Proposal to amend several sections of the Exchange Pricing Schedule to harmonize its colocation, connectivity, and direct connectivity services and fees with the rules of Nasdaq BX, Inc.
<table>
<thead>
<tr>
<th>Exhibit 1 - Notice of Proposed Rule Change *</th>
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</thead>
<tbody>
<tr>
<td>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)</td>
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<tr>
<th>Exhibit 1A - Notice of Proposed Rule Change, Security-Based Swap Submission, or Advance Notice by Clearing Agencies *</th>
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<th>Exhibit 2 - Notices, Written Comments, Transcripts, Other Communications</th>
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<tr>
<td>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.</td>
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<th>Exhibit 3 - Form, Report, or Questionnaire</th>
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<tbody>
<tr>
<td>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.</td>
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<th>Exhibit 4 - Marked Copies</th>
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<tr>
<td>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.</td>
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<th>Exhibit 5 - Proposed Rule Text</th>
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<tr>
<td>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.</td>
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<th>Partial Amendment</th>
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<tr>
<td>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.</td>
</tr>
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</table>
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”)\(^1\) and Rule 19b-4 thereunder,\(^2\) is filing with the Securities and Exchange Commission (“SEC” or “Commission”) a proposal to amend the Exchange’s Pricing Schedule, as further described below.

   The Exchange requests that the Commission waive the 30-day operative delay period contained in Exchange Act Rule 19b-4(f)(6)(iii).\(^3\)

   A notice of the proposed rule change for publication in the Federal Register is attached as Exhibit 1. The text of the proposed rule change is attached 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 (the “Board”) on September 19, 2017. 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:

   Brett M. Kitt  
   Senior Associate General Counsel  
   Nasdaq, Inc.  
   (301) 978-8132


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

a. Purpose

The Exchange proposes to amend several sections of its Pricing Schedule to harmonize its colocation, connectivity, and direct connectivity services and fees with the rules of Nasdaq BX, Inc. (“BX”). The Exchange also proposes to update or eliminate certain obsolete or extraneous language from its Pricing Schedule.

The Exchange, along with its sister exchanges, BX, The Nasdaq Stock Market LLC (“Nasdaq”), Nasdaq ISE, LLC (“Nasdaq ISE”), Nasdaq MRX, LLC (“Nasdaq MRX”), and Nasdaq GEMX, LLC (“Nasdaq GEMX”) (collectively, the “Nasdaq, Inc. Exchanges”), offer certain colocation, connectivity, and direct connectivity services to their customers on a shared basis, meaning that a customer may utilize these services to gain access to any or all of the Nasdaq, Inc. Exchanges. The Nasdaq, Inc. Exchanges only charge customers once for these shared services, even to the extent that customers use the services to connect to more than one of the Nasdaq, Inc. Exchanges.

The amendments that the Exchange proposes herein are intended principally to ensure that the shared services that the Exchange offers, and the fees that it charges for such services, are uniform across the Nasdaq, Inc. Exchanges’ rulebooks and reflect relevant changes that have been made already to the rules of BX. The amendments also update or remove certain language from the Exchange’s Pricing Schedule that refers to obsolete terms or expired time-limited programs or that is otherwise extraneous.

The first amendment that the Exchange proposes is to Section VIII of its Pricing Schedule, entitled “NASDAQ PSX FEES.” The Exchange proposes to amend the text under the heading “Testing Facilities” to eliminate extraneous provisions that were
inadvertently and erroneously included in the Rule but have no intended meaning or purpose there. These provisions are subsections (b) and (c). Subsection (b) defines terms, specifically “Active Connection,” “Idle Connection,” and “Period of Inactivity,” that are not utilized elsewhere in the Rule. Subsection (c) lists exceptions to the testing fees and these exceptions are not applicable to the Exchange’s Test Facility. The Exchange proposes that existing subsection (d) be renumbered as new subsection (b). The Exchange also proposes that new subsection (b) delete reference to an obsolete waiver of installation fees for installations ordered prior to March 2014. Furthermore, the Exchange proposes to remove obsolete references to the Exchange having two testing environments – one located in Carteret, New Jersey and another located in Ashburn, Virginia – because the Ashburn environment has been decommissioned. Lastly, the Exchange proposes to specify that connectivity to the Exchange’s testing facility will also provide for connectivity to the testing facilities of any or all of the other Nasdaq, Inc. Exchanges, including those of not only Nasdaq and BX, but also Nasdaq ISE, Nasdaq MRX, and Nasdaq GEMX.4

Second, the Exchange proposes to amend Section X, which lists the schedule of fees that the Exchange charges for colocation services, to harmonize that schedule with BX Rule 7034. The proposed changes are as follows:

- The Exchange proposes to amend Section X(a), under the heading “Cabinet with Power,” to update the installation and monthly fees it charges to customers to rent powered cabinet space in its colocation facilities. The proposed changes are as follows: (i) for super high density cabinets, the Exchange proposes to decrease its

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4 The Exchange proposes to amend Section VII.E of the Pricing Schedule to make a similar change.
installation fee from $7,000 to $4,500 and its monthly fee from $13,000 to $8,000; (ii) for high density cabinets, it proposes to decrease its monthly fee from $7,000 to $4,500; (iii) for medium-high density cabinets, it proposes to decrease its monthly fees from $6,000 to $3,500; (iv) for medium density cabinets, it proposes to decrease its monthly fees from $5,000 to $2,500; (v) for low density cabinets, it proposes to decrease its monthly fees from $4,000 to $2,000; and (vi) for half cabinets, it proposes to decrease its monthly fees from $3,000 to $2,000. These changes will render this subsection of the Pricing Schedule consistent with BX Rule 7034(a).

- The Exchange proposes to amend Section X(a) to remove the paragraph entitled “Temporary Fee Reduction for Cabinets with Power,” as this fee reduction program has expired.

- The Exchange proposes to amend Section X(a), under the heading “Multi-Firm Cabinet Charge,” to state that the additional charge is per cabinet, per firm, which will render this provision consistent with a corresponding provision in BX Rule 7034(a).

- The Exchange proposes to amend Section X(b), under the heading “External Telco /Inter-Cabinet Connectivity,” to update the monthly fees it charges for external telecommunications and inter-cabinet connectivity, as follows: (i) for a category 6 cable patch, a DS-3 connection, and a fiber connection, the Exchange proposes to increase its monthly fees from $300 to $350; and (ii) for a POTS Line, the Exchange proposes to increase the monthly fee from $0 to $50. These
changes will render this paragraph of the Pricing Schedule consistent with a corresponding paragraph in BX Rule 7034(b).

- The Exchange proposes to amend Section X(b), under the heading “Connectivity to Phlx,” to update the fees it charges for fiber connectivity to the Exchange, as follows: (i) for a 10Gb fiber connection to the Exchange, the Exchange proposes to increase the monthly fee from $5,000 to $10,000; (ii) for a 40Gb fiber connection to the Exchange, it proposes to increase the monthly fee from $15,000 to $20,000; (iii) for a 1Gb fiber connection to the Exchange, it proposes to increase the monthly fee from $1,000 to $2,500; (iv) for a 1Gb copper connection to the Exchange, it proposes to increase the monthly fee from $1,000 to $2,500; (v) the Exchange proposes to add a 1Gb Ultra fiber connection to the Exchange for an installation fee of $1,500 and a monthly fee of $2,500; and (vi) the Exchange proposes to remove obsolete language regarding an expired fee waiver program. These changes will render this paragraph of the Pricing Schedule consistent with corresponding paragraphs in BX Rule 7034(b). The Exchange also proposes an amendment to this provision to specify that connectivity to the Exchange will also provide for connectivity to any or all of the other Nasdaq, Inc. Exchanges, including not only to Nasdaq and BX, but also to Nasdaq ISE, LLC, Nasdaq MRX, LLC, and Nasdaq GEMX, LLC. This proposal mirrors existing language in Rule BX Rule 7034(b).

- The Exchange proposes to amend Section X(b) to add a new paragraph under a heading entitled “Connectivity to Third Party Services.” This proposed paragraph will provide for connectivity via colocation to market data feeds from other
markets and exchanges,\(^5\) Securities Information Processors ("SIPs")\(^6\) data, and other non-exchange services. The proposed connectivity and associated fees are as follows: (i) for a 10Gb Ultra fiber connection, the Exchange proposes to charge a $1,500 installation fee and an ongoing monthly fee of $5,000; (ii) for a 1Gb Ultra fiber connection, it proposes to charge a $1,500 installation fee and an ongoing monthly fee of $2,000; and (iii) for a 1Gb Ultra or a 10Gb Ultra connection for UTP only, it proposes to charge a $100 installation fee and an ongoing monthly fee of $100. All of the foregoing fees will be waived for two connections per client to UTP SIP feeds only (UQDF and UTDF). The Exchange notes that the proposed paragraph parallels BX Rule 7034(b).

- The Exchange proposes to amend Section X(b), under the heading “Market Data Connectivity,” to add prefatory language that exists in the analogous portion of BX Rule 7034(b). The language merely notes that the Market Data feeds listed in the provision are delivered to the Nasdaq Data Center via a fiber optic network. Additionally, the Exchange proposes to re-categorize and update the names of the certain CBOE/Bats/Direct Edge data feeds because the names listed in the current Pricing Schedule are obsolete. Similarly, the Exchange proposes to delete a $1,000 installation fee that presently applies to the Direct Edge feeds because the

\(^5\) For example, Third Party Connectivity will support connectivity to the FINRA/Nasdaq Trade Reporting Facility, BZX and BYX Depth Feeds, and NYSE Feeds. A customer must separately subscribe to the third party services to which it connects with a Third Party Connectivity subscription.

\(^6\) The SIPs link the U.S. markets by processing and consolidating all protected bid/ask quotes and trades from every registered exchange trading venue and FINRA into a single data feed, and they disseminate and calculate critical regulatory information, including the National Best Bid and Offer, Limit Up Limit Down price bands, short sale restrictions and regulatory halts.
Direct Edge feeds are now offerings of CBOE, along with the BZX and BYX feeds. Going forward, a single, one-time $1,000 installation fee will apply to subscribers to any or all of the CBOE data feeds. Finally, the Exchange proposes to delete from the asterisked footnote to this paragraph the word “telco” from the phrase “Pricing is for telco connectivity only.” These proposals will render this paragraph consistent with corresponding text in BX Rule 7034(b).

- The Exchange proposes to amend Section X(b) to add a new paragraph that will provide for multicast market data feeds from other markets to be delivered to the Nasdaq Data Center via wireless microwave or millimeter wave networks. The Exchange notes that Nasdaq already provides such data feeds to its customers. The proposed data feeds, and their corresponding installation and monthly fees, are as follows: (i) NYSE Equities (Arca Integrated), for an installation fee of $5,000 and a monthly fee of $10,000; (ii) NYSE Equities (NYSE Integrated), for an installation fee of $5,000 and a monthly fee of $10,000; (iii) BATS Multicast PITCH (BZX and BYZ), for an installation fee of $2,500 and a monthly fee of $7,500; (iv) Direct EDGE Depth of Book (EDGA, EDGX), for an installation fee of $2,500 and a monthly fee of $7,500; (v) CME Multicast Total (including CME Equities Futures Data, CME Fixed Income Futures Data, and CME Metal Futures Data), for an installation fee of $5,000 and a monthly fee of $23,500; (vi) CME Equities Futures Data Only, for a $5,000 installation fee and a monthly fee of $10,000; (vii) CME Fixed Income Futures Data Only, for a $5,000 installation fee and a monthly fee of $10,000; and (viii) CME Metals Futures Data Only, for a
$5,000 installation fee and a monthly fee of $3,500.\textsuperscript{7} As to the monthly fee for these services, the proposal provides that subscribers will receive discounts based upon the number of subscriptions they maintain.\textsuperscript{8} The Exchange proposes to add this paragraph to render this paragraph of Section X(b) consistent with corresponding paragraphs in BX Rule 7034(b).

- The Exchange proposes to amend Section X(d), under the heading “Additional Charges/Services,” to update the installation fee it charges for super high density cabinet kits. Specifically, the Exchange proposes to decrease the fee from $7,000 to $4,500. The Exchange also proposes to amend the installation fee for Copper Patch Cords that is set forth in this paragraph from $450 + $1.50 per “meter” to $4.50 + $1.50 per “foot.” These changes will render this paragraph of the Schedule of Fees consistent with the corresponding paragraph in BX Rule 7034(d).

Third, the Exchange proposes to amend Section XI of the Exchange’s Pricing Schedule, entitled “Direct Connectivity to Phlx.” This Section of the Pricing Schedule describes the means by which customers may connect directly to the Exchange’s main or

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\textsuperscript{7} The Exchange proposes to charge subscribers to any or all of the CME Data Feeds a single $5,000 installation fee. In other words, a subscriber to the CME Fixed Income Futures Data Feed and the CME Metals Futures Data Feed will only pay a single $5,000 installation fee for access to both feeds.

\textsuperscript{8} The proposed Rule paragraph provides that subscribers with three to five microwave or millimeter wave wireless subscriptions under Section X(b) will receive a 5% discount on all such subscriptions. Meanwhile, subscribers with six to ten microwave or millimeter wave wireless subscriptions under Section X(b) will receive a 10% discount on all such subscriptions. Subscribers with eleven to fourteen microwave or millimeter wave wireless subscriptions under Section X(b) will receive a 15% discount on all such subscriptions. Finally, subscribers with fifteen or more microwave or millimeter wave wireless subscriptions under Section X(b) will receive a 20% discount on all such subscriptions.
satellite data centers via a third party vendor’s telecommunications circuit. The proposed changes to this Section are as follows:

- The Exchange proposes to update the structure of Chapter XI so that it will parallel the structure of BX Rule 7051. Specifically, the Exchange proposes to place the existing text of Section XI into a subsection (a), to be entitled “Direct Circuit Connection to Phlx.” It also proposes to add two additional subsections, as described below.

- The Exchange proposes to amend the text of Chapter XI (as reorganized in proposed subsection (a) and re-titled “Direct Circuit Connection to Phlx”) so that it is fully consistent with BX Rule 7051(a) in terms of both the direct circuit connections that it offers to its customers as well as the associated fees that it charges for such connections. The proposed changes are as follows: (i) for 10Gb direct circuit connections to Phlx, the Exchange proposes to increase the installation fee from $1,000 to $1,500 and the monthly fee from $5,000 to $7,500; (ii) for 1Gb direct circuit connections to Phlx, the Exchange proposes to increase the installation fee from $1,000 to $1,500 and the monthly fee from $1,000 to $2,500; (iii) the Exchange proposes to add a 1Gb Ultra direct circuit connection for an installation fee of $1,500 and a monthly fee of $2,500; and (iv) the Exchange proposes to specify that direct circuit connectivity to the Exchange will also provide for direct circuit connectivity to any or all of the other Nasdaq, Inc. Exchanges, including not only Nasdaq and BX, but also Nasdaq ISE, Nasdaq MRX, and Nasdaq GEMX.
• The Exchange proposes to add a new subsection (b) to Section XI, entitled “Direct Circuit Connection to Third Party Services.” Through this subsection, which is an analogue to BX Rule 7051(b), the Exchange will offer its customers direct circuit connections to third party services, including the same third party services to which it proposes to connect customers through colocation, as set forth in proposed Section X(b) (described above). Specifically, the Exchange proposes to offer the following services and charge the following fees for them: (i) a 10Gb Ultra direct circuit connection for an installation fee of $1,500 and a monthly fee of $5,000; (ii) a 1Gb Ultra direct circuit connection for an installation fee of $1,500 and a monthly fee of $2,000; (iii) a 1Gb Ultra or 10Gb Ultra direct circuit connection (for UTP only) for an installation fee of $100 and a monthly fee of $100; (iv) an optional cable router for a $925 installation fee; and (v) a monthly fee of $150 per “U” of cabinet space rented.9 For direct circuit connectivity to UTP SIP feeds only, the installation and monthly fees will be waived for the first two connections per client.

• The Exchange proposes to add a new subsection (c) to Section XI, entitled “Point of Presence (POP) Connectivity.” This subsection, which is an analogue to BX Rule 7051(c), provides for customers to connect directly to the Exchange through a “Point of Presence” or “POP” that is located at one of the Exchange’s satellite data centers, rather than in the Exchange’s main data center. Each such POP, in turn, has a fully redundant connection to the Exchange’s primary data center. The proposed services and associated fees are as follows: (i) the Exchange

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9 These fees will be based on a height unit of approximately 1.75 inches high, commonly called a "U" space and a maximum power of 125 Watts per U space.
proposes to offer a 10Gb POP connection to Phlx for an installation fee of $1,500 and a monthly fee of $7,500; (ii) it proposes to offer a 1Gb Ultra POP connection to Phlx for an installation fee of $1,500 and a monthly fee of $2,500; and (iii) the Exchange proposes to state that the POP connectivity provided under this subsection also provides POP connectivity to any or all of the other Nasdaq, Inc. Exchanges.

b. Statutory Basis

The Exchange believes that its proposal is consistent with Section 6(b) of the Act,10 in general, and furthers the objectives of Sections 6(b)(4) and 6(b)(5) of the Act,11 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 Exchange believes that its proposals to update its schedule of shared connectivity, direct circuit connectivity, and colocation services that it provides in concert with its sister Nasdaq, Inc. Exchanges, and for which the Nasdaq, Inc. Exchanges charge a single fee, is reasonable because the proposals will ensure that the Exchange’s Pricing Schedule, as it applies to such services and fees, will be consistent with the applicable schedules and rules of the other Nasdaq, Inc. Exchanges. The Exchange also notes that the proposals will provide consistencies across the Nasdaq, Inc. Exchanges for the same services. The proposed amendments to the Exchange’s Pricing Schedule reflect changes and updates that have been made already to the BX Rules. For example, each of

11 15 U.S.C. 78f(b)(4) and (5).
the proposed changes to the Exchange’s connectivity, direct connectivity, and colocation fees will harmonize the Exchange’s fees with those of BX.

The Exchange believes that the foregoing proposals provide for the equitable allocation of fees because the connectivity and colocation services to which these fees apply are shared services for which customers pay once, regardless of whether the customers choose to use these services to connect only to Phlx or also to any or all of the other Nasdaq, Inc. Exchanges. Moreover, the other Nasdaq, Inc. Exchanges already offer these shared services to their customers and do so at the same prices that the Exchange now proposes to charge. As such, the proposals will ensure that the fees that the Exchanges charges its customers for shared services are the same fees that the other Nasdaq, Inc. Exchanges charge their customers (including their customers who are also Phlx Members) for the same shared services. In other words, the proposals would ensure that a customer of the Exchange that wishes to, say, purchase direct connectivity to all of the Nasdaq, Inc. Exchanges will not pay more to do so through Phlx than it would pay if it purchased that same connectivity from Nasdaq, and vice versa.

The proposed fees and fee changes, moreover, are equitably allocated because the proposals align these fees with the costs that the Exchange incurs to provide the shared services, including the costs of developing, installing, maintaining, and upgrading equipment and systems relating to connectivity and colocation services. Finally, the proposed fees are equitably allocated because all member firms that subscribe to a particular connectivity option under the amended Rules will be assessed the same fee.

The proposals, similarly, are not unfairly discriminatory because the shared services they entail will be available to all similarly situated clients, while the fees and
fee changes they entail will apply uniformly to such clients to the extent that they choose to utilize the shared services.

The Exchange’s proposal to eliminate the $1,000 installation fee that presently applies to the Direct Edge feeds is reasonable because the Direct Edge feeds are now offerings of CBOE, along with the BZX and BYX feeds. The Exchange believes it is equitable, going forward, to charge a single, one-time $1,000 installation fee to subscribers to any or all of the CBOE data feeds, including the BZX Depth, BYX Depth, EDGA Depth, and EDGX Depth feeds. This proposal is not unfairly discriminatory because it will apply to all similarly situated customers of the CBOE data feeds.

Lastly, the Exchange’s other proposals – to eliminate certain language from the Exchange’s Pricing Schedule that is extraneous, eliminate references to expired fee reduction or waiver programs, and update references to third party data feeds to reflect their current names – are consistent with Section 6(b) of the Act,12 in general, and further the objectives of Section 6(b)(5) of the Act,13 in particular, in that they are designed to promote just and equitable principles of trade, 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. These proposals are non-controversial because maintaining a current and accurate Pricing Schedule serves the interests of the public and investors and because the proposals will not impact competition or limit access to or availability of the Exchange or its systems. The proposals also reflect changes that BX has already made to its rulebook.

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 connect to third parties instead of directly connecting to the Exchange, the Exchange believes that the degree to which fee changes in this market may impose any burden on competition is extremely limited.

In this instance, the proposed changes to the charges assessed for colocation, connectivity, and direct circuit connectivity are consistent with the fees already assessed by other Nasdaq, Inc. Exchanges for the same shared services. 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.

Furthermore, the Exchange does not expect that its proposals to eliminate or replace expired or obsolete language from its Rulebook or to eliminate an obsolete $1,000 Direct Edge installation fee will have any impact on competition.
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)(iii)\(^{14}\) of the Act and Rule 19b-4(f)(6) thereunder\(^{15}\) 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 proposal does not significantly affect the protection of investors or the public interest because it is intended to update the Exchange’s Pricing Schedule and render the Schedule consistent with those of its sister Nasdaq, Inc. Exchanges with respect to shared services. The amendments reflect changes that BX has already made to its rulebook. The remaining amendments – which will eliminate obsolete and extraneous language and fees from the Rules – will serve the public interest by ensuring that the Exchange’s Rulebook is current and accurate. To the extent that the proposals merely harmonize the Exchange’s Pricing Schedule with those of BX and eliminate obsolete and extraneous language, the Exchange does not believe that the proposals will impose a significant


burden on competition.

A proposed rule change filed under Rule 19b-4(f)(6) normally does not become operative prior to 30 days after the date of filing. Rule 19b-4(f)(6)(iii), however, permits the Commission to designate a shorter time if such action is consistent with the protection of investors and the public interest. The Exchange requests that the Commission waive the 30-day operative delay contained in Rule 19b-4(f)(6)(iii) so that the Exchange can immediately eliminate unintended disparities and avoid any confusion among investors and the public as to the nature of the shared services that the Nasdaq, Inc. Exchanges provide and the fees that they charge for those shared services. The Exchange notes that its proposals will merely incorporate changes that have already been made to the BX rulebook.

Furthermore, Rule 19b-4(f)(6)(iii) requires a self-regulatory organization to give the Commission written notice of its intent to file a proposed rule change under that subsection at least five business days prior to the date of filing, or such shorter time as designated by the Commission. The Exchange has provided such notice.

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


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.
EXHIBIT 1

SECURITIES AND EXCHANGE COMMISSION
(Release No.                  ; File No. SR-Phlx-2018-26)

March __, 2018

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”),¹ and Rule 19b-4 thereunder,² notice is hereby given that on March 16, 2018, Nasdaq PHLX LLC (“Phlx” or “Exchange”) filed with the Securities and Exchange Commission (“SEC” or “Commission”) the proposed rule change as described in Items I, II, and III, below, which Items have been prepared by the Exchange. The Commission is publishing this notice to solicit comments on the proposed rule change from interested persons.

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

The Exchange proposes to amend Sections VIII, X, and XI of the Exchange’s Pricing Schedule, as described below. The text of the proposed rule change is available on the Exchange’s Website at http://nasdaqphlx.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

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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 proposes to amend several sections of its Pricing Schedule to harmonize its colocation, connectivity, and direct connectivity services and fees with the rules of Nasdaq BX, Inc. (“BX”). The Exchange also proposes to update or eliminate certain obsolete or extraneous language from its Pricing Schedule.

   The Exchange, along with its sister exchanges, BX, The Nasdaq Stock Market LLC (“Nasdaq”), Nasdaq ISE, LLC (“Nasdaq ISE”), Nasdaq MRX, LLC (“Nasdaq MRX”), and Nasdaq GEMX, LLC (“Nasdaq GEMX”) (collectively, the “Nasdaq, Inc. Exchanges”), offer certain colocation, connectivity, and direct connectivity services to their customers on a shared basis, meaning that a customer may utilize these services to gain access to any or all of the Nasdaq, Inc. Exchanges. The Nasdaq, Inc. Exchanges only charge customers once for these shared services, even to the extent that customers use the services to connect to more than one of the Nasdaq, Inc. Exchanges.

   The amendments that the Exchange proposes herein are intended principally to ensure that the shared services that the Exchange offers, and the fees that it charges for such services, are uniform across the Nasdaq, Inc. Exchanges’ rulebooks and reflect relevant changes that have been made already to the rules of BX. The amendments also update or remove certain language from the Exchange’s Pricing Schedule that refers to obsolete terms or expired time-limited programs or that is otherwise extraneous.
The first amendment that the Exchange proposes is to Section VIII of its Pricing Schedule, entitled “NASDAQ PSX FEES.” The Exchange proposes to amend the text under the heading “Testing Facilities” to eliminate extraneous provisions that were inadvertently and erroneously included in the Rule but have no intended meaning or purpose there. These provisions are subsections (b) and (c). Subsection (b) defines terms, specifically “Active Connection,” “Idle Connection,” and “Period of Inactivity,” that are not utilized elsewhere in the Rule. Subsection (c) lists exceptions to the testing fees and these exceptions are not applicable to the Exchange’s Test Facility. The Exchange proposes that existing subsection (d) be renumbered as new subsection (b). The Exchange also proposes that new subsection (b) delete reference to an obsolete waiver of installation fees for installations ordered prior to March 2014. Furthermore, the Exchange proposes to remove obsolete references to the Exchange having two testing environments – one located in Carteret, New Jersey and another located in Ashburn, Virginia – because the Ashburn environment has been decommissioned. Lastly, the Exchange proposes to specify that connectivity to the Exchange’s testing facility will also provide for connectivity to the testing facilities of any or all of the other Nasdaq, Inc. Exchanges, including those of not only Nasdaq and BX, but also Nasdaq ISE, Nasdaq MRX, and Nasdaq GEMX.3

Second, the Exchange proposes to amend Section X, which lists the schedule of fees that the Exchange charges for colocation services, to harmonize that schedule with BX Rule 7034. The proposed changes are as follows:

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3 The Exchange proposes to amend Section VII.E of the Pricing Schedule to make a similar change.
• The Exchange proposes to amend Section X(a), under the heading “Cabinet with Power,” to update the installation and monthly fees it charges to customers to rent powered cabinet space in its colocation facilities. The proposed changes are as follows: (i) for super high density cabinets, the Exchange proposes to decrease its installation fee from $7,000 to $4,500 and its monthly fee from $13,000 to $8,000; (ii) for high density cabinets, it proposes to decrease its monthly fee from $7,000 to $4,500; (iii) for medium-high density cabinets, it proposes to decrease its monthly fees from $6,000 to $3,500; (iv) for medium density cabinets, it proposes to decrease its monthly fees from $5,000 to $2,500; (v) for low density cabinets, it proposes to decrease its monthly fees from $4,000 to $2,000; and (vi) for half cabinets, it proposes to decrease its monthly fees from $3,000 to $2,000. These changes will render this subsection of the Pricing Schedule consistent with BX Rule 7034(a).

• The Exchange proposes to amend Section X(a) to remove the paragraph entitled “Temporary Fee Reduction for Cabinets with Power,” as this fee reduction program has expired.

• The Exchange proposes to amend Section X(a), under the heading “Multi-Firm Cabinet Charge,” to state that the additional charge is per cabinet, per firm, which will render this provision consistent with a corresponding provision in BX Rule 7034(a).

• The Exchange proposes to amend Section X(b), under the heading “External Telco /Inter-Cabinet Connectivity,” to update the monthly fees it charges for external telecommunications and inter-cabinet connectivity, as follows: (i) for a
category 6 cable patch, a DS-3 connection, and a fiber connection, the Exchange proposes to increase its monthly fees from $300 to $350; and (ii) for a POTS Line, the Exchange proposes to increase the monthly fee from $0 to $50. These changes will render this paragraph of the Pricing Schedule consistent with a corresponding paragraph in BX Rule 7034(b).

- The Exchange proposes to amend Section X(b), under the heading “Connectivity to Phlx,” to update the fees it charges for fiber connectivity to the Exchange, as follows: (i) for a 10Gb fiber connection to the Exchange, the Exchange proposes to increase the monthly fee from $5,000 to $10,000; (ii) for a 40Gb fiber connection to the Exchange, it proposes to increase the monthly fee from $15,000 to $20,000; (iii) for a 1Gb fiber connection to the Exchange, it proposes to increase the monthly fee from $1,000 to $2,500; (iv) for a 1Gb copper connection to the Exchange, it proposes to increase the monthly fee from $1,000 to $2,500; (v) the Exchange proposes to add a 1Gb Ultra fiber connection to the Exchange for an installation fee of $1,500 and a monthly fee of $2,500; and (vi) the Exchange proposes to remove obsolete language regarding an expired fee waiver program. These changes will render this paragraph of the Pricing Schedule consistent with corresponding paragraphs in BX Rule 7034(b). The Exchange also proposes an amendment to this provision to specify that connectivity to the Exchange will also provide for connectivity to any or all of the other Nasdaq, Inc. Exchanges, including not only to Nasdaq and BX, but also to Nasdaq ISE, LLC, Nasdaq MRX, LLC, and Nasdaq GEMX, LLC. This proposal mirrors existing language in Rule BX Rule 7034(b).
• The Exchange proposes to amend Section X(b) to add a new paragraph under a heading entitled “Connectivity to Third Party Services.” This proposed paragraph will provide for connectivity via colocation to market data feeds from other markets and exchanges, Securities Information Processors (“SIPs”) data, and other non-exchange services. The proposed connectivity and associated fees are as follows: (i) for a 10Gb Ultra fiber connection, the Exchange proposes to charge a $1,500 installation fee and an ongoing monthly fee of $5,000; (ii) for a 1Gb Ultra fiber connection, it proposes to charge a $1,500 installation fee and an ongoing monthly fee of $2,000; and (iii) for a 1Gb Ultra or a 10Gb Ultra connection for UTP only, it proposes to charge a $100 installation fee and an ongoing monthly fee of $100. All of the foregoing fees will be waived for two connections per client to UTP SIP feeds only (UQDF and UTDF). The Exchange notes that the proposed paragraph parallels BX Rule 7034(b).

• The Exchange proposes to amend Section X(b), under the heading “Market Data Connectivity,” to add prefatory language that exists in the analogous portion of BX Rule 7034(b). The language merely notes that the Market Data feeds listed in the provision are delivered to the Nasdaq Data Center via a fiber optic network. Additionally, the Exchange proposes to re-categorize and update the names of the

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4 For example, Third Party Connectivity will support connectivity to the FINRA/Nasdaq Trade Reporting Facility, BZX and BYX Depth Feeds, and NYSE Feeds. A customer must separately subscribe to the third party services to which it connects with a Third Party Connectivity subscription.

5 The SIPs link the U.S. markets by processing and consolidating all protected bid/ask quotes and trades from every registered exchange trading venue and FINRA into a single data feed, and they disseminate and calculate critical regulatory information, including the National Best Bid and Offer, Limit Up Limit Down price bands, short sale restrictions and regulatory halts.
certain CBOE/Bats/Direct Edge data feeds because the names listed in the current Pricing Schedule are obsolete. Similarly, the Exchange proposes to delete a $1,000 installation fee that presently applies to the Direct Edge feeds because the Direct Edge feeds are now offerings of CBOE, along with the BZX and BYX feeds. Going forward, a single, one-time $1,000 installation fee will apply to subscribers to any or all of the CBOE data feeds. Finally, the Exchange proposes to delete from the asterisked footnote to this paragraph the word “telco” from the phrase “Pricing is for telco connectivity only.” These proposals will render this paragraph consistent with corresponding text in BX Rule 7034(b).

- The Exchange proposes to amend Section X(b) to add a new paragraph that will provide for multicast market data feeds from other markets to be delivered to the Nasdaq Data Center via wireless microwave or millimeter wave networks. The Exchange notes that Nasdaq already provides such data feeds to its customers. The proposed data feeds, and their corresponding installation and monthly fees, are as follows: (i) NYSE Equities (Arca Integrated), for an installation fee of $5,000 and a monthly fee of $10,000; (ii) NYSE Equities (NYSE Integrated), for an installation fee of $5,000 and a monthly fee of $10,000; (iii) BATS Multicast PITCH (BZX and BYZ), for an installation fee of $2,500 and a monthly fee of $7,500; (iv) Direct EDGE Depth of Book (EDGA, EDGX), for an installation fee of $2,500 and a monthly fee of $7,500; (v) CME Multicast Total (including CME Equities Futures Data, CME Fixed Income Futures Data, and CME Metal Futures Data), for an installation fee of $5,000 and a monthly fee of $23,500; (vi) CME Equities Futures Data Only, for a $5,000 installation fee and a monthly fee of
$10,000; (vii) CME Fixed Income Futures Data Only, for a $5,000 installation fee and a monthly fee of $10,000; and (viii) CME Metals Futures Data Only, for a $5,000 installation fee and a monthly fee of $3,500.\(^6\) As to the monthly fee for these services, the proposal provides that subscribers will receive discounts based upon the number of subscriptions they maintain.\(^7\) The Exchange proposes to add this paragraph to render this paragraph of Section X(b) consistent with corresponding paragraphs in BX Rule 7034(b).

- The Exchange proposes to amend Section X(d), under the heading “Additional Charges/Services,” to update the installation fee it charges for super high density cabinet kits. Specifically, the Exchange proposes to decrease the fee from $7,000 to $4,500. The Exchange also proposes to amend the installation fee for Copper Patch Cords that is set forth in this paragraph from $450 + $1.50 per “meter” to $4.50 + $1.50 per “foot.” These changes will render this paragraph of the Schedule of Fees consistent with the corresponding paragraph in BX Rule 7034(d).

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\(^6\) The Exchange proposes to charge subscribers to any or all of the CME Data Feeds a single $5,000 installation fee. In other words, a subscriber to the CME Fixed Income Futures Data Feed and the CME Metals Futures Data Feed will only pay a single $5,000 installation fee for access to both feeds.

\(^7\) The proposed Rule paragraph provides that subscribers with three to five microwave or millimeter wave wireless subscriptions under Section X(b) will receive a 5% discount on all such subscriptions. Meanwhile, subscribers with six to ten microwave or millimeter wave wireless subscriptions under Section X(b) will receive a 10% discount on all such subscriptions. Subscribers with eleven to fourteen microwave or millimeter wave wireless subscriptions under Section X(b) will receive a 15% discount on all such subscriptions. Finally, subscribers with fifteen or more microwave or millimeter wave wireless subscriptions under Section X(b) will receive a 20% discount on all such subscriptions.
Third, the Exchange proposes to amend Section XI of the Exchange’s Pricing Schedule, entitled “Direct Connectivity to Phlx.” This Section of the Pricing Schedule describes the means by which customers may connect directly to the Exchange’s main or satellite data centers via a third party vendor’s telecommunications circuit. The proposed changes to this Section are as follows:

- The Exchange proposes to update the structure of Chapter XI so that it will parallel the structure of BX Rule 7051. Specifically, the Exchange proposes to place the existing text of Section XI into a subsection (a), to be entitled “Direct Circuit Connection to Phlx.” It also proposes to add two additional subsections, as described below.

- The Exchange proposes to amend the text of Chapter XI (as reorganized in proposed subsection (a) and re-titled “Direct Circuit Connection to Phlx”) so that it is fully consistent with BX Rule 7051(a) in terms of both the direct circuit connections that it offers to its customers as well as the associated fees that it charges for such connections. The proposed changes are as follows: (i) for 10Gb direct circuit connections to Phlx, the Exchange proposes to increase the installation fee from $1,000 to $1,500 and the monthly fee from $5,000 to $7,500; (ii) for 1Gb direct circuit connections to Phlx, the Exchange proposes to increase the installation fee from $1,000 to $1,500 and the monthly fee from $1,000 to $2,500; (iii) the Exchange proposes to add a 1Gb Ultra direct circuit connection for an installation fee of $1,500 and a monthly fee of $2,500; and (iv) the Exchange proposes to specify that direct circuit connectivity to the Exchange will also provide for direct circuit connectivity to any or all of the other Nasdaq, Inc.
Exchanges, including not only Nasdaq and BX, but also Nasdaq ISE, Nasdaq MRX, and Nasdaq GEMX.

- The Exchange proposes to add a new subsection (b) to Section XI, entitled “Direct Circuit Connection to Third Party Services.” Through this subsection, which is an analogue to BX Rule 7051(b), the Exchange will offer its customers direct circuit connections to third party services, including the same third party services to which it proposes to connect customers through colocation, as set forth in proposed Section X(b) (described above). Specifically, the Exchange proposes to offer the following services and charge the following fees for them: (i) a 10Gb Ultra direct circuit connection for an installation fee of $1,500 and a monthly fee of $5,000; (ii) a 1Gb Ultra direct circuit connection for an installation fee of $1,500 and a monthly fee of $2,000; (iii) a 1Gb Ultra or 10Gb Ultra direct circuit connection (for UTP only) for an installation fee of $100 and a monthly fee of $100; (iv) an optional cable router for a $925 installation fee; and (v) a monthly fee of $150 per “U” of cabinet space rented. For direct circuit connectivity to UTP SIP feeds only, the installation and monthly fees will be waived for the first two connections per client.

The Exchange proposes to add a new subsection (c) to Section XI, entitled “Point of Presence (POP) Connectivity.” This subsection, which is an analogue to BX Rule 7051(c), provides for customers to connect directly to the Exchange through a “Point of Presence” or “POP” that is located at one of the Exchange’s satellite data centers, rather than in the Exchange’s main data center. Each such POP, in turn, has a fully redundant

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8 These fees will be based on a height unit of approximately 1.75 inches high, commonly called a "U" space and a maximum power of 125 Watts per U space.
connection to the Exchange’s primary data center. The proposed services and associated fees are as follows: (i) the Exchange proposes to offer a 10Gb POP connection to Phlx for an installation fee of $1,500 and a monthly fee of $7,500; (ii) it proposes to offer a 1Gb Ultra POP connection to Phlx for an installation fee of $1,500 and a monthly fee of $2,500; and (iii) the Exchange proposes to state that the POP connectivity provided under this subsection also provides POP connectivity to any or all of the other Nasdaq, Inc. Exchanges.

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.

The Exchange believes that its proposals to update its schedule of shared connectivity, direct circuit connectivity, and colocation services that it provides in concert with its sister Nasdaq, Inc. Exchanges, and for which the Nasdaq, Inc. Exchanges charge a single fee, is reasonable because the proposals will ensure that the Exchange’s Pricing Schedule, as it applies to such services and fees, will be consistent with the applicable schedules and rules of the other Nasdaq, Inc. Exchanges. The Exchange also notes that the proposals will provide consistencies across the Nasdaq, Inc. Exchanges for the same services. The proposed amendments to the Exchange’s Pricing Schedule reflect

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10 15 U.S.C. 78f(b)(4) and (5).
changes and updates that have been made already to the BX Rules. For example, each of the proposed changes to the Exchange’s connectivity, direct connectivity, and colocation fees will harmonize the Exchange’s fees with those of BX.

The Exchange believes that the foregoing proposals provide for the equitable allocation of fees because the connectivity and colocation services to which these fees apply are shared services for which customers pay once, regardless of whether the customers choose to use these services to connect only to Phlx or also to any or all of the other Nasdaq, Inc. Exchanges. Moreover, the other Nasdaq, Inc. Exchanges already offer these shared services to their customers and do so at the same prices that the Exchange now proposes to charge. As such, the proposals will ensure that the fees that the Exchanges charges its customers for shared services are the same fees that the other Nasdaq, Inc. Exchanges charge their customers (including their customers who are also Phlx Members) for the same shared services. In other words, the proposals would ensure that a customer of the Exchange that wishes to, say, purchase direct connectivity to all of the Nasdaq, Inc. Exchanges will not pay more to do so through Phlx than it would pay if it purchased that same connectivity from Nasdaq, and vice versa.

The proposed fees and fee changes, moreover, are equitably allocated because the proposals align these fees with the costs that the Exchange incurs to provide the shared services, including the costs of developing, installing, maintaining, and upgrading equipment and systems relating to connectivity and colocation services. Finally, the proposed fees are equitably allocated because all member firms that subscribe to a particular connectivity option under the amended Rules will be assessed the same fee.
The proposals, similarly, are not unfairly discriminatory because the shared services they entail will be available to all similarly situated clients, while the fees and fee changes they entail will apply uniformly to such clients to the extent that they choose to utilize the shared services.

The Exchange’s proposal to eliminate the $1,000 installation fee that presently applies to the Direct Edge feeds is reasonable because the Direct Edge feeds are now offerings of CBOE, along with the BZX and BYX feeds. The Exchange believes it is equitable, going forward, to charge a single, one-time $1,000 installation fee to subscribers to any or all of the CBOE data feeds, including the BZX Depth, BYX Depth, EDGA Depth, and EDGX Depth feeds. This proposal is not unfairly discriminatory because it will apply to all similarly situated customers of the CBOE data feeds.

Lastly, the Exchange’s other proposals – to eliminate certain language from the Exchange’s Pricing Schedule that is extraneous, eliminate references to expired fee reduction or waiver programs, and update references to third party data feeds to reflect their current names – are consistent with Section 6(b) of the Act, in general, and further the objectives of Section 6(b)(5) of the Act, in particular, in that they are designed to promote just and equitable principles of trade, 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. These proposals are non-controversial because maintaining a current and accurate Pricing Schedule serves the interests of the public and investors and because the proposals will not impact competition or limit access to or

availability of the Exchange or its systems. The proposals also reflect changes that BX has already made to its rulebook.

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 connect to third parties instead of directly connecting to the Exchange, the Exchange believes that the degree to which fee changes in this market may impose any burden on competition is extremely limited.

In this instance, the proposed changes to the charges assessed for colocation, connectivity, and direct circuit connectivity are consistent with the fees already assessed by other Nasdaq, Inc. Exchanges for the same shared services. 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.
Furthermore, the Exchange does not expect that its proposals to eliminate or replace expired or obsolete language from its Rulebook or to eliminate an obsolete $1,000 Direct Edge installation fee will have any impact on competition.

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 Act and subparagraph (f)(6) of Rule 19b-4 thereunder.

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.


14 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.
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-2018-26 on the subject line.

Paper comments:

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

All submissions should refer to File Number SR-Phlx-2018-26. 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-2018-26 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.¹⁵

Eduardo A. Aleman
Assistant Secretary

VII. Other Member Fees

A. - D. No change.

E. Testing Facilities
The Exchange operates a test environment in Carteret, New Jersey. References to the "Testing Facility" refers to this test environment.

Subscribers to the Testing Facility shall pay a fee of $1,000 per hand-off, per month for connection to the Testing Facility. The hand-off fee includes either a 1Gb or 10Gb switch port and a cross connect to the Testing Facility. Subscribers shall also pay a one-time installation fee of $1,000 per hand-off.

The connectivity provided under this rule also provides connectivity to the other test environments of The Nasdaq Stock Market LLC, Nasdaq BX, Inc., Nasdaq ISE, LLC, Nasdaq MRX, LLC, and Nasdaq GEMX, LLC. Additionally, the connectivity may be utilized for either equities or options testing.

F. No change.

VIII. NASDAQ PSX FEES

Port Fees†
No change.

Order Execution and Routing
No change.

Testing Facilities
The Exchange operates a test environment[s. One is] located in [Ashburn, Virginia and the other in] Carteret, New Jersey. [Unless otherwise noted, reference to the "Testing Facility" applies to both environments.]

(a) Subscribers that conduct tests of their PSX access protocols connection or market data vendor feeds through the Exchange's Testing Facility (Testing Facility) shall pay $300 per port, per month.
[(b) (1) An "Active Connection" commences when the user begins to send and/or receive a transaction to and from the Testing Facility and continues until the earlier of disconnection or the commencement of an Idle Connection.]

[(2) An "Idle Connection" commences after a Period of Inactivity and continues until the earlier of disconnection or the commencement of an Active Connection. If a Period of Inactivity occurs immediately after subscriber's connection to the Testing Facility is established and is then immediately followed by an Idle Connection, then such Period of Inactivity shall also be deemed a part of the Idle Connection.]

[(3) A "Period of Inactivity" is an uninterrupted period of time of specified length when the connection is open but the Testing Facility is not receiving from or sending to subscriber any transactions. The length of the Period of Inactivity shall be such period of time between 10 minutes and 60 minutes in length as the Exchange may specify from time to time by giving notice to users of the Testing Facility.]

[(c) The foregoing fees shall not apply to market data vendor feed testing, or testing occasioned by:

[(1) new or enhanced services and/or software provided by the Exchange;]

[(2) modifications to software and/or services initiated by the Exchange in response to a contingency; or]

[(3) testing by a subscriber of an Exchange service that the subscriber has not used previously, except if more than 30 days have elapsed since the subscriber commenced the testing of such Exchange service.]

[(d)(b) Subscribers to the Testing Facility[ located in Carteret, New Jersey] shall pay a fee of $1,000 per hand-off, per month for connection to the Testing Facility. The hand-off fee includes either a 1Gb or 10Gb switch port and a cross connect to the Testing Facility. Subscribers shall also pay a one-time installation fee of $1,000 per hand-off, which is waived for all installations ordered prior to March 31, 2014].

The connectivity provided under this rule also provides connectivity to the other test environments of [Nasdaq BX, Inc. and, ]The Nasdaq Stock Market LLC, Nasdaq BX, Inc., Nasdaq ISE, LLC, Nasdaq MRX, LLC, and Nasdaq GEMX, LLC.

**TradeInfo PSX**

No change.

**Weblink ACT PSX**

No change.
PSX Managed Data Solutions Fees.
No change.

Market Data Distributor Fees
No change.

Access and Redistribution Fee
No change.

Administrative Reports
No change.

PSX TotalView
No change.

Aggregation of Activity of Affiliated Member Organizations
No change.

Installation, Removal or Relocation
No change.

Other Requests for Data
No change.

Partial Month Charges
No change.

PSX Last Sale and Nasdaq Last Sale Plus Data Feeds
No change.

PSX BBO Feeds
No change.

PSX Ouch BBO Feed
No change.

PSX Trading and Compliance Data Package
No change.

QView
No change.

Short Sale Monitor
No change.
**PSX Pre-Trade Risk Management**

No change.

* * * * *

X. Co-Location Services

Co-location services provided by Nasdaq Technology Services LLC.

(a) Cabinets

**Cabinet with Power**

<table>
<thead>
<tr>
<th>Description</th>
<th>Installation Fee</th>
<th>Ongoing Monthly Fee</th>
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<tbody>
<tr>
<td>Super High Density Cabinet (&gt;10kW- &lt;=17.3kW)</td>
<td>$7,000</td>
<td>$4,500***</td>
</tr>
<tr>
<td></td>
<td>$13,000</td>
<td>$8,000**</td>
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<tr>
<td>High Density Cabinet (&gt;7kW - &lt;10kW)</td>
<td>$3,500</td>
<td>$4,500**</td>
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<td>Medium-High Density Cabinet (&gt;5kW - &lt;=7kW)</td>
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<td>Medium Density Cabinet (&gt;2.88kW - &lt;=5kW)</td>
<td>$3,500</td>
<td>$5,000***</td>
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<tr>
<td>Low Density Cabinet (&lt;=2.88kW)</td>
<td>$3,500</td>
<td>$4,000**</td>
</tr>
<tr>
<td>Half Cabinet</td>
<td>$3,000</td>
<td>$2,000</td>
</tr>
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</table>

* Not available to new subscribers.

** Discount of 15% of fee available to users of 25 or more full cabinets who commit to a 3 year term; Discount of 10% of fee available to users of 25 or more full cabinets who commit to a 2 year term.

*** Includes larger cabinet (30" W x 48" D x 96"H). Standard installation fee of $3,500 would apply if smaller cabinet (24"W x 42"D x 84"H) is requested.

Cabinet power cap is based on the available power at 80% of the breakered capacity of all circuit pairs within a cabinet (where a primary/redundant circuit pair is considered a single circuit).

[Temporary Fee Reduction for Cabinets with Power.]
[New cabinets ordered during January and February of 2013 will be assessed standard installation fees and reduced Ongoing Monthly Fees as set forth below. Reduced fees shall apply only to the new cabinets, for a period of 24 months, and only for so long as the total number of cabinets controlled by a given customer exceeds the total of cabinets controlled by that customer as of December 31, 2012.]

[Super High Density $8,000
High Density $4,500
Medium-High Density $3,500
Medium Density $2,500
Low Density $2,000]

**Shared Cabinet Space**

No change.

**Specialty Cabinet Charge**

No change

**Multi-Firm Cabinet Charge**

<table>
<thead>
<tr>
<th>Description</th>
<th>Ongoing Monthly Fee</th>
</tr>
</thead>
<tbody>
<tr>
<td>Additional Charge per Cabinet per firm for each cabinet that supports a firm other than the firm contracted to receive the cabinet by Nasdaq Technology Services</td>
<td>$500</td>
</tr>
</tbody>
</table>

*(b) Connectivity*

**External Telco /Inter-Cabinet Connectivity**

<table>
<thead>
<tr>
<th>Description</th>
<th>Installation Fee</th>
<th>Ongoing Monthly Fee</th>
</tr>
</thead>
<tbody>
<tr>
<td>Category 6 Cable patch</td>
<td>$300</td>
<td>[$300] $350*</td>
</tr>
<tr>
<td>Description</td>
<td>Installation Fee</td>
<td>Ongoing Monthly Fee</td>
</tr>
<tr>
<td>-----------------------------------------------------------------------------</td>
<td>------------------</td>
<td>---------------------</td>
</tr>
<tr>
<td>DS-3 Connection</td>
<td>$500</td>
<td>[$300] [$350]</td>
</tr>
<tr>
<td>Fiber</td>
<td>$500</td>
<td>[$300] [$350]</td>
</tr>
<tr>
<td>POTS Line</td>
<td>$0</td>
<td>[$0] [$50]</td>
</tr>
<tr>
<td>One-Time Telco Connectivity Expedite Fee</td>
<td>$1,400</td>
<td>$0</td>
</tr>
<tr>
<td>Inter-Cabinet Telco connection outside Nasdaq space</td>
<td></td>
<td>$1,000</td>
</tr>
<tr>
<td>100MB Connectivity - Metro NY/NJ Area Destination</td>
<td>$1,165**</td>
<td>$1,650**</td>
</tr>
<tr>
<td>1G Connectivity - Metro NY/NJ Area Destination</td>
<td>$2,150**</td>
<td>$2,150**</td>
</tr>
<tr>
<td>10G Connectivity - Metro NY/NJ Area Destination</td>
<td>$5,000**</td>
<td>$5,000**</td>
</tr>
<tr>
<td>100MB Connectivity - Toronto Area Destination</td>
<td>$4,850**</td>
<td>$4,100**</td>
</tr>
<tr>
<td>1G Connectivity - Toronto Area Destination</td>
<td>$7,700**</td>
<td>$9,850**</td>
</tr>
<tr>
<td>10G Connectivity - Toronto Area Destination</td>
<td>$14,200**</td>
<td>$28,400**</td>
</tr>
<tr>
<td>100MB Connectivity - Chicago Area Destination</td>
<td>$3,500**</td>
<td>$7,350**</td>
</tr>
<tr>
<td>1G Connectivity - Chicago Area Destination</td>
<td>$4,900**</td>
<td>$12,800**</td>
</tr>
<tr>
<td>10G Connectivity - Chicago Area Destination</td>
<td>$10,650**</td>
<td>$26,900**</td>
</tr>
</tbody>
</table>

* Requesting party only. Not applicable to inter-cabinet connections among the same customer.

** Includes fiber telco cross connect within Nasdaq data center.

**Connectivity to Phlx**

<table>
<thead>
<tr>
<th>Description</th>
<th>Installation Fee</th>
<th>Ongoing Monthly Fee</th>
</tr>
</thead>
<tbody>
<tr>
<td>Fiber Connection to Phlx (10Gb)</td>
<td>$1,000</td>
<td>[$5000] [$10,000]</td>
</tr>
</tbody>
</table>
Fiber Connection to Phlx (10Gb Ultra) $1,500 [**] $15,000

Fiber Connection to Phlx (40Gb) $1,500 [$15,000] $20,000

Fiber Connection to Phlx (1Gb Ultra) $1,500 $2,500

Fiber Connection to Phlx (1Gb) $1,000 [1,000] $2,500

1Gb Copper Connection to Phlx $1,000 [$1,000] $2,500

* The connectivity provided under this rule also provides connectivity to the other markets of The Nasdaq Stock Market LLC, Nasdaq BX, Inc., Nasdaq ISE, LLC, Nasdaq MRX, LLC, and Nasdaq GEMX, LLC.

[** The installation fee will be waived for customers that complete new orders for 10Gb Ultra connection to Phlx prior to August 31, 2013.]

Connectivity to Third Party Services

<table>
<thead>
<tr>
<th>Description</th>
<th>Installation Fee</th>
<th>Ongoing Monthly Fee</th>
</tr>
</thead>
<tbody>
<tr>
<td>Third Party Services Fiber Connection (10Gb Ultra)</td>
<td>$1,500*</td>
<td>$5,000*</td>
</tr>
<tr>
<td>Third Party Services Fiber Connection (1Gb Ultra)</td>
<td>$1,500*</td>
<td>$2,000*</td>
</tr>
<tr>
<td>Third Party Services Fiber Connection (1Gb Ultra or 10Gb Ultra for UTP only)</td>
<td>$100*</td>
<td>$100*</td>
</tr>
</tbody>
</table>

*Waived for two connections per client to UTP SIP feeds only (UQDF and UTDF).

Market Data Connectivity *

The following Market Data feeds are delivered to the Nasdaq Data Center
via a fiber optic network:

<table>
<thead>
<tr>
<th>Description</th>
<th>Installation Fee</th>
<th>Ongoing Monthly Fee</th>
</tr>
</thead>
<tbody>
<tr>
<td>Nasdaq</td>
<td>$1,000</td>
<td>$0</td>
</tr>
<tr>
<td>SIAC</td>
<td>$1,000</td>
<td></td>
</tr>
<tr>
<td>CTS/CQS</td>
<td>$1,412</td>
<td></td>
</tr>
<tr>
<td>OpenBook Realtime</td>
<td>$2,500</td>
<td></td>
</tr>
<tr>
<td>OpenBook Ultra</td>
<td>$2,500</td>
<td></td>
</tr>
<tr>
<td>NYSE Alerts</td>
<td>$200</td>
<td></td>
</tr>
<tr>
<td>NYSE Trades</td>
<td>$100</td>
<td></td>
</tr>
<tr>
<td>Arca Trades</td>
<td>$100</td>
<td></td>
</tr>
<tr>
<td>ArcaBook Multicast</td>
<td>$1,500</td>
<td></td>
</tr>
<tr>
<td>ARCA BBO</td>
<td>$125</td>
<td></td>
</tr>
<tr>
<td>AMEX-Ultra/Trades/Alerts/LRP</td>
<td>$100</td>
<td></td>
</tr>
<tr>
<td>OPRA</td>
<td>$6,000</td>
<td></td>
</tr>
<tr>
<td>CME</td>
<td>$1,000</td>
<td>$3,500</td>
</tr>
<tr>
<td>Access Fee per location device/user</td>
<td>$65</td>
<td></td>
</tr>
<tr>
<td>CBOE[BATS Multicast PITCH]</td>
<td>$1,000</td>
<td></td>
</tr>
<tr>
<td>[BATS]BZX Depth</td>
<td>$4,000</td>
<td></td>
</tr>
<tr>
<td>[BATS Y]BYX Depth</td>
<td>$1,500</td>
<td></td>
</tr>
<tr>
<td>[Direct Edge]</td>
<td>[$1,000]</td>
<td></td>
</tr>
<tr>
<td>Description</td>
<td>Installation Fee</td>
<td>Recurring Monthly Fee*</td>
</tr>
<tr>
<td>--------------------------------------------------</td>
<td>------------------</td>
<td>------------------------</td>
</tr>
<tr>
<td>NYSE Equities (Arca Integrated)</td>
<td>$5,000</td>
<td>$10,000</td>
</tr>
<tr>
<td>NYSE Equities (NYSE Integrated)</td>
<td>$5,000</td>
<td>$10,000</td>
</tr>
<tr>
<td>BATS Multicast PITCH (BZX and BYX)</td>
<td>$2,500</td>
<td>$7,500</td>
</tr>
<tr>
<td>Direct EDGE Depth of Book (EDGA, EDGX)</td>
<td>$2,500</td>
<td>$7,500</td>
</tr>
<tr>
<td>CME Multicast Total</td>
<td>$5,000</td>
<td>$23,500</td>
</tr>
<tr>
<td>CME Equities Futures Data Only</td>
<td>$10,000</td>
<td></td>
</tr>
</tbody>
</table>

*Pricing is for telco connectivity only and is similar to connectivity fees imposed by other vendors. The fees are generally based on the amount of bandwidth needed to accommodate a particular feed and Nasdaq PHLX is not the exclusive method to get market data connectivity. Market data fees are charged independently by the Nasdaq PHLX and other exchanges.

The following multicast Market Data feeds are delivered to the Nasdaq Data Center via a wireless network (microwave or millimeter wave):
CME Fixed Income Futures Data Only $10,000
CME Metals Futures Data Only $3,500

*Subscribers with three to five microwave or millimeter wave wireless subscriptions under Section X(b) receive a 5% discount on all such subscriptions; subscribers with six to ten microwave or millimeter wave wireless subscriptions under Section X(b) receive a 10% discount on all such subscriptions; subscribers with eleven to fourteen microwave or millimeter wave wireless subscriptions under Section X(b) receive a 15% discount on all such subscriptions; and subscribers with fifteen or more microwave or millimeter wave wireless subscriptions under Section X(b) receive a 20% discount on all such subscriptions.

(c) No change.

(d) Additional Charges/Services

<table>
<thead>
<tr>
<th>Additional Items</th>
<th>Installation Fee</th>
<th>Ongoing Monthly Fee</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cooling (Door) Fans</td>
<td>$1,500</td>
<td>$0</td>
</tr>
<tr>
<td>Perforated Floor Tiles</td>
<td>$250</td>
<td>$0</td>
</tr>
<tr>
<td>Cabinet Extension</td>
<td>$500</td>
<td>$0</td>
</tr>
<tr>
<td>Super High Density Cabinet Kit</td>
<td>[$7,000]</td>
<td>$4,500, 000</td>
</tr>
<tr>
<td>Additional Cabinet Shelves</td>
<td>$200</td>
<td>$0</td>
</tr>
<tr>
<td>Single Master Key Locks</td>
<td>$175</td>
<td>$0</td>
</tr>
<tr>
<td>Cable Downspouts</td>
<td>$750</td>
<td>$0</td>
</tr>
<tr>
<td>Cabinet Caging</td>
<td>Installation Specific</td>
<td>$3,000</td>
</tr>
<tr>
<td>Custom Installation</td>
<td>Installation Specific</td>
<td>$0</td>
</tr>
<tr>
<td>Cabinet Equipment Storage</td>
<td>$0</td>
<td>$500</td>
</tr>
<tr>
<td>Copper Patch Cords</td>
<td>$4.50 + $1.50 per</td>
<td>$0</td>
</tr>
<tr>
<td>Service</td>
<td>Cost</td>
<td></td>
</tr>
<tr>
<td>--------------------------------------</td>
<td>-----------------------</td>
<td></td>
</tr>
<tr>
<td>Fiber Patch Cords-Multi-mode</td>
<td>$20 + $1.50 per meter</td>
<td></td>
</tr>
<tr>
<td>Fiber Patch Cords-Single-mode</td>
<td>$24 + $.75 per meter</td>
<td></td>
</tr>
<tr>
<td>Twinax Patch Cords</td>
<td>$34 + $10 per meter</td>
<td></td>
</tr>
<tr>
<td>Power Cords-5-15P to C13-2</td>
<td>$5</td>
<td></td>
</tr>
<tr>
<td>Power Cords-C14 to C19-2</td>
<td>$10</td>
<td></td>
</tr>
<tr>
<td>Equipment Storage</td>
<td>$0</td>
<td></td>
</tr>
<tr>
<td>Internet Bandwidth - 1Mb</td>
<td>$0</td>
<td></td>
</tr>
<tr>
<td>Internet Bandwidth - 2Mb</td>
<td>$0</td>
<td></td>
</tr>
<tr>
<td>Internet Bandwidth - 3Mb</td>
<td>$0</td>
<td></td>
</tr>
<tr>
<td>Internet Bandwidth - 4Mb</td>
<td>$0</td>
<td></td>
</tr>
<tr>
<td>Internet Bandwidth - 5Mb</td>
<td>$0</td>
<td></td>
</tr>
<tr>
<td>GPS Antenna</td>
<td>Installation Specific</td>
<td></td>
</tr>
<tr>
<td>Cabinet Proximity Option Fee</td>
<td>$0</td>
<td></td>
</tr>
<tr>
<td>Services</td>
<td></td>
<td></td>
</tr>
<tr>
<td>No change.</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

** XI. Direct Connectivity to Phlx **

Direct Connectivity services are provided by Nasdaq Technology Services, LLC.

(a) Direct [Connectivity] Circuit Connection to Phlx *
### (b) Direct Circuit Connection to Third Party Services

<table>
<thead>
<tr>
<th>Description</th>
<th>Installation Fee</th>
<th>Ongoing Monthly Fee</th>
</tr>
</thead>
<tbody>
<tr>
<td>Third Party Services Direct Connection (10Gb Ultra)</td>
<td>$1,500*</td>
<td>$5,000*</td>
</tr>
<tr>
<td>Third Party Services Direct Connection (1Gb Ultra)</td>
<td>$1,500*</td>
<td>$2,000*</td>
</tr>
<tr>
<td>Third Party Services Direct Connection (1Gb Ultra or 10Gb Ultra for UTP only)</td>
<td>$100*</td>
<td>$100*</td>
</tr>
<tr>
<td>Optional Cable Router</td>
<td>$925</td>
<td></td>
</tr>
<tr>
<td>Per U of Cabinet Space**</td>
<td>$150</td>
<td></td>
</tr>
</tbody>
</table>

**Fees are based on a height unit of approximately 1.75 inches high, commonly called a "U" space and a maximum power of 125 Watts per U space.

---

*Waived for two connections per client to UTP SIP feeds only (UQDF and UTDF).**

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(c) Point of Presence (POP) Connectivity*
<table>
<thead>
<tr>
<th>Description</th>
<th>Installation Fee</th>
<th>Ongoing Monthly Fee</th>
</tr>
</thead>
<tbody>
<tr>
<td>POP Connection to Phlx (10Gb)</td>
<td>$1,500</td>
<td>$7,500</td>
</tr>
<tr>
<td>POP Connection to Phlx (1Gb Ultra)</td>
<td>$1,500</td>
<td>$2,500</td>
</tr>
</tbody>
</table>

*The connectivity provided under this rule also provides connectivity to the other markets of The Nasdaq Stock Market LLC, Nasdaq BX, Inc., Nasdaq ISE, LLC, Nasdaq MRX LLC, and Nasdaq GEMX, LLC.

* * * * *