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Page 1 of * 27

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

File No.* SR - 2015 - * 56

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) *
<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Pilot	Extension of Time Period for Commission Action *	Date Expires *	Rule		
			<input type="checkbox"/> 19b-4(f)(1)	<input type="checkbox"/> 19b-4(f)(4)	
			<input type="checkbox"/> 19b-4(f)(2)	<input type="checkbox"/> 19b-4(f)(5)	
			<input type="checkbox"/> 19b-4(f)(3)	<input checked="" type="checkbox"/> 19b-4(f)(6)	
Notice of proposed change pursuant to the Payment, Clearing, and Settlement Act of 2010			Security-Based Swap Submission pursuant to the Securities Exchange Act of 1934		
Section 806(e)(1) *		Section 806(e)(2) *	Section 3C(b)(2) *		
<input type="checkbox"/>		<input type="checkbox"/>	<input type="checkbox"/>		

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 *).

A proposed rule change to amend Rule 3301(f)(7) to introduce the Midpoint Peg Post-Only Order for use on the
NASDAQ OMX PSX System.

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 *	Sean	Last Name *	Bennett
Title *	Associate General Counsel		
E-mail *	sean.bennett@nasdaq.com		
Telephone *	(301) 978-8499	Fax	(301) 978-8472

Signature

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

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

(Title *)

Date 06/26/2015

Executive Vice President and General Counsel

By Edward S. Knight

(Name *)

edward.knight@nasdaq.com

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

SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

For complete Form 19b-4 instructions please refer to the EDDS 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 *

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

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

Add Remove View

Exhibit Sent As Paper Document



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

Exhibit 3 - Form, Report, or Questionnaire

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Exhibit Sent As Paper Document



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

Exhibit 4 - Marked Copies

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

Exhibit 5 - Proposed Rule Text

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

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

1. Text of the Proposed Rule Change

(a) Pursuant to the provisions of Section 19(b)(1) under the Securities Exchange Act of 1934 (“Act”)¹ and Rule 19b-4 thereunder,² NASDAQ OMX PHLX LLC (“Phlx” or “Exchange”) is filing with the Securities and Exchange Commission (“Commission”) a proposed rule change to amend Rule 3301A(b) to introduce the Midpoint Peg Post-Only Order for use on the NASDAQ OMX PSX System.

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 rules 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 T. Sean Bennett, Associate General Counsel, at (301) 978-8499 (telephone) or (301) 978-8472 (fax).

¹ 15 U.S.C. 78s(b)(1).

² 17 CFR 240.19b-4.

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

a. Purpose

The Exchange is proposing to adopt a Midpoint Peg Post-Only Order³ for use on the Exchange's NASDAQ OMX PSX System ("PSX System" or "PSX"), which is based on the Midpoint Peg Post-Only Order of the NASDAQ Stock Market ("NASDAQ").⁴ A Midpoint Peg Post-Only Order is a Non-Displayed⁵ Order that is priced at the midpoint between the National Best Bid and Offer ("NBBO") and that will execute upon entry against locking or crossing quotes only in circumstances where economically beneficial to the party entering the Midpoint Peg Post-Only Order. Because the Order is priced at the midpoint, it can provide price improvement to incoming Orders when it is executed after posting to the PSX book. The Midpoint Peg Post-Only Order will be available during regular market hours (9:30 a.m. until 4:00 p.m. ET) only.

A Midpoint Peg Post-Only Order must be assigned a limit price. When a Midpoint Peg Post-Only Order is entered, it will be priced at the midpoint between the NBBO, unless such midpoint is higher than (lower than) the limit price of an Order to buy (sell), in which case the Midpoint Peg Post-Only Order will be priced at its limit price. If the NBBO is locked, the Midpoint Peg Post-Only Order will be priced at the locking price, if the NBBO is crossed, it will nevertheless be priced at the midpoint

³ The term "Order" is defined in Rule 3301(e).

⁴ The Exchange notes that the proposed rule text is based on newly-amended NASDAQ rule text, which provides a clearer and more detailed description of its Midpoint Peg Post-Only Order functionality than its prior rule. See Securities Exchange Act Release No. 75252 (June 22, 2015)(not yet published in the Federal Register)(Order approving SR-NASDAQ-2015-024).

⁵ See Rule 3301B(k).

between the NBBO (provided, however, that the Order may execute as described below), and if there is no NBBO,⁶ the Midpoint Peg Post-Only Order will be rejected. The Midpoint Peg Post-Only Order will post to the PSX book unless it is a buy (sell) Order that is priced higher than (lower than) a sell (buy) Order on the PSX book, in which case it will execute at the price of the Order on the PSX book; provided, however, that if the Order has a Time-in-Force of IOC, the Order will be cancelled after determining whether it can be executed. For example, if the Best Bid was \$11 and the Best Offer was \$11.06, the price of the Midpoint Peg Post-Only Order to buy would be \$11.03. If there was a Non-Displayed Order (or another Order with a Non-Display Order Attribute) on the PSX book to sell at \$11.02, the incoming Midpoint Peg Post-Only Order to buy would execute against it at \$11.02. However, if there was a Non-Displayed Order (or another Order with a Non-Display Order Attribute) to sell at \$11.03, the Midpoint Peg Post-Only Order to buy would post at \$11.03. While a Midpoint Peg Post-Only Order that posts to the PSX book is locking a preexisting Order, the Midpoint Peg Post-Only Order will execute against an incoming Order only if the price of the incoming sell (buy) Order is lower (higher) than the price of the preexisting Order. Thus, in the previous example, if the incoming Midpoint Peg Post-Only Order locked the preexisting Non-Displayed Order at \$11.03, the Midpoint Peg Post-Only Order could execute only against an incoming Order to sell priced at less than \$11.03.

A Midpoint Peg Post-Only Order that would be assigned a price of \$1 or less per share will be rejected or canceled, as applicable.

⁶ That is, if no market center is disseminating a displayed bid or a displayed offer, such that it is impossible to determine a midpoint price.

If a Midpoint Peg Post-Only Order is entered through RASH or FIX, the Midpoint Peg Post-Only Order may be repriced in the following manner after initial entry and posting to the PSX book:

- The price of the Midpoint Peg Post-Only Order will be updated repeatedly to equal the midpoint between the NBBO; provided, however, that the Order will not be priced higher (lower) than the limit price of an Order to buy (sell). In the event that the midpoint between the NBBO becomes higher than (lower than) the limit price of an Order to buy (sell), the price of the Order will stop updating and the Order will post (with a Non-Display Order Attribute) at its limit price, but will resume updating if the midpoint becomes lower than (higher than) the limit price of an Order to buy (sell). Similarly, if a Midpoint Peg Post-Only Order is on the PSX book and subsequently there is no NBBO, the Order will be cancelled. The Midpoint Peg Post-Only Order receives a new timestamp each time its price is changed.

If a Midpoint Peg Post-Only Order is entered through OUCH or FLITE, the Midpoint Peg Post-Only Order may be repriced in the following manner after initial entry and posting to the PSX book:

- The price at which the Midpoint Peg Post-Only Order is ranked on the PSX book is the midpoint between the NBBO, unless the Order has a limit price that is lower than the midpoint between the NBBO for an Order to buy (higher than the midpoint between the NBBO for an Order to sell), in which case the Order will be ranked on the PSX book at its limit price and will be available for potential execution at its limit price. The price of the Order will not thereafter be repriced

based on changes to the NBBO. If, after being posted to the PSX book, the NBBO changes such that the midpoint of the NBBO is no longer equal to the price at which the Midpoint Peg Post-Only Order is posted, the Order will be cancelled back to the Participant. For example, if the Best Bid is \$11 and the Best Offer is \$11.06, a Midpoint Peg Post-Only Order to buy would post at \$11.03. If, thereafter, the Best Offer is reduced to \$11.05, the Midpoint Peg Post-Only Order will be cancelled back to the Participant.

The following Order Attributes may be assigned to a Midpoint Peg Post-Only Order:

- Price of more than \$1 per share.
- Size.⁷
- Time-in-Force;⁸ provided, however, that a Midpoint Peg Post-Only Order with a Time-in-Force of IOC may not be entered through RASH or FIX, and provided further, that regardless of the Time-in-Force entered, a Midpoint Post-Only Order may not be active outside of the Regular Market Session. A Midpoint Peg Post-Only Order entered prior to the beginning of the Regular Market Session will be rejected. A Midpoint Peg Post-Only Order remaining on the System book at 4:00 p.m. ET will be cancelled by the System.
- Pegging⁹ to the midpoint is required for Midpoint Peg Post-Only Orders entered through RASH or FIX. As discussed above, the price of a Midpoint Peg Post-

⁷ See Rule 3301B(b).

⁸ See Rule 3301B(a).

⁹ See Rule 3301B(d).

Only Order entered through OUCH or FLITE will be pegged to the midpoint upon entry and not repriced thereafter.

- Minimum Quantity.¹⁰
- Non-Displayed. All Midpoint Peg Post-Only Orders are Non-Displayed.

The Exchange is proposing to implement the new Midpoint Peg Post-Only Order on July 1, 2015. The Exchange notes that it has completed the development and testing needed to implement the change. Moreover, Exchange participants are interested in utilizing the new order type. As such, the Exchange believes it is appropriate to implement the change at the earliest time possible.

b. Statutory Basis

PHLX believes that the proposed rule changes are consistent with the provisions of Section 6 of the Act,¹¹ in general, and with Section 6(b)(5) of the Act,¹² in particular, in that the proposal is designed to prevent fraudulent and manipulative acts and practices, to promote just and equitable principles of trade, to foster cooperation and coordination with persons engaged in regulating, clearing, settling, processing information with respect to, and facilitating transactions in securities, to remove impediments to and perfect the mechanism of a free and open market and a national market system, and, in general, to protect investors and the public interest; and also in that it is not designed to permit unfair discrimination between customers, issuers, brokers, or dealers.

¹⁰ See Rule 3301B(e).

¹¹ 15 U.S.C. 78f.

¹² 15 U.S.C. 78f(b)(4) and (5).

The Exchange believes that offering market participants with an additional Order Type, which is currently available to NASDAQ market participants, will allow PSX market participants greater control over their executions and is indicative of the Exchange's maturation as an equities market. Allowing PSX market participants the ability to more precisely select the conditions in which their Order may be executed removes impediments to and perfects the mechanism of a free and open market and a national market system because it benefits all market participants and ensures that PHLX is able to compete with other market venues by providing similar tools and functionality. This functionality is nearly identical to the Midpoint Peg Post-Only Order of NASDAQ¹³ that has been available on NASDAQ since 2011¹⁴ and is well known to its market participants. As noted above, the Exchange is copying newly-amended NASDAQ rule text, which provides a clearer and more detailed description of its Midpoint Peg Post-Only Order functionality than its prior rule.¹⁵ Lastly, offering Midpoint Peg Post-Only Order to PSX market participants raises no issues concerning unfair discrimination as the new Order Type is available to all PSX market participants.

The Exchange notes that, like a Post-Only Order, a Midpoint Peg Post-Only Order allows a market participant to control its trading costs by executing upon entry when receiving price improvement but otherwise posting to the PSX book pegged to the midpoint subject to its limit price. Thereafter, the Order Type serves to provide price

¹³ The Exchange notes that NASDAQ uses a cross in its opening, closing and halt processes, which is accounted for in its Midpoint Peg Post-Only Order rule. PSX does not have such processes.

¹⁴ See Securities Exchange Act Release No. 64430 (May 6, 2011), 76 FR 27699 (May 12, 2011) (SR-NASDAQ-2011-059).

¹⁵ Supra note 4.

improvement to other incoming Orders by executing a price between the NBBO. As such, the Exchange believes the Midpoint Peg Post-Only Order further perfects the mechanism of a free and open market and promotes the public interest by both providing greater control to a market participant and improving market quality for all participants.

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

The Exchange does not believe that the proposed rule change will result in any burden on competition that is not necessary or appropriate in furtherance of the purposes of the Act. Specifically, the Exchange believes that the proposal will enhance Phlx's competitiveness by providing its market participants with an additional control over the circumstances in which their Orders may be executed. As discussed above, the Midpoint Peg Post-Only Order is available on NASDAQ, and providing it on PSX will allow Phlx to compete with NASDAQ and any other market venue that provides a similar Order Type. This may, in turn, increase the extent of liquidity available on PSX and increase its ability to compete with other execution venues to attract Orders to PSX. The Exchange further believes that the introduction of the Midpoint Peg Post-Only Order will not impair in any manner the ability of market participants or other execution venues to compete.

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)

The foregoing rule change has become effective pursuant to Section 19(b)(3)(A) of the Act and Rule 19b-4(f)(6) thereunder in that it effects a change that: (i) does not

significantly affect the protection of investors or the public interest; (ii) does not impose any significant burden on competition; and (iii) by its terms, does not become operative for 30 days after the date of the filing, or such shorter time as the Commission may designate if consistent with the protection of investors and the public interest. The Exchange has provided the Commission written notice of its intent to file the proposed rule change, along with a brief description and text of the proposed rule change, at least five business days prior to the date of filing of the proposed rule.

The Exchange believes that the addition of the proposed new Midpoint Peg Post-Only Order is consistent with the protection of investors and the public interest, because it will provide all PSX market participants with an additional option to designate the circumstances in which their Orders may be executed, thus giving them more control over the nature of their Orders. As noted above, the Exchange believes that the proposed new Midpoint Peg Post-Only Order will enhance PSX's competitiveness by providing its market participants with a functionality that has long been available on NASDAQ. In this regard, the proposed Midpoint Peg Post-Only Order is identical in operation to that of NASDAQ¹⁶ and the proposed rule text is based on newly-amended NASDAQ rule text, which provides a clearer and more detailed description of its Midpoint Peg Post-Only Order functionality than its prior rule. The Exchange believes that this functionality will be appealing to market participants and may encourage them to seek executions on PSX as opposed to other venues that currently offer similar Order types. Accordingly, the proposed rule changes do not burden competition, but may foster competition among exchanges to the extent they make PSX a more attractive market venue.

¹⁶ As noted above, PSX does not have a crossing mechanism and is therefore not adopting rule text descriptive thereof. Supra note 13.

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.

The Exchange respectfully requests that the Commission waive the 30-day operative delay pursuant to Section 19(b)(3)(A) of the Act¹⁷ and paragraph (f)(6) of Rule 19b-4¹⁸ thereunder so that the proposed Order Type may become operative on July 1, 2015, the beginning of a trading month. The Exchange believes that waiver of the operative delay is consistent with the protection of investors and the public interest because it will provide all PSX market participants with an additional option to designate the circumstances in which their Orders may be executed, thus giving them more control over the nature of their Orders. In particular, the Exchange believes that the Midpoint Peg Post-Only Order will improve its market structure by allowing market participants using the Order to exercise better control over their trading costs while also offering price improvement to their counterparties. As noted, NASDAQ has offered its market participants a Midpoint Peg Post-Only Order, on which the proposed Order Type is based, since 2011. Lastly, the programming changes needed to implement the proposed rule change are now ready and market participants have been provided notice of the change. Accordingly, the Exchange believes that the Commission should grant its request to waive the operative delay.

¹⁷ 15 U.S.C. 78s(b)(3)(A).

¹⁸ 17 CFR 240.19b-4(f)(6).

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

The proposed rule change is based on the Midpoint Peg Post-Only Order of NASDAQ. The Exchange is basing its rule text on newly-amended NASDAQ rule text describing its Midpoint Peg Post-Only Order that was approved by the Commission on June 22, 2015, which provides a clearer and more detailed description of its Midpoint Peg Post-Only Order functionality than its prior rule.¹⁹ NASDAQ proposed the new rule text, together with other revisions to its rules concerning order types, in response to Chair White's request that the equity exchanges conduct a comprehensive review of their order types and how they operate in practice.

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. Text of the proposed rule change.

¹⁹

Supra note 4.

EXHIBIT 1

SECURITIES AND EXCHANGE COMMISSION
(Release No. ; File No. SR-Phlx-2015-56)

Self-Regulatory Organizations; NASDAQ OMX PHLX LLC; Notice of Filing and Immediate Effectiveness of Proposed Rule Change to Adopt a Midpoint Peg Post-Only Order under Rule 3301A(b)

Pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 (“Act”),¹ and Rule 19b-4 thereunder,² notice is hereby given that on June 26, 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 adopt a Midpoint Peg Post-Only Order under Rule 3301A(b).

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

¹ 15 U.S.C. 78s(b)(1).

² 17 CFR 240.19b-4.

the places specified in Item IV below. The Exchange has prepared summaries, set forth in sections A, B, and C below, of the most significant aspects of such statements.

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

1. Purpose

The Exchange is proposing to adopt a Midpoint Peg Post-Only Order³ for use on the Exchange's NASDAQ OMX PSX System ("PSX System" or "PSX"), which is based on the Midpoint Peg Post-Only Order of the NASDAQ Stock Market ("NASDAQ").⁴ A Midpoint Peg Post-Only Order is a Non-Displayed⁵ Order that is priced at the midpoint between the National Best Bid and Offer ("NBBO") and that will execute upon entry against locking or crossing quotes only in circumstances where economically beneficial to the party entering the Midpoint Peg Post-Only Order. Because the Order is priced at the midpoint, it can provide price improvement to incoming Orders when it is executed after posting to the PSX book. The Midpoint Peg Post-Only Order will be available during regular market hours (9:30 a.m. until 4:00 p.m. ET) only.

A Midpoint Peg Post-Only Order must be assigned a limit price. When a Midpoint Peg Post-Only Order is entered, it will be priced at the midpoint between the NBBO, unless such midpoint is higher than (lower than) the limit price of an Order to buy (sell), in which case the Midpoint Peg Post-Only Order will be priced at its limit

³ The term "Order" is defined in Rule 3301(e).

⁴ The Exchange notes that the proposed rule text is based on newly-amended NASDAQ rule text, which provides a clearer and more detailed description of its Midpoint Peg Post-Only Order functionality than its prior rule. See Securities Exchange Act Release No. 75252 (June 22, 2015)(not yet published in the Federal Register)(Order approving SR-NASDAQ-2015-024).

⁵ See Rule 3301B(k).

price. If the NBBO is locked, the Midpoint Peg Post-Only Order will be priced at the locking price, if the NBBO is crossed, it will nevertheless be priced at the midpoint between the NBBO (provided, however, that the Order may execute as described below), and if there is no NBBO,⁶ the Midpoint Peg Post-Only Order will be rejected. The Midpoint Peg Post-Only Order will post to the PSX book unless it is a buy (sell) Order that is priced higher than (lower than) a sell (buy) Order on the PSX book, in which case it will execute at the price of the Order on the PSX book; provided, however, that if the Order has a Time-in-Force of IOC, the Order will be cancelled after determining whether it can be executed. For example, if the Best Bid was \$11 and the Best Offer was \$11.06, the price of the Midpoint Peg Post-Only Order to buy would be \$11.03. If there was a Non-Displayed Order (or another Order with a Non-Display Order Attribute) on the PSX book to sell at \$11.02, the incoming Midpoint Peg Post-Only Order to buy would execute against it at \$11.02. However, if there was a Non-Displayed Order (or another Order with a Non-Display Order Attribute) to sell at \$11.03, the Midpoint Peg Post-Only Order to buy would post at \$11.03. While a Midpoint Peg Post-Only Order that posts to the PSX book is locking a preexisting Order, the Midpoint Peg Post-Only Order will execute against an incoming Order only if the price of the incoming sell (buy) Order is lower (higher) than the price of the preexisting Order. Thus, in the previous example, if the incoming Midpoint Peg Post-Only Order locked the preexisting Non-Displayed Order at \$11.03, the Midpoint Peg Post-Only Order could execute only against an incoming Order to sell priced at less than \$11.03.

⁶ That is, if no market center is disseminating a displayed bid or a displayed offer, such that it is impossible to determine a midpoint price.

A Midpoint Peg Post-Only Order that would be assigned a price of \$1 or less per share will be rejected or canceled, as applicable.

If a Midpoint Peg Post-Only Order is entered through RASH or FIX, the Midpoint Peg Post-Only Order may be repriced in the following manner after initial entry and posting to the PSX book:

- The price of the Midpoint Peg Post-Only Order will be updated repeatedly to equal the midpoint between the NBBO; provided, however, that the Order will not be priced higher (lower) than the limit price of an Order to buy (sell). In the event that the midpoint between the NBBO becomes higher than (lower than) the limit price of an Order to buy (sell), the price of the Order will stop updating and the Order will post (with a Non-Display Order Attribute) at its limit price, but will resume updating if the midpoint becomes lower than (higher than) the limit price of an Order to buy (sell). Similarly, if a Midpoint Peg Post-Only Order is on the PSX book and subsequently there is no NBBO, the Order will be cancelled. The Midpoint Peg Post-Only Order receives a new timestamp each time its price is changed.

If a Midpoint Peg Post-Only Order is entered through OUCH or FLITE, the Midpoint Peg Post-Only Order may be repriced in the following manner after initial entry and posting to the PSX book:

- The price at which the Midpoint Peg Post-Only Order is ranked on the PSX book is the midpoint between the NBBO, unless the Order has a limit price that is lower than the midpoint between the NBBO for an Order to buy (higher than the midpoint between the NBBO for an Order to sell), in which case the Order will be

ranked on the PSX book at its limit price and will be available for potential execution at its limit price. The price of the Order will not thereafter be repriced based on changes to the NBBO. If, after being posted to the PSX book, the NBBO changes such that the midpoint of the NBBO is no longer equal to the price at which the Midpoint Peg Post-Only Order is posted, the Order will be cancelled back to the Participant. For example, if the Best Bid is \$11 and the Best Offer is \$11.06, a Midpoint Peg Post-Only Order to buy would post at \$11.03. If, thereafter, the Best Offer is reduced to \$11.05, the Midpoint Peg Post-Only Order will be cancelled back to the Participant.

The following Order Attributes may be assigned to a Midpoint Peg Post-Only Order:

- Price of more than \$1 per share.
- Size.⁷
- Time-in-Force;⁸ provided, however, that a Midpoint Peg Post-Only Order with a Time-in-Force of IOC may not be entered through RASH or FIX, and provided further, that regardless of the Time-in-Force entered, a Midpoint Post-Only Order may not be active outside of the Regular Market Session. A Midpoint Peg Post-Only Order entered prior to the beginning of the Regular Market Session will be rejected. A Midpoint Peg Post-Only Order remaining on the System book at 4:00 p.m. ET will be cancelled by the System.

⁷ See Rule 3301B(b).

⁸ See Rule 3301B(a).

- Pegging⁹ to the midpoint is required for Midpoint Peg Post-Only Orders entered through RASH or FIX. As discussed above, the price of a Midpoint Peg Post-Only Order entered through OUCH or FLITE will be pegged to the midpoint upon entry and not repriced thereafter.
- Minimum Quantity.¹⁰
- Non-Displayed. All Midpoint Peg Post-Only Orders are Non-Displayed. The Exchange is proposing to implement the new Midpoint Peg Post-Only Order on July 1, 2015. The Exchange notes that it has completed the development and testing needed to implement the change. Moreover, Exchange participants are interested in utilizing the new order type. As such, the Exchange believes it is appropriate to implement the change at the earliest time possible.

2. Statutory Basis

PHLX believes that the proposed rule changes are consistent with the provisions of Section 6 of the Act,¹¹ in general, and with Section 6(b)(5) of the Act,¹² in particular, in that the proposal is designed to prevent fraudulent and manipulative acts and practices, to promote just and equitable principles of trade, to foster cooperation and coordination with persons engaged in regulating, clearing, settling, processing information with respect to, and facilitating transactions in securities, to remove impediments to and perfect the mechanism of a free and open market and a national market system, and, in

⁹ See Rule 3301B(d).

¹⁰ See Rule 3301B(e).

¹¹ 15 U.S.C. 78f.

¹² 15 U.S.C. 78f(b)(4) and (5).

general, to protect investors and the public interest; and also in that it is not designed to permit unfair discrimination between customers, issuers, brokers, or dealers.

The Exchange believes that offering market participants with an additional Order Type, which is currently available to NASDAQ market participants, will allow PSX market participants greater control over their executions and is indicative of the Exchange's maturation as an equities market. Allowing PSX market participants the ability to more precisely select the conditions in which their Order may be executed removes impediments to and perfects the mechanism of a free and open market and a national market system because it benefits all market participants and ensures that PHLX is able to compete with other market venues by providing similar tools and functionality. This functionality is nearly identical to the Midpoint Peg Post-Only Order of NASDAQ¹³ that has been available on NASDAQ since 2011¹⁴ and is well known to its market participants. As noted above, the Exchange is copying newly-amended NASDAQ rule text, which provides a clearer and more detailed description of its Midpoint Peg Post-Only Order functionality than its prior rule.¹⁵ Lastly, offering Midpoint Peg Post-Only Order to PSX market participants raises no issues concerning unfair discrimination as the new Order Type is available to all PSX market participants.

The Exchange notes that, like a Post-Only Order, a Midpoint Peg Post-Only Order allows a market participant to control its trading costs by executing upon entry when

¹³ The Exchange notes that NASDAQ uses a cross in its opening, closing and halt processes, which is accounted for in its Midpoint Peg Post-Only Order rule. PSX does not have such processes.

¹⁴ See Securities Exchange Act Release No. 64430 (May 6, 2011), 76 FR 27699 (May 12, 2011) (SR-NASDAQ-2011-059).

¹⁵ Supra note 4.

receiving price improvement but otherwise posting to the PSX book pegged to the midpoint subject to its limit price. Thereafter, the Order Type serves to provide price improvement to other incoming Orders by executing a price between the NBBO. As such, the Exchange believes the Midpoint Peg Post-Only Order further perfects the mechanism of a free and open market and promotes the public interest by both providing greater control to a market participant and improving market quality for all participants.

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

The Exchange does not believe that the proposed rule change will result in any burden on competition that is not necessary or appropriate in furtherance of the purposes of the Act. Specifically, the Exchange believes that the proposal will enhance Phlx's competitiveness by providing its market participants with an additional control over the circumstances in which their Orders may be executed. As discussed above, the Midpoint Peg Post-Only Order is available on NASDAQ, and providing it on PSX will allow Phlx to compete with NASDAQ and any other market venue that provides a similar Order Type. This may, in turn, increase the extent of liquidity available on PSX and increase its ability to compete with other execution venues to attract Orders to PSX. The Exchange further believes that the introduction of the Midpoint Peg Post-Only Order will not impair in any manner the ability of market participants or other execution venues to compete.

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

Because the foregoing proposed rule change does not: (i) significantly affect the protection of investors or the public interest; (ii) impose any significant burden on

competition; and (iii) become operative for 30 days from the date on which it was filed, or such shorter time as the Commission may designate, it has become effective pursuant to Section 19(b)(3)(A)(iii) of the Act¹⁶ and subparagraph (f)(6) of Rule 19b-4 thereunder.¹⁷ At any time within 60 days of the filing of the proposed rule change, the Commission summarily may temporarily suspend such rule change if it appears to the Commission that such action is: (i) necessary or appropriate in the public interest; (ii) for the protection of investors; or (iii) otherwise in furtherance of the purposes of the Act. If the Commission takes such action, the Commission shall institute proceedings to determine whether the proposed rule should be approved or disapproved.

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-2015-56 on the subject line.

¹⁶ 15 U.S.C. 78s(b)(3)(a)(iii).

¹⁷ 17 CFR 240.19b-4(f)(6). In addition, Rule 19b-4(f)(6) requires a self-regulatory organization to give the Commission written notice of its intent to file the proposed rule change at least five business days prior to the date of filing of the proposed rule change, or such shorter time as designated by the Commission. The Exchange has satisfied this requirement.

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-2015-56. This file number should be included on the subject line if e-mail is used. To help the Commission process and review your comments more efficiently, please use only one method. The Commission will post all comments on the Commission's Internet Web site (<http://www.sec.gov/rules/sro.shtml>).

Copies of the submission, all subsequent amendments, all written statements with respect to the proposed rule change that are filed with the Commission, and all written communications relating to the proposed rule change between the Commission and any person, other than those that may be withheld from the public in accordance with the provisions of 5 U.S.C. 552, will be available for website viewing and printing in the Commission's Public Reference Room, 100 F Street, NE, Washington, DC 20549, on official business days between the hours of 10:00 a.m. and 3:00 p.m. Copies of the filing also will be available for inspection and copying at the principal office of the Exchange. All comments received will be posted without change; the Commission does not edit personal identifying information from submissions. You should submit only information that you wish to make available publicly.

All submissions should refer to File Number SR-Phlx-2015-56 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.¹⁸

Robert W. Errett
Deputy Secretary

¹⁸ 17 CFR 200.30-3(a)(12).

EXHIBIT 5

New text is underlined; deleted text is in [brackets].¹

* * * * *

NASDAQ OMX PSX**NASDAQ OMX PSX (Rules 3000—3407)**

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3301A. Order Types.

- (a) No change.
- (b) Except where stated otherwise, the following Order Types are available to all Participants:
 - (1) – (5) No change.

(6)(A) A “Midpoint Peg Post-Only Order” is an Order Type with a Non-Display Order Attribute that is priced at the midpoint between the NBBO and that will execute upon entry only in circumstances where economically beneficial to the party entering the Order. The Midpoint Peg Post-Only Order is available during the Regular Market Session only.

A Midpoint Peg Post-Only Order must be assigned a limit price. When a Midpoint Peg Post-Only Order is entered, it will be priced at the midpoint between the NBBO, unless such midpoint is higher than (lower than) the limit price of an Order to buy (sell), in which case the Order will be priced at its limit price. If the NBBO is locked, the Midpoint Peg Post-Only Order will be priced at the locking price, if the NBBO is crossed, it will nevertheless be priced at the midpoint between the NBBO (provided, however, that the Order may execute as described below), and if there is no NBBO, the Order will be rejected. The Midpoint Peg Post-Only Order will post to the System book unless it is a buy (sell) Order that is priced higher than (lower than) a sell (buy) Order on the System book, in which case it will execute at the price of the Order on the System book; provided, however, that if the Order has a Time-in-Force of IOC, the Order will be cancelled after determining whether it can be executed. For example, if the Best Bid was \$11 and the Best Offer was \$11.06, the price of the Midpoint Peg Post-Only Order would be \$11.03. If there was a Non-Displayed Order (or another Order with a Non-Display Order Attribute) on the System book to sell at \$11.02, the incoming Midpoint Peg Post-Only Order would execute against it at \$11.02. However, if there was a Non-Displayed Order (or another Order with a Non-Display Order Attribute) to sell at \$11.03, the Midpoint Peg Post-Only Order would post at \$11.03. While a Midpoint

¹ Marked rule text was recently approved by the SEC, but has not yet been published in the Federal Register. See Securities Exchange Act Release No. 75293 (June 24, 2015) (SR-Phlx-2015-29).

Peg Post-Only Order that posts to the System book is locking a preexisting Order, the Midpoint Peg Post-Only Order will execute against an incoming Order only if the price of the incoming sell (buy) Order is lower (higher) than the price of the preexisting Order. Thus, in the previous example, if the incoming Midpoint Peg Post-Only Order locked the preexisting Non-Displayed Order at \$11.03, the Midpoint Peg Post-Only Order could execute only against an incoming Order to sell priced at less than \$11.03.

A Midpoint Peg Post-Only Order that would be assigned a price of \$1 or less per share will be rejected or canceled, as applicable.

(B) If a Midpoint Peg Post-Only Order is entered through RASH or FIX, the Midpoint Peg Post-Only Order may be repriced in the following manner after initial entry and posting to the System book:

- The price of the Midpoint Peg Post-Only Order will be updated repeatedly to equal the midpoint between the NBBO; provided, however, that the Order will not be priced higher (lower) than the limit price of an Order to buy (sell). In the event that the midpoint between the NBBO becomes higher than (lower than) the limit price of an Order to buy (sell), the price of the Order will stop updating and the Order will post (with a Non-Display Order Attribute) at its limit price, but will resume updating if the midpoint becomes lower than (higher than) the limit price of an Order to buy (sell). Similarly, if a Midpoint Peg Post-Only Order is on the System book and subsequently there is no NBBO, the Order will be cancelled. The Midpoint Peg Post-Only Order receives a new timestamp each time its price is changed.

If a Midpoint Peg Post-Only Order is entered through OUCH or FLITE, the Midpoint Peg Post-Only Order may be repriced in the following manner after initial entry and posting to the System book:

- The price at which the Midpoint Peg Post-Only Order is ranked on the System book is the midpoint between the NBBO, unless the Order has a limit price that is lower than the midpoint between the NBBO for an Order to buy (higher than the midpoint between the NBBO for an Order to sell), in which case the Order will be ranked on the System book at its limit price. The price of the Order will not thereafter be repriced based on changes to the NBBO. If, after being posted to the System book, the NBBO changes so that midpoint between the NBBO is lower than (higher than) the price of a Midpoint Peg Post-Only Order to buy (sell), the Midpoint Peg Post-Only Order will be cancelled back to the Participant. For example, if the Best Bid is \$11 and the Best Offer is \$11.06, a Midpoint Peg Post-Only Order to buy would post at \$11.03. If, thereafter, the Best Offer is reduced to \$11.05, the Midpoint Peg Post-Only Order will be cancelled back to the Participant.

(C) The following Order Attributes may be assigned to a Midpoint Peg Post-Only Order:

- Price of more than \$1 per share.
- Size.
- Time-in-Force; provided, however, that a Midpoint Peg Post-Only Order with a Time-in-Force of IOC may not be entered through RASH or FIX, and provided further, that regardless of the Time-in-Force entered, a Midpoint Post-Only Order may not be active outside of the Regular Market Session. A Midpoint Peg Post-Only Order entered prior to the beginning of the Regular Market Session will be rejected. A Midpoint Peg Post-Only Order remaining on the System book at 4:00 p.m. ET will be cancelled by the System.
- Pegging to the midpoint is required for Midpoint Peg Post-Only Orders entered through RASH or FIX. As discussed above, the price of a Midpoint Peg Post-Only Order entered through OUCH or FLITE will be pegged to the midpoint upon entry and not repriced thereafter.
- Minimum Quantity.
- Non-Display. All Midpoint Peg Post-Only Orders are Non-Displayed.

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