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

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

A proposal to amend the Pricing Schedule at Section I titled Rebates and Fees for Adding and Removing Liquidity in SPY at Part A relating to Simple Orders for SPY options.

Contact Information

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

First Name * Angela
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 08/05/2016
By Edward S. Knight

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.
### Form 19b-4 Information *

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 *

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 *

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

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

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

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

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

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 PHLX LLC (“Phlx” or “Exchange”), pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 (“Act”) and Rule 19b-4 thereunder, is filing with the Securities and Exchange Commission (“SEC” or “Commission”) a proposal to amend the Exchange’s Pricing Schedule at Section I titled “Rebates and Fees for Adding and Removing Liquidity in SPY” at Part A, relating to Simple Orders for SPY options to: (i) increase the Customer Fee for Removing Liquidity; and (ii) amend Tier 4 of the Specialist and Market Maker Rebate for Adding Liquidity tiers and add two additional tiers.

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3. 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.

4. 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 which is not for the account of a broker or dealer or for the account of a “Professional” (as that term is defined in Rule 1000(b)(14)).

5. The term “Specialist” applies to transactions for the account of a Specialist (as defined in Exchange Rule 1020(a)). A Specialist is an Exchange member who is registered as an options specialist pursuant to Rule 1020(a). An options Specialist includes a Remote Specialist which is defined as an options specialist in one or more classes that does not have a physical presence on an Exchange floor and is approved by the Exchange pursuant to Rule 501.

6. The term “Market Maker” includes Registered Options Traders (“ROT”). See Exchange Rule 1014(b)(i) and (ii). A ROT includes a Streaming Quote Trader or “SQT,” a Remote Streaming Quote Trader or “RSQT” and a Non-SQT, which by definition is neither a SQT nor a RSQT. A ROT is defined in Exchange Rule 1014(b) as a regular member of the Exchange located on the trading floor who has received permission from the Exchange to trade in options for his own account. An SQT is defined in Exchange Rule 1014(b)(ii)(A) as an ROT who has received permission from the Exchange to generate and submit option quotations.
A notice of the proposed rule change for publication in the Federal Register is at Exhibit 1. The text of the proposed rule change is at 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 (the “Board”) on July 1, 2015. Exchange staff will advise the Board of any action taken pursuant to delegated authority.

No other action 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
Nasdaq, Inc.
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 the proposed rule change is to amend the Exchange’s Pricing Schedule at Section I titled “Rebates and Fees for Adding and Removing Liquidity in SPY” to increase the Simple Order Customer Fee for Removing Liquidity in SPY to fund electronically in options to which such SQT is assigned. An RSQT is defined in Exchange Rule in 1014(b)(ii)(B) as an ROT that is a member affiliated with an RSQTO with no physical trading floor presence who has received permission from the Exchange to generate and submit option quotations electronically in options to which such RSQT has been assigned. A Remote Streaming Quote Trader Organization or “RSQTO,” which may also be referred to as a Remote Market Making Organization (“RMO”), is a member organization in good standing that satisfies the RSQTO readiness requirements in Rule 507(a). RSQTs may also be referred to as Remote Market Markers (“RMMs”).
additional Simple Order Specialist and Market Maker Rebates for Adding Liquidity for options overlying SPY.

**First Fee Change**

The purpose of the first fee change is to raise revenue for the Exchange by increasing the Simple Order Customer Fee for Removing Liquidity in SPY from $0.43 to $0.45 per contract. Despite the increase to this fee for Customers removing liquidity, the Exchange believes that the fee remains competitive as compared to fees assessed to other market participants.7

**Second Fee Change**

The purpose of the second fee change is to amend the Specialist and Market Maker Simple Order Rebates for Adding Liquidity to incentivize Specialists and Market Makers to add more volume to Phlx in order to receive rebates. Today Specialists and Market Makers have the opportunity to earn rebates that range from $0.15 to $0.30 per contract,8 depending on the amount of Specialist and Market Maker Simple Order contracts that are electronically executed per day in a month in SPY on Phlx. The Exchange is proposing to amend current Tier 4 of the Specialist and Market Maker Simple Order Rebates for Adding Liquidity from volume that is greater than 20,000 to volume between 20,000 and 34,999 electronically executed Simple Order contracts per day in a month in SPY. The Tier 4 Specialist and Market Maker Simple Order Rebates

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7 Non-Customer market participants (Specialists, Market Makers, Firms, Broker-Dealers and Professionals) are assessed a Simple Order Fee for Removing Liquidity in SPY of $0.47 per contract.

8 Today, the Specialist and Market Maker Simple Order Rebates for Adding Liquidity are paid on a four tier rebate schedule in SPY. All other market participants do not receive a Simple Order Rebate for Adding Liquidity in SPY.
for Adding Liquidity will remain at $0.30 per contract. The Exchange also proposes to add two more Specialist and Market Maker Simple Order Rebates for Adding Liquidity tiers. New Tier 5 Specialist and Market Maker Simple Order Rebates for Adding Liquidity would pay a $0.32 per contract rebate to Specialists and Market Makers that add between 35,000 to 49,999 electronically executed Simple Order contracts per day in a month in SPY. New tier 6 Specialist and Market Maker Simple Order Rebates for Adding Liquidity would pay a $0.35 per contract rebate to Specialists and Market Makers that add greater than 49,999 electronically executed Simple Order contracts per day in a month in SPY. The Exchange believes that adding these two new rebate tiers will encourage Specialists and Market Makers to add more electronically executed Simple Order liquidity in SPY on Phlx to obtain the higher rebates.

The Exchange proposes to amend Section I to reorganize the Pricing Schedule and delete unnecessary rule text. The Exchange proposes to amend the current sentence above the Specialist and Market Maker Simple Order Rebates for Adding Liquidity tiers which currently states, “*The Simple Order Rebate for Adding Liquidity for Specialists and Market Makers will be paid as noted below:”. The Exchange intends to incorporate more language into the new sentence concerning the Specialist and Market Maker Simple Order Rebates for Adding Liquidity tiers to make clear which market participants are being paid the rebate and what volume counts toward the monthly volume. The Exchange proposes to amend the sentence as follows: “*The Simple Order Rebate for Adding Liquidity will be paid as noted below to Specialists and Market Makers adding the requisite amount of electronically executed Specialist and Market Maker Simple Order contracts per day in a month in SPY:”. This language is not intended to amend the
manner in which the Exchange pays the Specialist and Market Maker Simple Order Rebates for Adding Liquidity. The Exchange is proposing to include more clear and specific language above the tiers and then simply list the volume and rebate amount in the table, rather than repeating the language in the table several times. The Exchange believes that these non-substantive amendments will add clarity to the Specialist and Market Maker Simple Order Rebates for Adding Liquidity by avoiding unnecessary repetition in the Pricing Schedule and simplifying the rebate table.

b. **Statutory Basis**

The Exchange believes that its proposal is consistent with Section 6(b) of the Act, in general, and furthers the objectives of Sections 6(b)(4) and 6(b)(5) of the Act, 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, and is not designed to permit unfair discrimination between customers, issuers, brokers, or dealers.

The Commission and the courts have repeatedly expressed their preference for competition over regulatory intervention in determining prices, products, and services in the securities markets. In Regulation NMS, while adopting a series of steps to improve the current market model, the Commission highlighted the importance of market forces in determining prices and SRO revenues and, also, recognized that current regulation of the market system “has been remarkably successful in promoting market competition in its broader forms that are most important to investors and listed companies.”


10  15 U.S.C. 78f(b)(4) and (5).

Likewise, in *NetCoalition v. Securities and Exchange Commission*12 (“NetCoalition”) the D.C. Circuit upheld the Commission’s use of a market-based approach in evaluating the fairness of market data fees against a challenge claiming that Congress mandated a cost-based approach.13 As the court emphasized, the Commission “intended in Regulation NMS that ‘market forces, rather than regulatory requirements’ play a role in determining the market data . . . to be made available to investors and at what cost.”14

Further, “[n]o one disputes that competition for order flow is ‘fierce.’ … As the SEC explained, ‘[i]n the U.S. national market system, buyers and sellers of securities, and the broker-dealers that act as their order-routing agents, have a wide range of choices of where to route orders for execution’; [and] ‘no exchange can afford to take its market share percentages for granted’ because ‘no exchange possesses a monopoly, regulatory or otherwise, in the execution of order flow from broker dealers’….15 Although the court and the SEC were discussing the cash equities markets, the Exchange believes that these views apply with equal force to the options markets.

**First Fee Change**

The Exchange’s proposal to increase the Customer Simple Order Fee for Removing Liquidity in SPY is reasonable because despite the increase to the fee, Customers will continue to be assessed the lowest Simple Order Fee for Removing

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12 *NetCoalition v. SEC*, 615 F.3d 525 (D.C. Cir. 2010).

13 See *NetCoalition*, at 534 - 535.

14 Id. at 537.

15 Id. at 539 (quoting Securities Exchange Act Release No. 59039 (December 2, 2008), 73 FR 74770, 74782-83 (December 9, 2008) (SR-NYSEArca-2006-21)).
Liquidity in SPY as compared to other market participants (Specialists, Market Makers, Firms,\textsuperscript{16} Broker-Dealers\textsuperscript{17} and Professionals\textsuperscript{18}) that continue to pay a $0.47 per contract Simple Order Fee for Removing Liquidity in SPY. SPY options are currently the most actively traded options class. Despite this fee increase, the Exchange believes the Simple Order Customer Fee for Removing Liquidity will continue to encourage a greater number of market participants to remove Customer liquidity in SPY on Phlx because they continue to be assessed lower fees as compared to other market participants.

The Exchange’s proposal to increase the Customer Simple Order Fee for Removing Liquidity in SPY is equitable and not unfairly discriminatory because the Simple Order Customer Fee for Removing Liquidity will continue to be lower as compared to other market participants ($0.45 vs. $0.47 per contract) and this lower fee will continue to encourage market participants to remove Customer liquidity in SPY on Phlx. Customer liquidity benefits all market participants by providing more trading opportunities, which attracts 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. Pricing by symbol is a common practice on many U.S. options exchanges as a means to incentivize order

\textsuperscript{16} The term “Firm” applies to any transaction that is identified by a member or member organization for clearing in the Firm range at The Options Clearing Corporation.

\textsuperscript{17} The term “Broker-Dealer” applies to any transaction which is not subject to any of the other transaction fees applicable within a particular category.

\textsuperscript{18} The term “Professional” applies to transactions for the accounts of Professionals, as defined in Exchange Rule 1000(b)(14) 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).
flow to be sent to an exchange for execution in the most actively traded options classes.

Other options exchanges price by symbol.\textsuperscript{19}

\textbf{Second Fee Change}

The Exchange believes that its proposal to amend the Tier 4 Specialist and Market Maker Simple Order Rebates for Adding Liquidity in SPY and add two new Specialist and Market Maker Simple Order Rebates for Adding Liquidity tiers is reasonable because it will attract more Specialist and Market Maker electronically executed Simple Order volume in SPY to Phlx. The Exchange is offering Specialists and Market Makers an opportunity to earn up to a $0.35 per contract Simple Order Rebate for Adding Liquidity in SPY. Today, the highest Specialist and Market Maker Simple Order Rebate for Adding Liquidity in SPY is $0.30 per contract. Specialists and Market Makers will be encouraged to add more electronically executed Simple Order liquidity in SPY on Phlx to obtain the proposed higher rebates.

The Exchange believes that its proposal to amend the Tier 4 Specialist and Market Maker Simple Order Rebates for Adding Liquidity in SPY and add two new Specialist and Market Maker Simple Order Rebates for Adding Liquidity tiers is equitable and not unfairly discriminatory because Specialists and Market Makers have obligations to the market and regulatory requirements, which normally do not apply to other market participants.\textsuperscript{20} 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

\textsuperscript{19} Miami International Securities Exchange LLC ("MIAX") prices by symbol. See MIAX’s Fee Schedule.

\textsuperscript{20} See Rule 1014 titled “Obligations and Restrictions Applicable to Specialists and Registered Options Traders.”
market, and not make bids or offers or enter into transactions that are inconsistent with a course of dealings. The differentiation as between Specialists and Market Makers and all other market participants recognizes the differing contributions made to the liquidity and trading environment on the Exchange by these market participants. 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. For these reasons, the Exchange believes that it is equitable and not unfairly discriminatory to only offer Specialists and Market Makers Simple Order Rebates for Adding Liquidity in SPY.

The Exchange’s proposal to reorganize the Pricing Schedule and delete unnecessary rule text is reasonable because the Exchange believes the deletion of the unnecessary text and reorganization of the rule text will bring greater clarity to the Pricing Schedule. The Exchange’s proposal to reorganize the Pricing Schedule and delete unnecessary rule text is equitable and not unfairly discriminatory because the amendment is non-substantive and only intended to provide clarity to the Pricing Schedule. The rule text will apply uniformly to all market participants.

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. In terms of inter-market competition, the Exchange notes that it operates in a highly competitive market in which market participants can readily favor competing venues if they deem fee levels at a particular venue to be excessive, or rebate opportunities available at other venues to be more favorable. In such an environment, the Exchange must continually adjust its fees to remain competitive with other exchanges and with
alternative trading systems that have been exempted from compliance with the statutory standards applicable to exchanges. Because competitors are free to modify their own fees in response, and because market participants may readily adjust their order routing practices, the Exchange believes that the degree to which fee changes in this market may impose any burden on competition is extremely limited.

The fees and rebates proposed herein are intended to continue to incentivize market participants to send a greater amount of SPY order flow to Phlx and for this reason imposes no inter-market burden on competition. If the changes proposed herein are unattractive to market participants, it is likely that the Exchange will lose market share as a result. Accordingly, the Exchange does not believe that the proposed changes will impair the ability of members or competing order execution venues to maintain their competitive standing in the financial markets.

First Fee Change

The Exchange’s proposal to increase the Customer Simple Order Fee for Removing Liquidity in SPY does not impose an undue burden on intra-market competition because the Simple Order Customer Fee for Removing Liquidity will continue to be lower as compared to other market participants ($0.45 vs. $0.47 per contract) and this lower fee will continue to encourage market participants to remove Customer liquidity in SPY on Phlx. Also, Customer liquidity benefits all market participants by providing more trading opportunities, which attracts 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. Pricing by symbol is a common practice on many U.S. options exchanges as
a means to incentivize order flow to be sent to an exchange for execution in the most actively traded options classes. Other options exchanges price by symbol.  

Second Fee Change

The Exchange believes that its proposal to amend the Tier 4 Specialist and Market Maker Simple Order Rebates for Adding Liquidity and add two new Specialist and Market Maker Simple Order Rebates for Adding Liquidity tiers does not impose an undue burden on intra-market competition because Specialists and Market Makers have obligations to the market and regulatory requirements, which normally do not apply to other market participants. They have obligations to make continuous markets, engage in a course of dealings reasonably calculated to contribute to the maintenance of a fair and orderly market, and not make bids or offers or enter into transactions that are inconsistent with a course of dealings. The differentiation as between Specialists and Market Makers and all other market participants recognizes the differing contributions made to the liquidity and trading environment on the Exchange by these market participants. 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. For these reasons, the Exchange believes that it is equitable and not unfairly discriminatory to only offer Specialists and Market Makers Simple Order Rebates for Adding Liquidity in SPY.

The Exchange’s proposal to reorganize the Pricing Schedule and delete unnecessary rule text does not impose an undue burden on intra-market competition

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21 See note 19 above.

22 See note 20 above.
because the Exchange believes the deletion of the unnecessary text and reorganization of
the rule text will bring greater clarity to the Pricing Schedule and the revised language
applies uniformly to all market participants.

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

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

or of the Commission

Not applicable.

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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
    5. Text of the proposed rule change.
Self-Regulatory Organizations; NASDAQ PHLX LLC; Notice of Filing and Immediate Effectiveness of Proposed Rule Change to Amend the Exchange’s Pricing Schedule

Pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 (“Act”)

I. Self-Regulatory Organization’s Statement of the Terms of Substance of the Proposed Rule Change

The Exchange proposes to amend the Exchange’s Pricing Schedule at Section I titled “Rebates and Fees for Adding and Removing Liquidity in SPY” at Part A, relating to Simple Orders for SPY options to: (i) increase the Customer Fee for Removing

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3  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.

4  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 which is not for the account of a broker or dealer or for the account of a “Professional” (as that term is defined in Rule 1000(b)(14)).
Liquidity; and (ii) amend Tier 4 of the Specialist\(^5\) and Market Maker\(^6\) Rebate for Adding Liquidity tiers and add two additional tiers.

The text of the proposed rule change is available on the Exchange’s Website at http://nasdaqphlx.chwallstreet.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

\(^5\) The term “Specialist” applies to transactions for the account of a Specialist (as defined in Exchange Rule 1020(a)). A Specialist is an Exchange member who is registered as an options specialist pursuant to Rule 1020(a). An options Specialist includes a Remote Specialist which is defined as an options specialist in one or more classes that does not have a physical presence on an Exchange floor and is approved by the Exchange pursuant to Rule 501.

\(^6\) The term “Market Maker” includes Registered Options Traders (“ROT”). See Exchange Rule 1014(b)(i) and (ii). A ROT includes a Streaming Quote Trader or “SQT,” a Remote Streaming Quote Trader or “RSQT” and a Non-SQT, which by definition is neither a SQT nor a RSQT. A ROT is defined in Exchange Rule 1014(b) as a regular member of the Exchange located on the trading floor who has received permission from the Exchange to trade in options for his own account. An SQT is defined in Exchange Rule 1014(b)(ii)(A) as an ROT who has received permission from the Exchange to generate and submit option quotations electronically in options to which such SQT is assigned. An RSQT is defined in Exchange Rule in 1014(b)(ii)(B) as an ROT that is a member affiliated with an RSQTO with no physical trading floor presence who has received permission from the Exchange to generate and submit option quotations electronically in options to which such RSQT has been assigned. A Remote Streaming Quote Trader Organization or “RSQTO,” which may also be referred to as a Remote Market Making Organization (“RMO”), is a member organization in good standing that satisfies the RSQTO readiness requirements in Rule 507(a). RSQTs may also be referred to as Remote Market Markers (“RMMs”).
the places specified in Item IV below. The Exchange has prepared summaries, set forth in sections A, B, and C below, of the most significant aspects of such statements.

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

1. Purpose

The purpose of the proposed rule change is to amend the Exchange’s Pricing Schedule at Section I titled “Rebates and Fees for Adding and Removing Liquidity in SPY” to increase the Simple Order Customer Fee for Removing Liquidity in SPY to fund additional Simple Order Specialist and Market Maker Rebates for Adding Liquidity for options overlying SPY.

First Fee Change

The purpose of the first fee change is to raise revenue for the Exchange by increasing the Simple Order Customer Fee for Removing Liquidity in SPY from $0.43 to $0.45 per contract. Despite the increase to this fee for Customers removing liquidity, the Exchange believes that the fee remains competitive as compared to fees assessed to other market participants.7

Second Fee Change

The purpose of the second fee change is to amend the Specialist and Market Maker Simple Order Rebates for Adding Liquidity to incentivize Specialists and Market Makers to add more volume to Phlx in order to receive rebates. Today Specialists and Market Makers have the opportunity to earn rebates that range from $0.15 to $0.30 per

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7 Non-Customer market participants (Specialists, Market Makers, Firms, Broker-Dealers and Professionals) are assessed a Simple Order Fee for Removing Liquidity in SPY of $0.47 per contract.
contract, depending on the amount of Specialist and Market Maker Simple Order contracts that are electronically executed per day in a month in SPY on Phlx. The Exchange is proposing to amend current Tier 4 of the Specialist and Market Maker Simple Order Rebates for Adding Liquidity from volume that is greater than 20,000 to volume between 20,000 and 34,999 electronically executed Simple Order contracts per day in a month in SPY. The Tier 4 Specialist and Market Maker Simple Order Rebates for Adding Liquidity will remain at $0.30 per contract. The Exchange also proposes to add two more Specialist and Market Maker Simple Order Rebates for Adding Liquidity tiers. New Tier 5 Specialist and Market Maker Simple Order Rebates for Adding Liquidity would pay a $0.32 per contract rebate to Specialists and Market Makers that add between 35,000 to 49,999 electronically executed Simple Order contracts per day in a month in SPY. New tier 6 Specialist and Market Maker Simple Order Rebates for Adding Liquidity would pay a $0.35 per contract rebate to Specialists and Market Makers that add greater than 49,999 electronically executed Simple Order contracts per day in a month in SPY. The Exchange believes that adding these two new rebate tiers will encourage Specialists and Market Makers to add more electronically executed Simple Order liquidity in SPY on Phlx to obtain the higher rebates.

The Exchange proposes to amend Section I to reorganize the Pricing Schedule and delete unnecessary rule text. The Exchange proposes to amend the current sentence above the Specialist and Market Maker Simple Order Rebates for Adding Liquidity tiers which currently states, “*The Simple Order Rebate for Adding Liquidity for Specialists

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8 Today, the Specialist and Market Maker Simple Order Rebates for Adding Liquidity are paid on a four tier rebate schedule in SPY. All other market participants do not receive a Simple Order Rebate for Adding Liquidity in SPY.
and Market Makers will be paid as noted below.”. The Exchange intends to incorporate more language into the new sentence concerning the Specialist and Market Maker Simple Order Rebates for Adding Liquidity tiers to make clear which market participants are being paid the rebate and what volume counts toward the monthly volume. The Exchange proposes to amend the sentence as follows: “*The Simple Order Rebate for Adding Liquidity will be paid as noted below to Specialists and Market Makers adding the requisite amount of electronically executed Specialist and Market Maker Simple Order contracts per day in a month in SPY:”. This language is not intended to amend the manner in which the Exchange pays the Specialist and Market Maker Simple Order Rebates for Adding Liquidity. The Exchange is proposing to include more clear and specific language above the tiers and then simply list the volume and rebate amount in the table, rather than repeating the language in the table several times. The Exchange believes that these non-substantive amendments will add clarity to the Specialist and Market Maker Simple Order Rebates for Adding Liquidity by avoiding unnecessary repetition in the Pricing Schedule and simplifying the rebate table.

2. **Statutory Basis**

The Exchange believes that its proposal is consistent with Section 6(b) of the Act, in general, and furthers the objectives of Sections 6(b)(4) and 6(b)(5) of the Act, 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, and is not designed to permit unfair discrimination between customers, issuers, brokers, or dealers.

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10 15 U.S.C. 78f(b)(4) and (5).
The Commission and the courts have repeatedly expressed their preference for competition over regulatory intervention in determining prices, products, and services in the securities markets. In Regulation NMS, while adopting a series of steps to improve the current market model, the Commission highlighted the importance of market forces in determining prices and SRO revenues and, also, recognized that current regulation of the market system “has been remarkably successful in promoting market competition in its broader forms that are most important to investors and listed companies.”

Likewise, in NetCoalition v. Securities and Exchange Commission (“NetCoalition”) the D.C. Circuit upheld the Commission’s use of a market-based approach in evaluating the fairness of market data fees against a challenge claiming that Congress mandated a cost-based approach. As the court emphasized, the Commission “intended in Regulation NMS that ‘market forces, rather than regulatory requirements’ play a role in determining the market data . . . to be made available to investors and at what cost.”

Further, “[n]o one disputes that competition for order flow is ‘fierce.’ … As the SEC explained, ‘[i]n the U.S. national market system, buyers and sellers of securities, and the broker-dealers that act as their order-routing agents, have a wide range of choices of where to route orders for execution’; [and] ‘no exchange can afford to take its market share percentages for granted’ because ‘no exchange possesses a monopoly, regulatory or

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12 NetCoalition v. SEC, 615 F.3d 525 (D.C. Cir. 2010).

13 See NetCoalition, at 534 - 535.

14 Id. at 537.
otherwise, in the execution of order flow from broker dealers’….**15 Although the court
and the SEC were discussing the cash equities markets, the Exchange believes that these
views apply with equal force to the options markets.

**First Fee Change**

The Exchange’s proposal to increase the Customer Simple Order Fee for
Removing Liquidity in SPY is reasonable because despite the increase to the fee,
Customers will continue to be assessed the lowest Simple Order Fee for Removing
Liquidity in SPY as compared to other market participants (Specialists, Market Makers,
Firms,16 Broker-Dealers17 and Professionals18) that continue to pay a $0.47 per contract
Simple Order Fee for Removing Liquidity in SPY. SPY options are currently the most
actively traded options class. Despite this fee increase, the Exchange believes the Simple
Order Customer Fee for Removing Liquidity will continue to encourage a greater number
of market participants to remove Customer liquidity in SPY on Phlx because they
continue to be assessed lower fees as compared to other market participants.

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15 Id. at 539 (quoting Securities Exchange Act Release No. 59039 (December 2,
2008), 73 FR 74770, 74782-83 (December 9, 2008) (SR-NYSEArca-2006-21)).

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

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

18 The term “Professional” applies to transactions for the accounts of Professionals,
as defined in Exchange Rule 1000(b)(14) 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).
The Exchange’s proposal to increase the Customer Simple Order Fee for Removing Liquidity in SPY is equitable and not unfairly discriminatory because the Simple Order Customer Fee for Removing Liquidity will continue to be lower as compared to other market participants ($0.45 vs. $0.47 per contract) and this lower fee will continue to encourage market participants to remove Customer liquidity in SPY on Phlx. Customer liquidity benefits all market participants by providing more trading opportunities, which attracts 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. Pricing by symbol is a common practice on many U.S. options exchanges as a means to incentivize order flow to be sent to an exchange for execution in the most actively traded options classes. Other options exchanges price by symbol.¹⁹

Second Fee Change

The Exchange believes that its proposal to amend the Tier 4 Specialist and Market Maker Simple Order Rebates for Adding Liquidity in SPY and add two new Specialist and Market Maker Simple Order Rebates for Adding Liquidity tiers is reasonable because it will attract more Specialist and Market Maker electronically executed Simple Order volume in SPY to Phlx. The Exchange is offering Specialists and Market Makers an opportunity to earn up to a $0.35 per contract Simple Order Rebate for Adding Liquidity in SPY. Today, the highest Specialist and Market Maker Simple Order Rebate for Adding Liquidity in SPY is $0.30 per contract. Specialists and Market Makers will be

¹⁹ Miami International Securities Exchange LLC (“MIAX”) prices by symbol. See MIAX’s Fee Schedule.
encouraged to add more electronically executed Simple Order liquidity in SPY on Phlx to obtain the proposed higher rebates.

The Exchange believes that its proposal to amend the Tier 4 Specialist and Market Maker Simple Order Rebates for Adding Liquidity in SPY and add two new Specialist and Market Maker Simple Order Rebates for Adding Liquidity tiers is equitable and not unfairly discriminatory because Specialists and Market Makers have obligations to the market and regulatory requirements, which normally do not apply to other market participants.20 They have obligations to make continuous markets, engage in a course of dealings reasonably calculated to contribute to the maintenance of a fair and orderly market, and not make bids or offers or enter into transactions that are inconsistent with a course of dealings. The differentiation as between Specialists and Market Makers and all other market participants recognizes the differing contributions made to the liquidity and trading environment on the Exchange by these market participants. 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. For these reasons, the Exchange believes that it is equitable and not unfairly discriminatory to only offer Specialists and Market Makers Simple Order Rebates for Adding Liquidity in SPY.

The Exchange’s proposal to reorganize the Pricing Schedule and delete unnecessary rule text is reasonable because the Exchange believes the deletion of the unnecessary text and reorganization of the rule text will bring greater clarity to the Pricing Schedule. The Exchange’s proposal to reorganize the Pricing Schedule and

20 See Rule 1014 titled “Obligations and Restrictions Applicable to Specialists and Registered Options Traders.”
delete unnecessary rule text is equitable and not unfairly discriminatory because the amendment is non-substantive and only intended to provide clarity to the Pricing Schedule. The rule text will apply uniformly to all market participants.

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. In terms of inter-market competition, the Exchange notes that it operates in a highly competitive market in which market participants can readily favor competing venues if they deem fee levels at a particular venue to be excessive, or rebate opportunities available at other venues to be more favorable. In such an environment, the Exchange must continually adjust its fees to remain competitive with other exchanges and with alternative trading systems that have been exempted from compliance with the statutory standards applicable to exchanges. Because competitors are free to modify their own fees in response, and because market participants may readily adjust their order routing practices, the Exchange believes that the degree to which fee changes in this market may impose any burden on competition is extremely limited.

The fees and rebates proposed herein are intended to continue to incentivize market participants to send a greater amount of SPY order flow to Phlx and for this reason imposes no inter-market burden on competition. If the changes proposed herein are unattractive to market participants, it is likely that the Exchange will lose market share as a result. Accordingly, the Exchange does not believe that the proposed changes will impair the ability of members or competing order execution venues to maintain their competitive standing in the financial markets.
First Fee Change

The Exchange’s proposal to increase the Customer Simple Order Fee for Removing Liquidity in SPY does not impose an undue burden on intra-market competition because the Simple Order Customer Fee for Removing Liquidity will continue to be lower as compared to other market participants ($0.45 vs. $0.47 per contract) and this lower fee will continue to encourage market participants to remove Customer liquidity in SPY on Phlx. Also, Customer liquidity benefits all market participants by providing more trading opportunities, which attracts 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. Pricing by symbol is a common practice on many U.S. options exchanges as a means to incentivize order flow to be sent to an exchange for execution in the most actively traded options classes. Other options exchanges price by symbol.21

Second Fee Change

The Exchange believes that its proposal to amend the Tier 4 Specialist and Market Maker Simple Order Rebates for Adding Liquidity and add two new Specialist and Market Maker Simple Order Rebates for Adding Liquidity tiers does not impose an undue burden on intra-market competition because Specialists and Market Makers have obligations to the market and regulatory requirements, which normally do not apply to other market participants.22 They have obligations to make continuous markets, engage in a course of dealings reasonably calculated to contribute to the maintenance of a fair

21 See note 19 above.
22 See note 20 above.
and orderly market, and not make bids or offers or enter into transactions that are inconsistent with a course of dealings. The differentiation as between Specialists and Market Makers and all other market participants recognizes the differing contributions made to the liquidity and trading environment on the Exchange by these market participants. 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. For these reasons, the Exchange believes that it is equitable and not unfairly discriminatory to only offer Specialists and Market Makers Simple Order Rebates for Adding Liquidity in SPY.

The Exchange’s proposal to reorganize the Pricing Schedule and delete unnecessary rule text does not impose an undue burden on intra-market competition because the Exchange believes the deletion of the unnecessary text and reorganization of the rule text will bring greater clarity to the Pricing Schedule and the revised language applies uniformly to all market participants.

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.\(^23\)

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](http://www.sec.gov/rules/sro.shtml)); or
- Send an e-mail to rule-comments@sec.gov. Please include File Number SR-Phlx-2016-83 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-2016-83. 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](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-2016-83 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. 24

Robert W. Errett
Deputy Secretary

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EXHIBIT 5

New text is underlined; deleted text is in brackets.

NASDAQ PHLX Rules

* * * * *

NASDAQ PHLX LLC PRICING SCHEDULE

THE EXCHANGE CALCULATES FEES ON A TRADE DATE BASIS.

POLICY FOR AMENDING BILLING INFORMATION: CORRECTIONS SUBMITTED AFTER TRADE DATE AND PRIOR TO THE ISSUANCE OF AN INVOICE BY THE EXCHANGE MUST BE SUBMITTED TO THE EXCHANGE IN WRITING AND MUST BE ACCOMPANIED BY SUPPORTING DOCUMENTATION. ONLY MEMBERS MAY SUBMIT TRADE CORRECTIONS.

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 PSX FEES, PROPRIETARY DATA FEED FEES AND CO-LOCATION SERVICES FEES. THE EXCHANGE CALCULATES FEES ON A TRADE DATE BASIS. ONLY MEMBERS MAY SUBMIT BILLING DISPUTES.

* * * * *

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

With respect to Section I 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**

<table>
<thead>
<tr>
<th>Tiers</th>
<th>Monthly Volume</th>
<th>Rebate for Adding Liquidity</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>[Participant adds ]1 to 2,499 [electronically executed Simple Order contracts per day in a month in SPY]</td>
<td>$0.15</td>
</tr>
<tr>
<td>2</td>
<td>[Participant adds] 2,500 to 4,999 [electronically executed Simple Order contracts per day in a month in SPY]</td>
<td>$0.20</td>
</tr>
<tr>
<td>3</td>
<td>[Participant adds] 5,000 to 19,999 [electronically executed Simple Order contracts per day in a month in SPY]</td>
<td>$0.25</td>
</tr>
<tr>
<td>4</td>
<td>[Participant adds greater than] 20,000 to 34,999 [electronically executed Simple Order contracts per day in a month in SPY]</td>
<td>$0.30</td>
</tr>
<tr>
<td>5</td>
<td>35,000 to 49,999</td>
<td>$0.32</td>
</tr>
<tr>
<td>6</td>
<td>greater than 49,999</td>
<td>$0.35</td>
</tr>
</tbody>
</table>

* The Simple Order Rebate for Adding Liquidity [for Specialists and Market Makers] will be paid as noted below to Specialists and Market Makers adding the requisite amount of electronically executed Specialist and Market Maker Simple Order contracts per day in a month in SPY:
Part B. Complex Order

<table>
<thead>
<tr>
<th></th>
<th>Customer Specialist</th>
<th>Market Maker</th>
<th>Firm</th>
<th>Broker-Dealer</th>
<th>Professional</th>
</tr>
</thead>
<tbody>
<tr>
<td>Fee for Adding Liquidity</td>
<td>$0.00</td>
<td>$0.10</td>
<td>$0.10</td>
<td>$0.10</td>
<td>$0.10</td>
</tr>
<tr>
<td>Fee for Removing Liquidity</td>
<td>$0.00</td>
<td>$0.40</td>
<td>$0.40</td>
<td>$0.50</td>
<td>$0.50</td>
</tr>
</tbody>
</table>

- Complex Order Fees for Removing Liquidity, applicable to Specialists and Market Makers, will be decreased by $0.02 per contract when the Specialist or Market Maker transacts against a Customer Order directed to that Specialist or Market Maker for execution.

- Simple Orders that are executed against the individual components of Complex Orders will be assessed the fees and rebates in Part A. However, the individual components of such a Complex Order will be assessed the fees in Part B.

- Customers will be assessed $0.00 per contract and all other market participants will be assessed $0.15 per contract for executions against an order for which the Exchange broadcasts an order exposure alert in SPY.

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

- The Monthly Market Maker Cap on transaction fees that are currently applicable to Market Makers and Specialists transacting Multiply Listed Options will not be applicable to electronic transactions in the SPY, except for QCC Transaction Fees.

- The Monthly Firm Fee Cap will apply to floor transactions and QCC electronic and QCC floor transactions in SPY.

- Marketing Fees defined in Section II will not be collected on transactions in SPY.

- The Cancellation Fee for each cancelled electronically delivered Professional AON order will continue to apply to the SPY. The Cancellation Fee will not apply for each cancelled electronically delivered Customer order in SPY.

- Transactions in SPY originating on the Exchange floor will be subject to the Multiply Listed Options Fees (see Multiply Listed Options Fees in Section II). However, if one side of the transaction originates on the Exchange floor and any other side of the trade was the result of an electronically submitted order or a quote, then these fees will apply to the transactions.
which originated on the Exchange floor and contracts that are executed electronically on all sides of the transaction. The one side of the transaction which originates on the Exchange floor will count toward the volume which qualifies a participant for the Simple Order Rebate for Adding Liquidity for Specialists and Market Makers in SPY.

- A non-Complex electronic auction includes the Quote Exhaust auction and, for purposes of these fees, the opening process. A Complex electronic auction includes, but is not limited to, the Complex Order Live Auction ("COLA").

- Customer executions that occur as part of a Complex electronic auction will be assessed $0.00 per contract.

- Customer executions that occur as part of a non-Complex electronic auction will be assessed $0.00 per contract.

- Professional, Firm, Broker-Dealer, Specialist and Market Maker executions that occur as part of a Complex electronic auction will be assessed the Fees for Removing Liquidity in Part B. Professional, Firm, Broker-Dealer, Specialist and Market Maker executions that occur as part of a non-Complex electronic auction will be assessed the Fees for Adding Liquidity in Part B.

- The QCC Transaction fees and rebates, defined in Section II, are applicable to this Section C.

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 $0.42 per contract or will receive the Rebate for Adding Liquidity.

* * * * *