20 per contract Simple Order Rebate for Adding Liquidity in SPY.

the Pricing Schedule in Section I, when describing all other contra parties for purposes of the PIXL Order fees.

Section II – Multiply Listed Options

The Exchange proposes to continue provide a reduction to the Firm Options Transaction fee in Penny Pilot Options[15] and Non-Penny Pilot Options for electronic Simple Orders in Apple Inc. ("AAPL"), Bank of America Corporation ("BAC"), iShares MSCI Emerging Markets ETF ("EEM"), Facebook, Inc. ("FB"), iShares China Large-Cap ETF ("FXI"), iShares Russell 2000 ETF ("IWM"), PowerShares QQQ Trust ("QQQ"), Twitter, Inc. ("TWTR"), iPath S&P 500 VIX Short-Term Futures ETF ("VXX") and Financial Select Sector SPDR Fund ("XLF"). The current fee of $0.27 per contract, which is discounted as compared to the Options Transaction Fee in Section II, will be increased to $0.34 per contract. This proposed fee is lower than the $0.48 per contract fee Firm electronic Penny Pilot Options Transaction Charge in Section II of the Pricing Schedule.[16] Despite the increase in this fee, the Exchange believes that Firms will continue to be incentivized to transact volume in these aforementioned symbols as the fee continues to be discounted.

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)

[15] The Penny Pilot was established in January 2007 and was last extended to June 30, 2015. See Securities and Exchange Release No. 73688 (November 25, 2014), 79 FR 71484 (December 2, 2014) (SR-Phlx-2014-77).

[16] See Section II of the Pricing Schedule. AAPL, BAC, EEM, FB, FXI, IWM, QQQ, TWTR, VXX and XLF are currently Penny Pilot Options (together "certain Penny Options"). The $0.34 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 from the Penny Pilot Options Program.

Qualified Contingent Cross or "QCC" Transaction Fees.[17] 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[18] between the member organizations. All dividend, merger, short stock interest, reversal and conversion, jelly roll and box spread strategy executions[19] are excluded from the Monthly Market Maker Cap. Today, 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: $0.05 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").[20] Transactions which execute against an order for which the Exchange broadcast an order exposure alert are subject to this fee.

The Exchange proposes to increase the $0.17 per contract Fee for Removing Liquidity in Penny Pilot Options to $0.18 per contract; the $0.17 per contract in Non-Penny Pilot Options to $0.18 per contract; and the $0.17 per contract in a non-Complex

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[17] QCC Orders are defined in Exchange Rule 1080(o) and Floor QCC Orders are defined in 1064(e)).

[18] Common Ownership shall mean members or member organizations under 75% common ownership or control.

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

[20] A Complex electronic auction includes, but is not limited to, the Complex Order Live Auction ("COLA").

electronic auction to $0.18 per contract, provided a Specialist or Market Maker is on the contra-side of an electronically-delivered and executed Customer order and has reached the Monthly Market Maker Cap. Despite these increases, the Exchange believes that Specialists and Market Makers will continue to be encouraged to transact orders on the market because the fees are still discounted.[21]

Section IV, Part A – PIXL Pricing

PIXL pricing for Initiating Orders is located in subsection IV, Part A, entitled "Other Transaction Fees" of the Pricing Schedule. Today, the Initiating Order Fee is $0.07 per contract. If the member or member organization qualifies for the Tier 4 or 5 Customer Rebate in Section B of the Pricing Schedule, the member or member organization will be assessed $0.05 per contract for Simple PIXL Orders and $0.03 per contract for Complex PIXL Orders. 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 of the Pricing Schedule will receive the PIXL Initiating Order discount. The Initiating Order Fee for Professional, Firm, Broker-Dealer, Specialist and Market Maker orders that are contra to a Customer PIXL Order is reduced to $0.00 if the Customer PIXL Order is greater than 399 contracts. Today, for PIXL Order Executions in Section II, Multiply Listed Options, 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

[21] Specialists and Market Makers that do not meet the requirements specified herein are subject to the Options Transaction Charges in Section II of the Pricing Schedule.

Pilot Options, unless the Responder is a Customer, in which case the fee will be $0.00 per contract.

The Exchange is proposing to amend fees when a PIXL Order is contra to a PIXL Auction Responder for Multiply Listed Options. A Customer PIXL Order will continue to be assessed $0.00 per contract and other market participants will continue to be assessed $0.30 per contract in Penny Pilot Options or $0.38 per contract in Non-Penny Pilot Options in Multiply Listed Options. The Exchange proposes to continue to assess a Responder that is a Specialist or Market Maker a $0.30 per contract fee in Penny Pilot Options and an increased $0.40 per contract (today this fee is $0.38 per contract) fee in Non-Penny Pilot Options. Other Non-Customer Responders (Professionals, Firms and Broker-Dealers) will be assessed an increased fee in Penny Pilot Options of $0.48 per contract and an increased fee of $0.70 per contract in Non-Penny Pilot Options.[22] A Responder that is a Customer will continue to be assessed $0.00 per contract in Penny and Non-Penny Pilot Options. Despite the increases in certain PIXL fees, the Exchange believes that its fee remain competitive.

The Exchange is also proposing to capitalize certain terms for consistency within the text of the Pricing Schedule and utilize the term “Non-Customer”.

Section IV, Part B – FLEX Transaction Fees

The Exchange proposes to amend its FLEX Multiply Listed Options pricing in Section IV, Part B, entitled “FLEX Transaction Fees” of the Pricing Schedule.

[22] Today, these market participants are assessed a $0.30 per contract Penny Pilot Option fee and a $0.38 per contract Non-Penny Pilot Option fee.

Customers will continue to be assessed no fee for transacting FLEX Options.[23] Today, all other market participants, Professionals, Specialists, Market Makers, Broker-Dealers and Firms, or "Non-Customers," are assessed a fee of $0.15 per contract when transacting FLEX Options.[24] The Exchange is proposing to increase this fee from $0.15 to $0.25 contract. The Exchange will continue to apply the Monthly Firm Fee Cap,[25] Monthly Market Maker Cap, and the Options Surcharge in PHLX/KBW Bank Index ("BKX"), options on the one-tenth value of the Nasdaq 100 Index traded under the symbol MNX ("MNX") and options on the Nasdaq 100 Index traded under the symbol NDX ("NDX") described in Section II.[26] No other fees described in Section II apply to Section IV, B of the Pricing Schedule. The Exchange will continue to waive FLEX transaction fees for a Firm executing facilitation orders pursuant to Exchange Rule 1064 when such members are trading in their own proprietary account. The pricing in Section III, entitled "Singly

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[23] FLEX options are only executed on the Exchange's trading floor and are not executed electronically on the Exchange.

[24] FLEX Option fees today are not in addition to Options Transaction Charges.

[25] 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 may not exceed the Monthly Firm Fee Cap per member organization when such members are trading in their own proprietary account. All dividend, merger, and short stock interest strategy executions (as defined in Section II) are excluded from the Monthly Firm Fee Cap. Reversal and conversion 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 Pricing.

[26] Today, the Exchange pays an Options Surcharge in BKX of $0.10 per contract for all market participants, except Customers. Also, the Exchange pays an Options Surcharge in MNX and NDX of $0.20 per contract for all market participants, except Customers. See Section II of the Pricing Schedule.

Listed Options" will continue to apply to FLEX Singly Listed Options, as is the case today.[27]

b. Statutory Basis

The Exchange believes that its proposal to amend the Pricing Schedule is consistent with Section 6(b) of the Act[28] in general, and furthers the objectives of Section 6(b)(4) and (b)(5) of the Act[29] 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.

Preface

The Exchange's proposal to amend the Preface of the Pricing Schedule to add a defined term, "Non-Customer" is reasonable because it makes clear what is meant by the term "Non-Customer," which refers to transactions for the accounts of Specialists, Market Makers, Firms, Professionals, Broker-Dealers and JBOs.

The Exchange's proposal to amend the Preface of the Pricing Schedule to add a defined term, "Non-Customer" is equitable and not unfairly discriminatory because the addition of the term "Non-Customer" to the Preface will provide consistency to the meaning of the term as utilized throughout the Pricing Schedule.

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[27] Section III pricing includes options overlying currencies, equities, ETFs, ETNs treasury securities and indexes not listed on another exchange.

[28] 15 U.S.C. 78f(b).

[29] 15 U.S.C. 78f(b)(4), (5).

Section I Rebates and Fees for Adding and Removing Liquidity in SPY

The Exchange's proposal to amend the Customer SPY Simple Order Fees for Removing Liquidity in Section I of the Pricing Schedule to increase the fee from $0.43 to $0.44 per contract is reasonable because, despite the increase, the Exchange believes the fee will continue to encourage a greater number of market participants to remove Customer liquidity in SPY on Phlx because the proposed rate of $0.44 per contract is lower than transactions in SPY at some competitor or affiliated options exchanges.[30] Customer orders bring valuable liquidity to the market which liquidity benefits other market participants.

The Exchange's proposal to amend the Customer SPY Simple Order Fees for Removing Liquidity in Section I of the Pricing Schedule to increase the fee from $0.43 to $0.44 per contract is equitable and not unfairly discriminatory because Customers will continue to be assessed the lowest Fees for Removing Liquidity in SPY Simple Orders.[31] 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.

The Exchange's proposal to amend PIXL fees in SPY to increase the amount that all other Non-Customer contra parties to the PIXL Order, other than the Initiating Order, will be assessed to remove liquidity from $0.38 to $0.42 per contract is reasonable

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

[31] Other market participants are assessed a $0.49 per contract Fees for Removing Liquidity in SPY Simple Orders.

because despite the increase in the fee, the Exchange believes this pricing will continue to incentivize market participants to transact a greater number of SPY options. The Exchange will continue to assess no fee when a PIXL Order is contra to other than an Initiating Order in SPY. Customers will continue to receive a rebate of $0.38 per contract when the PIXL Order is contra to other than the Initiating Order. The Exchange is increasing the Fee for Removing Liquidity for Non-Customer contra-parties to the PIXL Order in SPY, other than the Initiating Order, to $0.42 per contract, which is still lower than the $0.49 per contract Fee for Removing Liquidity that is assessed for Simple Orders in SPY.[32] SPY options are currently the most actively traded options class and therefore the Exchange believes that incentivizing Non-Customers (Professionals, Firms, Broker-Dealers, Specialists and Market Makers) to remove liquidity in SPY options by offering a lower rate as compared to the $0.49 per contract Simple Order Fee for Removing Liquidity in SPY will benefit all market participants by providing incentives for price improvement, such as this reduction in the Fee for Removing Liquidity.

The Exchange's proposal to amend PIXL fees in SPY to increase the amount that all other contra parties to the PIXL Order, other than the Initiating Order, will be assessed to remove liquidity from $0.38 to $0.42 per contract is equitable and not unfairly discriminatory because the Exchange will be assessing the same Fees for Removing Liquidity for SPY PIXL options to all Non-Customer market participants provided they meet the aforementioned criteria. Customer liquidity benefits all market participants by providing more trading opportunities, which attracts Specialists and Market Makers. Creating incentives for Non-Customer market participants to remove liquidity benefits all

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[32] See Section I of the Pricing Schedule.

market participants through increased liquidity at the Exchange. A higher percentage of SPY Orders in PIXL leads to increased auctions and better opportunities for price improvement.

The Exchange believes that it is reasonable, equitable and not unfairly discriminatory to add clarifying rule text to the Pricing Schedule with respect to identifying Non-Customers.

Section II – Multiply Listed Options

The Exchange's proposal to increase the Firm electronic Simple Order fee in AAPL, BAC, EEM, FB, FXI, IWM, QQQ, TWTR, VXX and XLF from $0.27 to $0.34 per contract is reasonable because it will continue to incentivize Firms to send electronic Simple Orders in these symbols to the Exchange by offering a rate lower than at other options exchanges.[33] Today Firms pay a discounted fee ($0.27 per contract compared to the Firm electronic Multiply Listed Options $0.48 per contract fee). Pricing by symbol is a common practice on many U.S. options exchanges as a means to incentive order flow to be sent to an exchange for execution.[34]

The Exchange's proposal to increase the Firm electronic Simple Order fee in AAPL, BAC, EEM, FB, FXI, IWM, QQQ, TWTR, VXX and XLF from $0.27 to $0.34 per contract is equitable and not unfairly discriminatory. The Exchange will continue to

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[33] See the NASDAQ Options Market LLC's ("NOM") pricing at Chapter XV of NOM's Rulebook. See also NYSE Arca, Inc. ("NYSE Arca") Fees and Charges. The non-customer remove fee for Penny Pilot issues is $0.49 per contract.

[34] See International Securities Exchange LLC's ("ISE") Schedule of Fees.

assess Firms higher fees as compared to Customers.[35] 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. Firms will continue to assessed higher Options Transaction Charges as compared to Specialists and Market Makers,[36] because Specialists and Market Makers have obligations to the market and regulatory requirements, which normally do not apply to other market participants.[37] 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 assessed a $0.34 per contract electronic fee for electronic Simple Orders in these symbols, which is a lower fee as compared to Professionals and Broker-Dealers.[38] The Exchange believes that the proposed fee differential between Firms and Professionals and Broker-Dealers is equitable and not

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[35] Customers do not pay Options Transaction Charges in Multiply Listed Options. See Section II of the Pricing Schedule.

[36] Specialists and Market Makers are assessed an electronic Penny Pilot Options Transaction Charge of $0.22 per contract. See Section II of the Pricing Schedule.

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

[38] Professionals and Broker-Dealers are assessed a $0.48 per contract electronic Penny Pilot Options Transaction Charge, except for electronic Complex Orders, which are assessed $0.35 per contract. See Section II of the Pricing Schedule.

unfairly discriminatory because it is similar to the pricing offered by another options exchange.[39] Moreover, the proposed differential does not misalign pricing, in that Firms already benefit from certain pricing advantages that Professionals and Broker-Dealers do not also enjoy (for example, the Firm Monthly Fee Cap).[40] The proposed fee reduction, which will apply to Firms, but not to Professionals and 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 Professionals and 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 Professionals and 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 desires to incentivize Firms that receive reduced rates at other options exchanges to select Phlx as a venue by offering competitive pricing to these market

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[39] MIAX Options Exchange ("MIAX") assesses non-member Broker-Dealers a $0.45 per contract standard options transaction fee and a Firm is assessed a $0.37 per contract standard options transaction fee. See MIAX's Fee Schedule.

[40] 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.

participants. Such competitive, differentiated pricing exists today on other options exchanges.[41] The Chicago Board Options Exchange, Incorporated ("CBOE") has a differential as between Clearing Trading Permit Holder Proprietary participants (the equivalent of Firm on Phlx) and other non-Customer, non-market maker participants of $0.10 per contract in electronic Penny Pilot Options and $0.25 per contract in Non-Penny Pilot Options.[42] Further, CBOE assesses Broker-Dealers/Professionals/Non-Trading Permit Holder Market Makers between $0.35 - $0.44 per contract for SPX executions (a singly listed CBOE proprietary product) versus the Clearing Trading Permit Holder Proprietary (the equivalent of Firm on Phlx) who is assessed between $0.25 - $0.01 per contract in SPX for a maximum differential of $0.43 per contract in a CBOE proprietary product.[43] Phlx's differential as between a Firm on the one hand and other non-Customer, non-Specialist/Market Makers on the other is not as wide as CBOE's pricing and moreover a competitive offering given current pricing differentials on other options exchange such as the MIAX[44] and CBOE.

The Exchange believes there is nothing impermissible about Phlx offering a discount solely to a Firm, this practice is consistent with the above examples and longstanding

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[41] CBOE assesses a reduced fee to Clearing Trading Permit Holder Proprietary (Clearing Trading Permit Holder Proprietary clears in the Firm range at The Options Clearing Corporation ("OCC")) participants of $0.35 per contract for electronic Penny and Non-Penny Pilot options. CBOE assesses Broker-Dealers/Professionals/Non-Trading Permit Holder Market Makers a $0.45 per contact fee for electronic Penny Pilot Options and a $0.65 per contract fee for electronic Non-Penny Pilot Options classes. See CBOE's Fee Schedule. Specifically, see note 11 for clearing explanation and also Regulatory Circular RG13-038.

[42] See CBOE's Fees Schedule.

[43] Id.

[44] See note 39 above.

differentials between Firms, other Broker-Dealers and Professionals. The options exchanges have differentiated between: retail customers and professional customers; broker/dealers clearing in the "Firm" range at OCC and broker/dealers registered as market makers and away market makers; early-adopting market makers; and many others. The Commission has also permitted price differentiation based on whether an order is processed manually versus electronically. The proposal is consistent with previously established pricing proposals accepted by the Commission.

The Exchange believes that amending the fees assessed to Specialists and Market Makers that 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 the Exchange desires to continue to incentivize Specialists and Market Makers by offering a discount once these conditions are met. While the Exchange is increasing the transaction fees which Specialists and Market Makers must pay if they 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 from $0.17 to $0.18 per contract for removing liquidity in Penny Pilot Options, Non-Penny Pilot Options and in non-Complex electronic auctions, including the Quote Exhaust auction and the opening process, the Exchange continues to offer these market participants the ability to obtain these lower fees as compared to other market participants.

The Exchange believes that amending the fees assessed to Specialists and Market Makers that 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 serve an important role on the Exchange with regard to order interaction and they provide liquidity in the marketplace. Specialists and Market Makers have obligations to the market and regulatory requirements, which normally do not apply to other market participants.[45] In addition, the proposed fees would apply only in certain circumstances where the Market Maker or Specialist is not otherwise subject to transaction fees, because the Monthly Market Maker Cap has been reached, and specifically on the contra-side of an electronically-delivered Customer order.

Section IV, Part A – PIXL Pricing

The Exchange believes it is reasonable, equitable and not unfairly discriminatory to amend the PIXL Fees in Section IV, Part A, when responding to a PIXL auction for the below reasons.

First, with respect to Penny Pilot Options, Specialists and Market Makers Responders will continue to be assessed a $0.30 per contract fee in Penny Pilot Options. The Exchange is proposing to increase the fee from $0.30 to $0.48 per contract for other Non-Customers (Firms, Professionals and Broker-Dealers) transacting Penny Pilot Options. The differential as between Specialists and Market Makers and other Non-Customers is reasonable because Specialists and Market Makers are assessed a $0.30 per contract Responder fee for Penny Pilot Options electronic transactions plus the Payment for Order Flow[46] for a total of fee of $0.55 per contract for responding to auctions

[45] See note 37.

[46] The Payment for Order Flow ("PFOF") Program assesses fees to Specialists and Market Makers resulting from Customer orders. Specialists and Market Makers pat a $0.25 per contract PFOF for Customer Penny Pilot Options orders.

involving a Customer. PFOF fees are not paid by other market participants. In addition, Specialists and Market Makers comprise the majority of PIXL Responders on Phlx. Other Non-Customer Responders (Firms, Professionals and Broker-Dealers) will now be assessed an increased fee of $0.48 per contract rate in Penny Pilot Options (today they pay a $0.38 per contract fee) when contra to a PIXL Order. The Exchange believes that market participants will continue to be encouraged to respond to PIXL auctions, despite the increased fees, because the Exchange's Penny Pilot Options fees for Responders remain competitive. The proposed Non-Customer fees are lower than fees assessed to Non-Customers by other options exchanges.[47]

The proposed increase of $0.18 per contract (current $0.30 fee, which is proposed to be increased to $0.48 per contract) for the Penny Pilot Option fee to respond to a PIXL auction for Firms, Professionals and Broker-Dealers is equitable and not unfairly discriminatory because all Firms, Professionals and Broker-Dealers are treated in a uniform manner. These participants will all be subject to this fee of $0.48 per contract. Customers will continue to be assessed no fee, as is the case today and Specialists and Market Makers will receive lower prices because have obligations to the market and regulatory requirements, which normally do not apply to other market participants in the continuous market, and as such the Exchange continues to believe these market

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[47] See NYSE MKT Inc. ("NYSE Amex") Fees and Charges. Specifically, the RFR Response Penny Pilot Option Fee (Non-Customer) is $0.55 per contract for the CUBE auction. CUBE is NYSE Amex's electronic price improvement auction for options. This mechanism is similar to the PIXL auction. MIAX assesses a Responder to the Prime Auction a per contract Penny Pilot fee of $0.45 per contract to all market participants (including priority customer). PRIME is MIAX's electronic price improvement auction for options. This mechanism is similar to the PIXL auction.

participants (Specialists and Market Makers) should receive certain discounts in auctions.[48]

Second, with respect to Non-Penny Pilot Options fees, while Specialists and Market Makers Responders will be assessed an increased fee of $0.40 per contract in Non-Penny Pilot Options (today the fee is $0.38 per contract), this $0.40 per contract fee will continue to be lower as compared to the proposed Non-Penny Pilot Options fee of $0.70 per contract for other Non-Customer market participants (Firms, Professionals and Broker-Dealers). The differential as between Specialist and Market Makers and other Non-Customers is reasonable because Specialists and Market Makers are assessed the $0.40 per contract Responder fee for electronic Non-Penny Pilot Options transactions plus the PFOF[49] for a total fee of $1.10 for responding to auctions involving a Customer order. PFOF fees are not paid by other market participants. In addition, Specialists and Market Makers comprise the majority of PIXL Responders on Phlx. Other Non-Customer Responders (Firms, Professionals and Broker-Dealers) will now be assessed an increased fee of $0.70 per contract fee in Non-Penny Pilot Options (today they pay $0.38 per contract fee) when contra to a PIXL Order. These are the same fees that these market participants (Professionals, Firms and Broker-Dealers) are assessed today for transacting

[48] See note 37.

[49] Specialists and Market Makers pay PFOF of $0.70 per contract for Non-Penny Pilot Options electronic Customer orders. See Section II of the Pricing Schedule.

electronic orders in Multiply Listed Non-Penny Pilot Options.[50] In addition, other options exchanges have much higher fees for auctions.[51]

The proposed increase of $0.32 per contract (current $0.38 fee, which is proposed to be $0.70 per contract) for the Non-Penny Pilot Option fee to respond to a PIXL auction for Firms, Professionals and Broker-Dealers is equitable and not unfairly discriminatory because all Firms, Professionals and Broker-Dealers are treated in a uniform manner. These market participants will all be subject to this fee of $0.70 per contract. Customers will continue to be assessed no fee, as is the case today and Specialists and Market Makers have obligations to the market and regulatory requirements, which normally do not apply to other market participants in the continuous market and as such the Exchange continues to believe these market participants (Specialists and Market Makers) should receive certain discounts in auctions.[52] The proposed increased fee from $0.38 to $0.40 per contract for Specialists and Market Makers in Non-Penny Pilot Options when responding to a PIXL auction is equitable and not unfairly discriminatory because as noted these market participants have obligations to the marketplace.[53]

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[50] See Section II in the Pricing Schedule.

[51] See NYSE MKT Inc. ("NYSE Amex") Fees and Charges. Specifically, the RFR Response Non-Penny Pilot Option Fee (Non-Customer) is $0.90 per contract for the CUBE auction. CUBE is NYSE Amex's electronic price improvement auction for options. This mechanism is similar to the PIXL auction. MIAX assesses a Responder to the Prime Auction a per contract Non-Penny Pilot fee of $0.90 per contract to all market participants (including priority customer). PRIME is MIAX's electronic price improvement auction for options. This mechanism is similar to the PIXL auction.

[52] See note 37.

[53] Id.

The Exchange believes that widening the differential as between the Initiating Order Fee and the Specialist or Market Maker contra party to the PIXL Order ($0.07 (presuming no discount) vs. $0.40 per contract for Non-Penny Pilot Options) as compared to the cost to transact a PIXL Order today for a Specialist or Market Maker ($0.07 vs $0.38 per contract) is equitable and not unfairly discriminatory for the reasons below. Similarly, the Exchange believes that widening the differential as between the Initiating Order Fee and the Professional, Firm or Broker-Dealer contra party to the PIXL Order ($0.07 (presuming no discount) vs. $0.48 per contract for Penny Pilot Options and $0.70 per contract for Non-Penny Pilot Options) as compared to the cost to transact a PIXL Order today for a Specialist or Market Maker ($0.07 per contract vs. $0.38 per contract) is equitable and not unfairly discriminatory for the reasons below.

Today, MIAX assesses a Responder to the Prime Auction a per contract Penny Pilot fee of $0.45 per contract to all market participants (including priority customer) and a Non-Penny Pilot fee of $0.90 per contract to all market participants (including priority customer). PRIME is MIAX's electronic price improvement auction for options.[54] This mechanism is similar to the PIXL auction. The differential for transactions on MIAX today is $0.05 for a Prime Order (similar to the Phlx Initiating Order) versus $0.45/$0.90 per contract for Penny/Non-Penny Pilot Options. MIAX's differential is equal to or substantially greater than Phlx's proposed differential in PIXL.

While the proposed fees would increase the differential between Non-Customer market participants that initiated the PIXL auction and Non-Customer market participants responding to the PIXL auction, the Exchange believes that despite the fee differential

[54] See Securities Exchange Act Release No. 72943 (August 28, 2014), 79 FR 52785 (September 4, 2014) (SR-MIAX-2014-45).

market participants will continue to be encouraged to transact a greater number of PIXL Orders because the fees are competitive with or similar to those offered at competing options exchanges. The Exchange believes that it is reasonable, equitable and not unfairly discriminatory to add clarifying rule text to the Pricing Schedule with respect to identifying Non-Customers.

Section IV, Part B – FLEX Transaction Fees

The Exchange's proposal to increase the FLEX Transaction Fees for Multiply Listed Options for Professionals, Specialists, Market Makers, Broker-Dealers and Firms from $0.15 to $0.25 per contract is reasonable because the proposed per contract fee would be the same as other fees assessed to Non-Customers, except Specialists and Market Makers, for transaction executed on the trading floor.[55] FLEX Options are transacted on the Exchange's trading floor and the process is not automated. Exchange staff processes requests for FLEX Orders and the costs associated with the Exchange's trading floor have risen over the years. The Exchange believes that this increase will assist the Exchange in offsetting costs while keeping such costs competitive with other markets. Customers will continue to not be assessed a Flex Transaction Fee for transactions in Multiply Listed Options.

The Exchange's proposal to increase the FLEX Transaction Fees for Multiply Listed Options for Professionals, Specialists, Market Makers, Broker-Dealers and Firms from $0.15 to $0.25 per contract is equitable and not unfairly discriminatory because the

[55] Specialists and Market Makers are assessed $0.30 per contract for transactions executed on the trading floor, except in FLEX Options. Professionals, Broker-Dealers and Firms pay $0.25 per contract floor Options Transaction Charges. See Section II of the Pricing Schedule.

Exchange is assessing the same fees for FLEX transactions in Multiply Listed Options to all market participants, except Customers. Customers traditionally are not assessed transaction fees because Customer orders bring valuable liquidity to the market. The Exchange believes that the cost to transact FLEX Options remains competitive with costs at other options Exchanges.[56]

The Exchange believes that utilizing the new term "Non-Customer" in the FLEX pricing as opposed to Professionals Specialists, Market Makers, Broker-Dealers and Firms is reasonable, equitable and not unfairly discriminatory because it adds greater clarity to the Pricing Schedule.

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

The Exchange does not believe that the proposed rule change will impose any burden on competition not necessary or appropriate in furtherance of the purposes of the Act. The Exchange's proposal to add the term "Non-Customer" to the Preface of the Pricing Schedule does not impose an undue burden on competition.

The Exchange's proposal to increase the Simple Order Customer Fee for Removing Liquidity in SPY does not misalign the fees related to Customer as compared to Non-Customer orders. Today, Customers have lower fees because 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.

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[56] See CBOE's Fees Schedule.

The Exchange's proposal to amend the SPY PIXL fees to increase the fees applicable to Non-Customers that are contra to a PIXL Order, other than the Initiating Order, when removing liquidity does not impose any undue burden on competition as all market participants, except Customers will be assessed the same increased fee. Customer orders bring valuable liquidity to the market.

The Exchange's proposal to increase the Firm electronic Simple Order fee from $0.27 to $0.34 per contract in AAPL, BAC, EEM, FB, FXI, IWM, QQQ, TWTR, VXX and XLF will not impose an unnecessary or inappropriate burden on competition because the proposed $0.34 per contract fee assessed to Firms, which is lower than fees assessed Professionals and Broker-Dealers, is similar to rates offered by other options exchanges.[57] Firms will continue to pay higher Options Transaction Charges as compared to Customers, who bring liquidity to the market, and Specialists and Market Makers, who have obligations.[58] Finally, as proposed, Firms will be assessed a $0.34 per contract electronic fee for electronic Simple Orders in these symbols, which is a lower fee as compared to Professionals and Broker-Dealers.[59] The Exchange believes that the proposed fee differential between Firms and Professionals and Broker-Dealers is equitable and not unfairly discriminatory because it is similar to the pricing offered by

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

[58] See note 37.

[59] Professionals and Broker-Dealers are assessed a $0.48 per contract electronic Penny Pilot Options Transaction Charge, except for electronic Complex Orders, which are assessed $0.35 per contract. See Section II of the Pricing Schedule.

another options exchange.[60] Moreover, the proposed differential does not misalign pricing with respect to Professionals and Broker-Dealers because Firms already benefit from certain pricing advantages that Professionals and Broker-Dealers do not also enjoy (for example, the Firm Monthly Fee Cap).[61] The proposed fee reduction, which will apply to Firms, but not to Professionals and Broker-Dealers, does not impose an undue burden on competition because the fee reduction 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 Professionals and 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's proposal for Specialists and Market Makers to pay certain reduced fees after they have satisfied the obligations related to the Monthly Market Maker Cap, in all Penny Pilot Options, provided they have added liquidity, if they are on the contra-side of an electronically-delivered and executed Customer order, excluding responses to a PIXL auction does not provide an undue burden on competition. As noted above Specialists and Market Makers have burdensome quoting obligations to the market that do not apply to Customers, Professionals, Firms and Broker-Dealers.[62] Specialists and Market Makers serve an important role on the Exchange with regard to order interaction and they provide liquidity in

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[60] See note 39.

[61] See Section II of the Pricing Schedule.

[62] See note 37.

the marketplace. The proposed differentiation as between Specialists and Market Makers as compared to other market participants recognizes the differing contributions made to the trading environment on the Exchange by these market participants. For these reasons noted above, the Exchange does not believe that offering Specialists and Market Makers the opportunity to cap fees in certain symbols imposes an undue burden on competition.

The Exchange's proposal to increase PIXL Auction Responder fees for Specialists and Market Makers from $0.38 to $0.40 per contract in Non-Penny Pilot Options and for Professionals, Firms and Broker-Dealers from $0.30 to $0.48 per contract in Penny Pilot Options and from $0.38 to $0.70 per contract in Non-Penny Pilot Options does not create an undue burden on competition because all Professionals, Broker-Dealers and Firms are being treated in a uniform manner and the proposed rates are lower than the fees assessed at MIAX and NYSE Amex when responding to a price improvement auction.[63] With respect to Specialists and Market Makers, these market participants are assessed PFOF when contra to an electronically-delivered Customer order, while other market participants are not assessed such fees.[64] The Exchange does not believe the pricing changes will provide a competitive advantage for Specialists and Market Makers as compared to other Non-Customer market participants (i.e., Professionals, Broker-Dealers and Firms), with respect to intra-market competition. Specialists and Markets would continue to be assessed lower rates as compared to these market participants. Further, with respect to inter-market competition, the Exchange believes that the proposed change will enhance the competiveness of the Exchange relative to other exchanges that offer

[63] See notes 47 and 51.

[64] See Section II of the Pricing Schedule.

their own electronic crossing mechanism. Other market participants will pay the same Options Transaction Charges as they pay today for all other Multiply Listed Options transactions that are not transacted within the PIXL auction.

The Exchange's proposal to increase the FLEX Transaction Fees for Multiply Listed Options for Professionals, Specialists, Market Makers, Broker-Dealers and Firms from $0.15 to $0.25 per contract does not create an undue burden on competition because the Exchange is assessing the same fees for FLEX transactions in Multiply Listed Options on all market participants, except Customers. Customers traditionally are not assessed transaction fees because Customer orders bring valuable liquidity to the market.

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.

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

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

Not applicable.

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

Not applicable.

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

Not applicable.

11. Exhibits

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

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

[65] 15 U.S.C. 78s(b)(3)(A)(ii).

Exhibit 1

SECURITIES AND EXCHANGE COMMISSION
(Release No. ; File No. SR-Phlx-2015-25)

Self-Regulatory Organizations; NASDAQ OMX PHLX LLC; Notice of Filing and Immediate Effectiveness of Proposed Rule Change Relating to Relating to the Pricing Schedule's Preface and Sections I, II and IV

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 March 11, 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: (1) the Preface to the Pricing Schedule to include a reference to a Non-Customer; (2) amend the Customer[3] Simple Order Fee for Removing Liquidity in Section I, entitled "Rebates and Fees for Adding

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

[2] 17 CFR 240.19b-4.

[3] The term "Customer" applies to any transaction that is identified by a member or member organization for clearing in the Customer range at The Options Clearing Corporation ("OCC") which is not for the account of broker or dealer or for the account of a "professional" (as that term is defined in Rule 1000(b)(14)).

and Removing Liquidity in SPY" as well as certain PIXL[4] executions in options overlying SPY;[5] (3) amend a Firm[6] fee in Section II, entitled "Multiply Listed Options Fees,"[7] as well as certain pricing applicable to Specialists[8] and Market Makers;[9] (4) amend PIXL pricing in Section IV, Part A entitled "PIXL Pricing," and FLEX pricing in Section IV, Part B, entitled "FLEX Transaction Fees" 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

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

[5] Options overlying Standard and Poor's Depositary Receipts/SPDRs ("SPY") are based on the SPDR exchange-traded fund, which is designed to track the performance of the S&P 500 Index.

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

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

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

[9] 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.

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 the Preface, Section I, entitled "Rebates and Fees for Adding and Removing Liquidity in SPY," Section II, entitled "Multiply Listed Options Fees," and Section IV, Part A, entitled "PIXL Pricing" and Part B entitled "FLEX Transaction Fees." The Exchange proposes various amendments to the Pricing Schedule as described below.

Preface

The Exchange proposes to amend the Preface of the Pricing Schedule to add a defined term, "Non-Customer." The Exchange proposes to state that a Non-Customer refers to transactions for the accounts of Specialists, Market Makers, Firms, Professionals,[10] Broker-Dealers[11] and JBOs.[12] The Exchange believes that adding this reference to the Preface will assist members and member organizations to better

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[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 term "Joint Back Office" or "JBO" applies to any transaction that is identified by a member or member organization for clearing in the Firm range at OCC and is identified with an origin code as a JBO. A JBO will be priced the same as a Broker-Dealer. A JBO participant is a member, member organization or non-member organization that maintains a JBO arrangement with a clearing broker-dealer ("JBO Broker") subject to the requirements of Regulation T Section 220.7 of the Federal Reserve System as further discussed at Exchange Rule 703.

understand references to the term "Non-Customer" in the Pricing Schedule when pricing is applied to market participants other than a Customer.

Section I Rebates and Fees for Adding and Removing Liquidity in SPY

The Exchange is proposing to amend the Customer Simple Order Fees for Removing Liquidity in Section I applicable to transactions overlying SPY. The Exchange currently assesses Customers a $0.43 per contract Fee for Removing Liquidity in SPY Simple Orders and Specialists, Market Makers, Firms, Broker-Dealers and Professionals are assessed a $0.49 per contract Fee for Removing Liquidity in SPY Simple Orders. The Exchange is proposing to increase the Customer Fee for Removing Liquidity in SPY Simple Orders from $0.43 to $0.44 per contract. Despite the increased fee, Customers will continue to be assessed a lower Fee for Removing Liquidity in SPY Simple Orders as compared to other market participants.

The Exchange also proposes to amend PIXL fees in SPY in Section I of the Pricing Schedule. Today, when a PIXL Order is contra to other than the Initiating Order,[13] the PIXL Order will be assessed $0.00 per contract, unless the order is a Customer, in which case the Customer will receive a rebate of $0.38 per contract. All other contra parties to the PIXL Order, other than the Initiating Order, will be assessed a Fee for Removing Liquidity of $0.38 per contract or will receive the Rebate for Adding

[13] A member may electronically submit for execution an order it represents as agent on behalf of a public customer, broker-dealer, or any other entity ("PIXL Order") against principal interest or against any other order (except as provided in Rule 1080(n)(i)(E)) it represents as agent ("Initiating Order") provided it submits the PIXL order for electronic execution into the PIXL Auction ("Auction") pursuant to Rule 1080. See Exchange Rule 1080(n). Non-Initiating Order interest could be a PIXL Auction Responder or a resting order or quote that was on the Phlx book prior to the auction.

Liquidity.[14] The Exchange is proposing to increase the amount that all other contra parties to the PIXL Order, other than the Initiating Order, will be assessed to remove liquidity from $0.38 to $0.42 per contract. These contra parties will continue to be entitled to receive the Rebate for Adding Liquidity, as is the case today. Despite, the increase believes that its current SPY PIXL fees remain competitive.

For clarity, the Exchange is also proposing to add the word "Non-Customer" to the Pricing Schedule in Section I, when describing all other contra parties for purposes of the PIXL Order fees.

Section II – Multiply Listed Options

The Exchange proposes to continue provide a reduction to the Firm Options Transaction fee in Penny Pilot Options[15] and Non-Penny Pilot Options for electronic Simple Orders in Apple Inc. ("AAPL"), Bank of America Corporation ("BAC"), iShares MSCI Emerging Markets ETF ("EEM"), Facebook, Inc. ("FB"), iShares China Large-Cap ETF ("FXI"), iShares Russell 2000 ETF ("IWM"), PowerShares QQQ Trust ("QQQ"), Twitter, Inc. ("TWTR"), iPath S&P 500 VIX Short-Term Futures ETF ("VXX") and Financial Select Sector SPDR Fund ("XLF"). The current fee of $0.27 per contract, which is discounted as compared to the Options Transaction Fee in Section II, will be increased to $0.34 per contract. This proposed fee is lower than the $0.48 per contract fee Firm electronic Penny Pilot Options Transaction Charge in Section II of the

[14] The Exchange offers Specialists and Maker Makers a $0.20 per contract Simple Order Rebate for Adding Liquidity in SPY.

[15] The Penny Pilot was established in January 2007 and was last extended to June 30, 2015. See Securities and Exchange Release No. 73688 (November 25, 2014), 79 FR 71484 (December 2, 2014) (SR-Phlx-2014-77).

Pricing Schedule.[16] Despite the increase in this fee, the Exchange believes that Firms will continue to be incentivized to transact volume in these aforementioned symbols as the fee continues to be discounted.

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) Qualified Contingent Cross or "QCC" Transaction Fees.[17] 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[18] between the member organizations. All dividend, merger, short stock interest, reversal and conversion, jelly roll and box spread strategy executions[19] are excluded from the Monthly Market Maker Cap. Today, 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: $0.05 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-

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[16] See Section II of the Pricing Schedule. AAPL, BAC, EEM, FB, FXI, IWM, QQQ, TWTR, VXX and XLF are currently Penny Pilot Options (together "certain Penny Options"). The $0.34 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 from the Penny Pilot Options Program.

[17] QCC Orders are defined in Exchange Rule 1080(o) and Floor QCC Orders are defined in 1064(e)).

[18] Common Ownership shall mean members or member organizations under 75% common ownership or control.

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

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").[20] Transactions which execute against an order for which the Exchange broadcast an order exposure alert are subject to this fee.

The Exchange proposes to increase the $0.17 per contract Fee for Removing Liquidity in Penny Pilot Options to $0.18 per contract; the $0.17 per contract in Non-Penny Pilot Options to $0.18 per contract; and the $0.17 per contract in a non-Complex electronic auction to $0.18 per contract, provided a Specialist or Market Maker is on the contra-side of an electronically-delivered and executed Customer order and has reached the Monthly Market Maker Cap. Despite these increases, the Exchange believes that Specialists and Market Makers will continue to be encouraged to transact orders on the market because the fees are still discounted.[21]

Section IV, Part A – PIXL Pricing

PIXL pricing for Initiating Orders is located in subsection IV, Part A, entitled "Other Transaction Fees" of the Pricing Schedule. Today, the Initiating Order Fee is $0.07 per contract. If the member or member organization qualifies for the Tier 4 or 5 Customer Rebate in Section B of the Pricing Schedule, the member or member organization will be assessed $0.05 per contract for Simple PIXL Orders and $0.03 per contract for Complex PIXL Orders. Any member or member organization under Common Ownership with another member or member organization that qualifies for a

[20] A Complex electronic auction includes, but is not limited to, the Complex Order Live Auction ("COLA").

[21] Specialists and Market Makers that do not meet the requirements specified herein are subject to the Options Transaction Charges in Section II of the Pricing Schedule.

Customer Rebate Tier 4 or 5 discount in Section B of the Pricing Schedule will receive the PIXL Initiating Order discount. The Initiating Order Fee for Professional, Firm, Broker-Dealer, Specialist and Market Maker orders that are contra to a Customer PIXL Order is reduced to $0.00 if the Customer PIXL Order is greater than 399 contracts. Today, for PIXL Order Executions in Section II, Multiply Listed Options, 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.

The Exchange is proposing to amend fees when a PIXL Order is contra to a PIXL Auction Responder for Multiply Listed Options. A Customer PIXL Order will continue to be assessed $0.00 per contract and other market participants will continue to be assessed $0.30 per contract in Penny Pilot Options or $0.38 per contract in Non-Penny Pilot Options in Multiply Listed Options. The Exchange proposes to continue to assess a Responder that is a Specialist or Market Maker a $0.30 per contract fee in Penny Pilot Options and an increased $0.40 per contract (today this fee is $0.38 per contract) fee in Non-Penny Pilot Options. Other Non-Customer Responders (Professionals, Firms and Broker-Dealers) will be assessed an increased fee in Penny Pilot Options of $0.48 per contract and an increased fee of $0.70 per contract in Non-Penny Pilot Options.[22] A

[22] Today, these market participants are assessed a $0.30 per contract Penny Pilot Option fee and a $0.38 per contract Non-Penny Pilot Option fee.

Responder that is a Customer will continue to be assessed $0.00 per contract in Penny and Non-Penny Pilot Options. Despite the increases in certain PIXL fees, the Exchange believes that its fee remain competitive.

The Exchange is also proposing to capitalize certain terms for consistency within the text of the Pricing Schedule and utilize the term "Non-Customer".

Section IV, Part B – FLEX Transaction Fees

The Exchange proposes to amend its FLEX Multiply Listed Options pricing in Section IV, Part B, entitled "FLEX Transaction Fees" of the Pricing Schedule. Customers will continue to be assessed no fee for transacting FLEX Options.[23] Today, all other market participants, Professionals, Specialists, Market Makers, Broker-Dealers and Firms, or "Non-Customers," are assessed a fee of $0.15 per contract when transacting FLEX Options.[24] The Exchange is proposing to increase this fee from $0.15 to $0.25 contract. The Exchange will continue to apply the Monthly Firm Fee Cap,[25] Monthly Market Maker Cap, and the Options Surcharge in PHLX/KBW Bank Index ("BKX"), options on the one-tenth value of the Nasdaq 100 Index traded under the symbol MNX ("MNX") and options on the Nasdaq 100 Index traded under the symbol NDX ("NDX")

[23] FLEX options are only executed on the Exchange's trading floor and are not executed electronically on the Exchange.

[24] FLEX Option fees today are not in addition to Options Transaction Charges.

[25] 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 may not exceed the Monthly Firm Fee Cap per member organization when such members are trading in their own proprietary account. All dividend, merger, and short stock interest strategy executions (as defined in Section II) are excluded from the Monthly Firm Fee Cap. Reversal and conversion 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 Pricing.

described in Section II.[26] No other fees described in Section II apply to Section IV, B of the Pricing Schedule. The Exchange will continue to waive FLEX transaction fees for a Firm executing facilitation orders pursuant to Exchange Rule 1064 when such members are trading in their own proprietary account. The pricing in Section III, entitled "Singly Listed Options" will continue to apply to FLEX Singly Listed Options, as is the case today.[27]

2. Statutory Basis

The Exchange believes that its proposal to amend the Pricing Schedule is consistent with Section 6(b) of the Act[28] in general, and furthers the objectives of Section 6(b)(4) and (b)(5) of the Act[29] 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.

Preface

The Exchange's proposal to amend the Preface of the Pricing Schedule to add a defined term, "Non-Customer" is reasonable because it makes clear what is meant by the

[26] Today, the Exchange pays an Options Surcharge in BKX of $0.10 per contract for all market participants, except Customers. Also, the Exchange pays an Options Surcharge in MNX and NDX of $0.20 per contract for all market participants, except Customers. See Section II of the Pricing Schedule.

[27] Section III pricing includes options overlying currencies, equities, ETFs, ETNs treasury securities and indexes not listed on another exchange.

[28] 15 U.S.C. 78f(b).

[29] 15 U.S.C. 78f(b)(4), (5).

term "Non-Customer," which refers to transactions for the accounts of Specialists, Market Makers, Firms, Professionals, Broker-Dealers and JBOs.

The Exchange's proposal to amend the Preface of the Pricing Schedule to add a defined term, "Non-Customer" is equitable and not unfairly discriminatory because the addition of the term "Non-Customer" to the Preface will provide consistency to the meaning of the term as utilized throughout the Pricing Schedule.

Section I Rebates and Fees for Adding and Removing Liquidity in SPY

The Exchange's proposal to amend the Customer SPY Simple Order Fees for Removing Liquidity in Section I of the Pricing Schedule to increase the fee from $0.43 to $0.44 per contract is reasonable because, despite the increase, the Exchange believes the fee will continue to encourage a greater number of market participants to remove Customer liquidity in SPY on Phlx because the proposed rate of $0.44 per contract is lower than transactions in SPY at some competitor or affiliated options exchanges.[30] Customer orders bring valuable liquidity to the market which liquidity benefits other market participants.

The Exchange's proposal to amend the Customer SPY Simple Order Fees for Removing Liquidity in Section I of the Pricing Schedule to increase the fee from $0.43 to $0.44 per contract is equitable and not unfairly discriminatory because Customers will continue to be assessed the lowest Fees for Removing Liquidity in SPY Simple Orders.[31] Customer liquidity benefits all market participants by providing more trading

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

[31] Other market participants are assessed a $0.49 per contract Fees for Removing Liquidity in SPY Simple Orders.

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.

The Exchange's proposal to amend PIXL fees in SPY to increase the amount that all other Non-Customer contra parties to the PIXL Order, other than the Initiating Order, will be assessed to remove liquidity from $0.38 to $0.42 per contract is reasonable because despite the increase in the fee, the Exchange believes this pricing will continue to incentivize market participants to transact a greater number of SPY options. The Exchange will continue to assess no fee when a PIXL Order is contra to other than an Initiating Order in SPY. Customers will continue to receive a rebate of $0.38 per contract when the PIXL Order is contra to other than the Initiating Order. The Exchange is increasing the Fee for Removing Liquidity for Non-Customer contra-parties to the PIXL Order in SPY, other than the Initiating Order, to $0.42 per contract, which is still lower than the $0.49 per contract Fee for Removing Liquidity that is assessed for Simple Orders in SPY.[32] SPY options are currently the most actively traded options class and therefore the Exchange believes that incentivizing Non-Customers (Professionals, Firms, Broker-Dealers, Specialists and Market Makers) to remove liquidity in SPY options by offering a lower rate as compared to the $0.49 per contract Simple Order Fee for Removing Liquidity in SPY will benefit all market participants by providing incentives for price improvement, such as this reduction in the Fee for Removing Liquidity.

The Exchange's proposal to amend PIXL fees in SPY to increase the amount that all other contra parties to the PIXL Order, other than the Initiating Order, will be assessed

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[32] See Section I of the Pricing Schedule.

to remove liquidity from $0.38 to $0.42 per contract is equitable and not unfairly discriminatory because the Exchange will be assessing the same Fees for Removing Liquidity for SPY PIXL options to all Non-Customer market participants provided they meet the aforementioned criteria. Customer liquidity benefits all market participants by providing more trading opportunities, which attracts Specialists and Market Makers. Creating incentives for Non-Customer market participants to remove liquidity benefits all market participants through increased liquidity at the Exchange. A higher percentage of SPY Orders in PIXL leads to increased auctions and better opportunities for price improvement.

The Exchange believes that it is reasonable, equitable and not unfairly discriminatory to add clarifying rule text to the Pricing Schedule with respect to identifying Non-Customers.

Section II – Multiply Listed Options

The Exchange's proposal to increase the Firm electronic Simple Order fee in AAPL, BAC, EEM, FB, FXI, IWM, QQQ, TWTR, VXX and XLF from $0.27 to $0.34 per contract is reasonable because it will continue to incentivize Firms to send electronic Simple Orders in these symbols to the Exchange by offering a rate lower than at other options exchanges.[33] Today Firms pay a discounted fee ($0.27 per contract compared to the Firm electronic Multiply Listed Options $0.48 per contract fee). Pricing by symbol is

[33] See the NASDAQ Options Market LLC's ("NOM") pricing at Chapter XV of NOM's Rulebook. See also NYSE Arca, Inc. ("NYSE Arca") Fees and Charges. The non-customer remove fee for Penny Pilot issues is $0.49 per contract.

a common practice on many U.S. options exchanges as a means to incentive order flow to be sent to an exchange for execution.[34]

The Exchange's proposal to increase the Firm electronic Simple Order fee in AAPL, BAC, EEM, FB, FXI, IWM, QQQ, TWTR, VXX and XLF from $0.27 to $0.34 per contract is equitable and not unfairly discriminatory. The Exchange will continue to assess Firms higher fees as compared to Customers.[35] 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. Firms will continue to assessed higher Options Transaction Charges as compared to Specialists and Market Makers,[36] because Specialists and Market Makers have obligations to the market and regulatory requirements, which normally do not apply to other market participants.[37] 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.

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[34] See International Securities Exchange LLC's ("ISE") Schedule of Fees.

[35] Customers do not pay Options Transaction Charges in Multiply Listed Options. See Section II of the Pricing Schedule.

[36] Specialists and Market Makers are assessed an electronic Penny Pilot Options Transaction Charge of $0.22 per contract. See Section II of the Pricing Schedule.

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

Finally, as proposed, Firms will be assessed a $0.34 per contract electronic fee for electronic Simple Orders in these symbols, which is a lower fee as compared to Professionals and Broker-Dealers.[38] The Exchange believes that the proposed fee differential between Firms and Professionals and Broker-Dealers is equitable and not unfairly discriminatory because it is similar to the pricing offered by another options exchange.[39] Moreover, the proposed differential does not misalign pricing, in that Firms already benefit from certain pricing advantages that Professionals and Broker-Dealers do not also enjoy (for example, the Firm Monthly Fee Cap).[40] The proposed fee reduction, which will apply to Firms, but not to Professionals and 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 Professionals and 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.

[38] Professionals and Broker-Dealers are assessed a $0.48 per contract electronic Penny Pilot Options Transaction Charge, except for electronic Complex Orders, which are assessed $0.35 per contract. See Section II of the Pricing Schedule.

[39] MIAX Options Exchange ("MIAX") assesses non-member Broker-Dealers a $0.45 per contract standard options transaction fee and a Firm is assessed a $0.37 per contract standard options transaction fee. See MIAX's Fee Schedule.

[40] 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.

To the extent the purpose of the proposed Firm fee reduction is achieved, all the Exchange's market participants, including Professionals and 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 desires to incentivize Firms that receive reduced rates at other options exchanges to select Phlx as a venue by offering competitive pricing to these market participants. Such competitive, differentiated pricing exists today on other options exchanges.[41] The Chicago Board Options Exchange, Incorporated ("CBOE") has a differential as between Clearing Trading Permit Holder Proprietary participants (the equivalent of Firm on Phlx) and other non-Customer, non-market maker participants of $0.10 per contract in electronic Penny Pilot Options and $0.25 per contract in Non-Penny Pilot Options.[42] Further, CBOE assesses Broker-Dealers/Professionals/Non-Trading Permit Holder Market Makers between $0.35 - $0.44 per contract for SPX executions (a singly listed CBOE proprietary product) versus the Clearing Trading Permit Holder Proprietary (the equivalent of Firm on Phlx) who is assessed between $0.25 - $0.01 per contract in SPX for a maximum differential of $0.43 per contract in a CBOE proprietary

[41] CBOE assesses a reduced fee to Clearing Trading Permit Holder Proprietary (Clearing Trading Permit Holder Proprietary clears in the Firm range at The Options Clearing Corporation ("OCC")) participants of $0.35 per contract for electronic Penny and Non-Penny Pilot options. CBOE assesses Broker-Dealers/Professionals/Non-Trading Permit Holder Market Makers a $0.45 per contact fee for electronic Penny Pilot Options and a $0.65 per contract fee for electronic Non-Penny Pilot Options classes. See CBOE's Fee Schedule. Specifically, see note 11 for clearing explanation and also Regulatory Circular RG13-038.

[42] See CBOE's Fees Schedule.

product.[43] Phlx's differential as between a Firm on the one hand and other non-Customer, non-Specialist/Market Makers on the other is not as wide as CBOE's pricing and moreover a competitive offering given current pricing differentials on other options exchange such as the MIAX[44] and CBOE.

The Exchange believes there is nothing impermissible about Phlx offering a discount solely to a Firm, this practice is consistent with the above examples and longstanding differentials between Firms, other Broker-Dealers and Professionals. The options exchanges have differentiated between: retail customers and professional customers; broker/dealers clearing in the "Firm" range at OCC and broker/dealers registered as market makers and away market makers; early-adopting market makers; and many others. The Commission has also permitted price differentiation based on whether an order is processed manually versus electronically. The proposal is consistent with previously established pricing proposals accepted by the Commission.

The Exchange believes that amending the fees assessed to Specialists and Market Makers that 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 the Exchange desires to continue to incentivize Specialists and Market Makers by offering a discount once these conditions are met. While the Exchange is increasing the transaction fees which Specialists and Market Makers must pay if they are on the contra-side of an electronically-delivered and executed Customer order, excluding responses to a PIXL auction and have reached the

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[43] Id.

[44] See note 39 above.

Monthly Market Maker Cap from $0.17 to $0.18 per contract for removing liquidity in Penny Pilot Options, Non-Penny Pilot Options and in non-Complex electronic auctions, including the Quote Exhaust auction and the opening process, the Exchange continues to offer these market participants the ability to obtain these lower fees as compared to other market participants.

The Exchange believes that amending the fees assessed to Specialists and Market Makers that 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 serve an important role on the Exchange with regard to order interaction and they provide liquidity in the marketplace. Specialists and Market Makers have obligations to the market and regulatory requirements, which normally do not apply to other market participants.[45] In addition, the proposed fees would apply only in certain circumstances where the Market Maker or Specialist is not otherwise subject to transaction fees, because the Monthly Market Maker Cap has been reached, and specifically on the contra-side of an electronically-delivered Customer order.

Section IV, Part A – PIXL Pricing

The Exchange believes it is reasonable, equitable and not unfairly discriminatory to amend the PIXL Fees in Section IV, Part A, when responding to a PIXL auction for the below reasons.

First, with respect to Penny Pilot Options, Specialists and Market Makers Responders will continue to be assessed a $0.30 per contract fee in Penny Pilot Options.

[45] See note 37.

The Exchange is proposing to increase the fee from $0.30 to $0.48 per contract for other Non-Customers (Firms, Professionals and Broker-Dealers) transacting Penny Pilot Options. The differential as between Specialists and Market Makers and other Non-Customers is reasonable because Specialists and Market Makers are assessed a $0.30 per contract Responder fee for Penny Pilot Options electronic transactions plus the Payment for Order Flow[46] for a total of fee of $0.55 per contract for responding to auctions involving a Customer. PFOF fees are not paid by other market participants. In addition, Specialists and Market Makers comprise the majority of PIXL Responders on Phlx. Other Non-Customer Responders (Firms, Professionals and Broker-Dealers) will now be assessed an increased fee of $0.48 per contract rate in Penny Pilot Options (today they pay a $0.38 per contract fee) when contra to a PIXL Order. The Exchange believes that market participants will continue to be encouraged to respond to PIXL auctions, despite the increased fees, because the Exchange's Penny Pilot Options fees for Responders remain competitive. The proposed Non-Customer fees are lower than fees assessed to Non-Customers by other options exchanges.[47]

The proposed increase of $0.18 per contract (current $0.30 fee, which is proposed to be increased to $0.48 per contract) for the Penny Pilot Option fee to respond to a PIXL

[46] The Payment for Order Flow ("PFOF") Program assesses fees to Specialists and Market Makers resulting from Customer orders. Specialists and Market Makers pat a $0.25 per contract PFOF for Customer Penny Pilot Options orders.

[47] See NYSE MKT Inc. ("NYSE Amex") Fees and Charges. Specifically, the RFR Response Penny Pilot Option Fee (Non-Customer) is $0.55 per contract for the CUBE auction. CUBE is NYSE Amex's electronic price improvement auction for options. This mechanism is similar to the PIXL auction. MIAX assesses a Responder to the Prime Auction a per contract Penny Pilot fee of $0.45 per contract to all market participants (including priority customer). PRIME is MIAX's electronic price improvement auction for options. This mechanism is similar to the PIXL auction.

auction for Firms, Professionals and Broker-Dealers is equitable and not unfairly discriminatory because all Firms, Professionals and Broker-Dealers are treated in a uniform manner. These participants will all be subject to this fee of $0.48 per contract. Customers will continue to be assessed no fee, as is the case today and Specialists and Market Makers will receive lower prices because have obligations to the market and regulatory requirements, which normally do not apply to other market participants in the continuous market, and as such the Exchange continues to believe these market participants (Specialists and Market Makers) should receive certain discounts in auctions.[48]

Second, with respect to Non-Penny Pilot Options fees, while Specialists and Market Makers Responders will be assessed an increased fee of $0.40 per contract in Non-Penny Pilot Options (today the fee is $0.38 per contract), this $0.40 per contract fee will continue to be lower as compared to the proposed Non-Penny Pilot Options fee of $0.70 per contract for other Non-Customer market participants (Firms, Professionals and Broker-Dealers). The differential as between Specialist and Market Makers and other Non-Customers is reasonable because Specialists and Market Makers are assessed the $0.40 per contract Responder fee for electronic Non-Penny Pilot Options transactions plus the PFOF[49] for a total fee of $1.10 for responding to auctions involving a Customer order. PFOF fees are not paid by other market participants. In addition, Specialists and Market Makers comprise the majority of PIXL Responders on Phlx. Other Non-Customer Responders (Firms, Professionals and Broker-Dealers) will now be assessed an

[48] See note 37.

[49] Specialists and Market Makers pay PFOF of $0.70 per contract for Non-Penny Pilot Options electronic Customer orders. See Section II of the Pricing Schedule.

increased fee of $0.70 per contract fee in Non-Penny Pilot Options (today they pay $0.38 per contract fee) when contra to a PIXL Order. These are the same fees that these market participants (Professionals, Firms and Broker-Dealers) are assessed today for transacting electronic orders in Multiply Listed Non-Penny Pilot Options.[50] In addition, other options exchanges have much higher fees for auctions.[51]

The proposed increase of $0.32 per contract (current $0.38 fee, which is proposed to be $0.70 per contract) for the Non-Penny Pilot Option fee to respond to a PIXL auction for Firms, Professionals and Broker-Dealers is equitable and not unfairly discriminatory because all Firms, Professionals and Broker-Dealers are treated in a uniform manner. These market participants will all be subject to this fee of $0.70 per contract. Customers will continue to be assessed no fee, as is the case today and Specialists and Market Makers have obligations to the market and regulatory requirements, which normally do not apply to other market participants in the continuous market and as such the Exchange continues to believe these market participants (Specialists and Market Makers) should receive certain discounts in auctions.[52] The proposed increased fee from $0.38 to $0.40 per contract for Specialists and Market Makers in Non-Penny Pilot Options when

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[50] See Section II in the Pricing Schedule.

[51] See NYSE MKT Inc. ("NYSE Amex") Fees and Charges. Specifically, the RFR Response Non-Penny Pilot Option Fee (Non-Customer) is $0.90 per contract for the CUBE auction. CUBE is NYSE Amex's electronic price improvement auction for options. This mechanism is similar to the PIXL auction. MIAX assesses a Responder to the Prime Auction a per contract Non-Penny Pilot fee of $0.90 per contract to all market participants (including priority customer). PRIME is MIAX's electronic price improvement auction for options. This mechanism is similar to the PIXL auction.

[52] See note 37.

responding to a PIXL auction is equitable and not unfairly discriminatory because as noted these market participants have obligations to the marketplace.[53]

The Exchange believes that widening the differential as between the Initiating Order Fee and the Specialist or Market Maker contra party to the PIXL Order ($0.07 (presuming no discount) vs. $0.40 per contract for Non-Penny Pilot Options) as compared to the cost to transact a PIXL Order today for a Specialist or Market Maker ($0.07 vs $0.38 per contract) is equitable and not unfairly discriminatory for the reasons below. Similarly, the Exchange believes that widening the differential as between the Initiating Order Fee and the Professional, Firm or Broker-Dealer contra party to the PIXL Order ($0.07 (presuming no discount) vs. $0.48 per contract for Penny Pilot Options and $0.70 per contract for Non-Penny Pilot Options) as compared to the cost to transact a PIXL Order today for a Specialist or Market Maker ($0.07 per contract vs. $0.38 per contract) is equitable and not unfairly discriminatory for the reasons below.

Today, MIAX assesses a Responder to the Prime Auction a per contract Penny Pilot fee of $0.45 per contract to all market participants (including priority customer) and a Non-Penny Pilot fee of $0.90 per contract to all market participants (including priority customer). PRIME is MIAX's electronic price improvement auction for options.[54] This mechanism is similar to the PIXL auction. The differential for transactions on MIAX today is $0.05 for a Prime Order (similar to the Phlx Initiating Order) versus $0.45/$0.90 per contract for Penny/Non-Penny Pilot Options. MIAX's differential is equal to or substantially greater than Phlx's proposed differential in PIXL.

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[53] Id.

[54] See Securities Exchange Act Release No. 72943 (August 28, 2014), 79 FR 52785 (September 4, 2014) (SR-MIAX-2014-45).

While the proposed fees would increase the differential between Non-Customer market participants that initiated the PIXL auction and Non-Customer market participants responding to the PIXL auction, the Exchange believes that despite the fee differential market participants will continue to be encouraged to transact a greater number of PIXL Orders because the fees are competitive with or similar to those offered at competing options exchanges. The Exchange believes that it is reasonable, equitable and not unfairly discriminatory to add clarifying rule text to the Pricing Schedule with respect to identifying Non-Customers.

Section IV, Part B – FLEX Transaction Fees

The Exchange's proposal to increase the FLEX Transaction Fees for Multiply Listed Options for Professionals, Specialists, Market Makers, Broker-Dealers and Firms from $0.15 to $0.25 per contract is reasonable because the proposed per contract fee would be the same as other fees assessed to Non-Customers, except Specialists and Market Makers, for transaction executed on the trading floor.[55] FLEX Options are transacted on the Exchange's trading floor and the process is not automated. Exchange staff processes requests for FLEX Orders and the costs associated with the Exchange's trading floor have risen over the years. The Exchange believes that this increase will assist the Exchange in offsetting costs while keeping such costs competitive with other markets. Customers will continue to not be assessed a Flex Transaction Fee for transactions in Multiply Listed Options.

[55] Specialists and Market Makers are assessed $0.30 per contract for transactions executed on the trading floor, except in FLEX Options. Professionals, Broker-Dealers and Firms pay $0.25 per contract floor Options Transaction Charges. See Section II of the Pricing Schedule.

The Exchange's proposal to increase the FLEX Transaction Fees for Multiply Listed Options for Professionals, Specialists, Market Makers, Broker-Dealers and Firms from $0.15 to $0.25 per contract is equitable and not unfairly discriminatory because the Exchange is assessing the same fees for FLEX transactions in Multiply Listed Options to all market participants, except Customers. Customers traditionally are not assessed transaction fees because Customer orders bring valuable liquidity to the market. The Exchange believes that the cost to transact FLEX Options remains competitive with costs at other options Exchanges.[56]

The Exchange believes that utilizing the new term “Non-Customer” in the FLEX pricing as opposed to Professionals Specialists, Market Makers, Broker-Dealers and Firms is reasonable, equitable and not unfairly discriminatory because it adds greater clarity to the Pricing Schedule.

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

The Exchange does not believe that the proposed rule change will impose any burden on competition not necessary or appropriate in furtherance of the purposes of the Act. The Exchange’s proposal to add the term “Non-Customer” to the Preface of the Pricing Schedule does not impose an undue burden on competition.

The Exchange’s proposal to increase the Simple Order Customer Fee for Removing Liquidity in SPY does not misalign the fees related to Customer as compared to Non-Customer orders. Today, Customers have lower fees because 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

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[56] See CBOE’s Fees Schedule.

turn facilitates tighter spreads, which may cause an additional corresponding increase in order flow from other market participants.

The Exchange's proposal to amend the SPY PIXL fees to increase the fees applicable to Non-Customers that are contra to a PIXL Order, other than the Initiating Order, when removing liquidity does not impose any undue burden on competition as all market participants, except Customers will be assessed the same increased fee. Customer orders bring valuable liquidity to the market.

The Exchange's proposal to increase the Firm electronic Simple Order fee from $0.27 to $0.34 per contract in AAPL, BAC, EEM, FB, FXI, IWM, QQQ, TWTR, VXX and XLF will not impose an unnecessary or inappropriate burden on competition because the proposed $0.34 per contract fee assessed to Firms, which is lower than fees assessed Professionals and Broker-Dealers, is similar to rates offered by other options exchanges.[57] Firms will continue to pay higher Options Transaction Charges as compared to Customers, who bring liquidity to the market, and Specialists and Market Makers, who have obligations.[58] Finally, as proposed, Firms will be assessed a $0.34 per contract electronic fee for electronic Simple Orders in these symbols, which is a lower fee as compared to Professionals and Broker-Dealers.[59] The Exchange believes that the proposed fee differential between Firms and Professionals and Broker-Dealers is

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

[58] See note 37.

[59] Professionals and Broker-Dealers are assessed a $0.48 per contract electronic Penny Pilot Options Transaction Charge, except for electronic Complex Orders, which are assessed $0.35 per contract. See Section II of the Pricing Schedule.

equitable and not unfairly discriminatory because it is similar to the pricing offered by another options exchange.[60] Moreover, the proposed differential does not misalign pricing with respect to Professionals and Broker-Dealers because Firms already benefit from certain pricing advantages that Professionals and Broker-Dealers do not also enjoy (for example, the Firm Monthly Fee Cap).[61] The proposed fee reduction, which will apply to Firms, but not to Professionals and Broker-Dealers, does not impose an undue burden on competition because the fee reduction 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 Professionals and 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’s proposal for Specialists and Market Makers to pay certain reduced fees after they have satisfied the obligations related to the Monthly Market Maker Cap, in all Penny Pilot Options, provided they have added liquidity, if they are on the contra-side of an electronically-delivered and executed Customer order, excluding responses to a PIXL auction does not provide an undue burden on competition. As noted above Specialists and Market Makers have burdensome quoting obligations to the market that do not apply to Customers, Professionals, Firms and Broker-Dealers.[62] Specialists and Market Makers serve an

[60] See note 39.

[61] See Section II of the Pricing Schedule.

[62] See note 37.

important role on the Exchange with regard to order interaction and they provide liquidity in the marketplace. The proposed differentiation as between Specialists and Market Makers as compared to other market participants recognizes the differing contributions made to the trading environment on the Exchange by these market participants. For these reasons noted above, the Exchange does not believe that offering Specialists and Market Makers the opportunity to cap fees in certain symbols imposes an undue burden on competition.

The Exchange's proposal to increase PIXL Auction Responder fees for Specialists and Market Makers from $0.38 to $0.40 per contract in Non-Penny Pilot Options and for Professionals, Firms and Broker-Dealers from $0.30 to $0.48 per contract in Penny Pilot Options and from $0.38 to $0.70 per contract in Non-Penny Pilot Options does not create an undue burden on competition because all Professionals, Broker-Dealers and Firms are being treated in a uniform manner and the proposed rates are lower than the fees assessed at MIAX and NYSE Amex when responding to a price improvement auction.[63] With respect to Specialists and Market Makers, these market participants are assessed PFOF when contra to an electronically-delivered Customer order, while other market participants are not assessed such fees.[64] The Exchange does not believe the pricing changes will provide a competitive advantage for Specialists and Market Makers as compared to other Non-Customer market participants (i.e., Professionals, Broker-Dealers and Firms), with respect to intra-market competition. Specialists and Markets would continue to be assessed lower rates as compared to these market participants. Further, with respect to inter-market competition, the Exchange believes that the proposed change

[63] See notes 47 and 51.

[64] See Section II of the Pricing Schedule.

will enhance the competiveness of the Exchange relative to other exchanges that offer their own electronic crossing mechanism. Other market participants will pay the same Options Transaction Charges as they pay today for all other Multiply Listed Options transactions that are not transacted within the PIXL auction.

The Exchange's proposal to increase the FLEX Transaction Fees for Multiply Listed Options for Professionals, Specialists, Market Makers, Broker-Dealers and Firms from $0.15 to $0.25 per contract does not create an undue burden on competition because the Exchange is assessing the same fees for FLEX transactions in Multiply Listed Options on all market participants, except Customers. Customers traditionally are not assessed transaction fees because Customer orders bring valuable liquidity to the market.

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.

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.[65] At any time within 60 days of the filing of the proposed rule change, the Commission summarily may temporarily suspend such rule change if it appears to the Commission that such action is necessary or appropriate in the public interest, for the protection of investors, or otherwise in furtherance of the purposes of the Act. If the Commission takes such action, the Commission shall institute proceedings to determine whether the proposed rule should be approved or disapproved.

IV. Solicitation of Comments

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

Electronic comments:

- Use the Commission's Internet comment form (http://www.sec.gov/rules/sro.shtml); or
- Send an e-mail to rule-comments@sec.gov. Please include File Number SR-Phlx-2015-25 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-2015-25. 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

[65] 15 U.S.C. 78s(b)(3)(A)(ii).

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-2015-25 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.[66]

Kevin M. O'Neill
Deputy Secretary

[66] 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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PREFACE
For purposes of assessing options fees and paying rebates, the following references should serve as guidance.

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

<u>The term **"Non-Customer"** applies to transactions for the accounts of Specialists, Market Makers, Firms, Professionals, Broker-Dealers and JBOs.</u>

* * * * *

I. Rebates and Fees for Adding and Removing Liquidity in SPY
With respect to Section C of this Pricing Schedule, the order that is received by the trading system first in time shall be considered an order adding liquidity and an order that trades against that order shall be considered an order removing liquidity, except with respect to orders that trigger an order exposure alert. Customer volume attributable to this section will be included in the calculation of Customer volume in Multiply Listed Options that are electronically-delivered and executed for purposes of the Customer Rebate Program in Section B. However, the rebates defined in Section B will not apply to electronic executions in SPY.

Part A. Simple Order

	Customer	Specialist	Market Maker	Firm	Broker-Dealer	Professional
Rebate for Adding Liquidity	$0.00	$0.20	$0.20	$0.00	$0.00	$0.00
Fee for Removing Liquidity	$0.4[3]4	$0.49	$0.49	$0.49	$0.49	$0.49

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Part C. The following will apply to fees in Parts A and B:

* * * * *

PIXL Executions in SPY:

- Initiating Order: $0.05 per contract. 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.

- When the PIXL Order is contra to the Initiating Order, a Customer PIXL Order will be assessed $0.00 per contract and all other non-Customer market participants will be assessed a $0.38 per contract fee when contra to an Initiating Order.

- When the PIXL Order is contra to other than the Initiating Order, the PIXL Order will be assessed $0.00 per contract, unless the order is a Customer, in which case the Customer will receive a rebate of $0.38 per contract. All other Non-Customer contra parties to the PIXL Order, other than the Initiating Order, will be assessed a Fee for Removing Liquidity of $0.[38]42 per contract or will receive the Rebate for Adding Liquidity.

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 Transaction Charge (non-Penny Pilot)	$0.00	$0.70[13,14]	$0.25	$0.25[15]	$0.30	$0.70[13,14]	$0.25	$0.70[12,13, 14]	$0.25
Options Surcharge in MNX and NDX	N/A	$0.20	$0.20	$0.20	$0.20	$0.20	$0.20	$0.20	$0.20
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.[27]34.

* * * * *

• 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

$0.05 per contract Fee for Adding Liquidity in Penny Pilot Options

$0.1[7]8 per contract Fee for Removing Liquidity in Penny Pilot Options

$0.1[7]8 per contract in Non-Penny Pilot Options

$0.1[7]8 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"). Transactions which execute against an order for which the Exchange broadcast an order exposure alert will be subject to this fee.

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IV. Other Transaction Fees

A. PIXL Pricing

Initiating Order (Section II)	$0.07 per contract. If the member or member organization qualifies for the Tier 4 or 5 Customer Rebate in Section B the member or member organization will be assessed $0.05 per contract for Simple PIXL Orders and $0.03 per contract for Complex PIXL Orders-. 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 [n]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 Non-Customer PIXL Orders [market participants] will be assessed $0.30 per contract in Penny Pilot Options or $0.38 per contract in [n]Non-Penny Pilot Options. A Responder that is a Specialist or a Market Maker will be assessed $0.30 per contract in Penny Pilot Options or $0.[38]40 per contract in [n]Non-Penny Pilot Options.[,] Other Non-Customer Responders will be assessed $0.48 per contract in Penny Pilot Options or $0.70 per contract in Non-Penny Pilot Options when contra to a PIXL Order. [unless the]A Responder that is a Customer[, in which case the fee] will be assessed $0.00 per contract in Penny Pilot Options and Non-Penny Pilot Options.

- 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]Non-Customer 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.

B. FLEX Transaction Fees

- FLEX Multiply Listed Options:

Customer	$0.00
[Professional, Specialist, Market Maker, Broker-Dealer and Firm]Non-Customer	$0.[1]25

- The Monthly Firm Fee Cap, Monthly Market Maker Cap, and the Options Surcharge in BKX, MNX and NDX described in Section II will apply to this Section IV, B. No other fees described in Section II will apply to this Section IV.B.

- The FLEX transaction fees for a Firm will be waived for members executing facilitation orders pursuant to Exchange Rule 1064 when such members are trading in their own proprietary account. In addition, FLEX transaction fees for a Broker-Dealer 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.

- FLEX Singly Listed Options: Section III pricing will apply.

- FLEX Options are not eligible for Section II strategy caps.

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