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Page 1 of \* 27

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

File No. \* SR 2025 - \* 04

Amendment No. (req. for Amendments \*)

Filing by Nasdaq PHLX LLC

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

Initial * <input checked="" type="checkbox"/>	Amendment * <input type="checkbox"/>	Withdrawal <input type="checkbox"/>	Section 19(b)(2) * <input type="checkbox"/>	Section 19(b)(3)(A) * <input checked="" type="checkbox"/>	Section 19(b)(3)(B) * <input type="checkbox"/>
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Pilot <input type="checkbox"/>	Extension of Time Period for Commission Action * <input type="checkbox"/>	Date Expires * <input type="text"/>	Rule <input type="checkbox"/> 19b-4(f)(1) <input type="checkbox"/> 19b-4(f)(4) <input type="checkbox"/> 19b-4(f)(2) <input type="checkbox"/> 19b-4(f)(5) <input type="checkbox"/> 19b-4(f)(3) <input checked="" type="checkbox"/> 19b-4(f)(6)		
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Notice of proposed change pursuant to the Payment, Clearing, and Settlement Act of 2010  
Section 806(e)(1) \*

Section 806(e)(2) \*

Security-Based Swap Submission pursuant to the Securities Exchange Act of 1934  
Section 3C(b)(2) \*

Exhibit 2 Sent As Paper Document

Exhibit 3 Sent As Paper Document

**Description**

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

A proposal to adopt a new FIX Drop Port at Options 3, Section 23(b)(3).

**Contact Information**

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

First Name \* Angela Last Name \* Dunn

Title \* Principal Associate General Counsel

E-mail \* Angela.Dunn@Nasdaq.com

Telephone \* (215) 496-5692 Fax

**Signature**

Pursuant to the requirements of the Securities Exchange of 1934, Nasdaq PHLX LLC has duly caused this filing to be signed on its behalf by the undersigned thereunto duly authorized.


Date 01/15/2025

(Title \*)

By John Zecca (Name \*)

EVP and Chief Legal Officer

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

 Date: 2025.01.15 10:22:03 -05'00'

Required fields are shown with yellow backgrounds and astericks.

SECURITIES AND EXCHANGE COMMISSION  
WASHINGTON, D.C. 20549

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

**Form 19b-4 Information \***

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SR-Phlx-2025-04 19b-4.docx

The self-regulatory organization must provide all required information, presented in a clear and comprehensible manner, to enable the public to provide meaningful comment on the proposal and for the Commission to determine whether the proposal is consistent with the Act and applicable rules and regulations under the Act.

**Exhibit 1 - Notice of Proposed Rule Change \***

Add Remove View

SR-Phlx-2025-04 Exhibit 1.docx

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 Advanced Notice by Clearing Agencies \***

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

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

Add Remove View

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 Sent As Paper Document

**Exhibit 3 - Form, Report, or Questionnaire**

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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 Sent As Paper Document

**Exhibit 4 - Marked Copies**

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

**Exhibit 5 - Proposed Rule Text**

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SR-Phlx-2025-04 Exhibit 5.docx

The self-regulatory organization may choose to attach as Exhibit 5 proposed changes to rule text in place of providing it in Item I and which may otherwise be more easily readable if provided separately from Form 19b-4. Exhibit 5 shall be considered part of the proposed rule change

**Partial Amendment**

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

1. Text of the Proposed Rule Change

(a) Nasdaq Phlx LLC (“Phlx” or “Exchange”), pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 (“Act”)<sup>1</sup> and Rule 19b-4 thereunder,<sup>2</sup> is filing with the Securities and Exchange Commission (“SEC” or “Commission”) a proposal to adopt a new FIX Drop Port at Options 3, Section 23(b)(3). The new FIX Drop Port is identical to FIX Drop Port on Nasdaq BX, Inc. (“BX”), The Nasdaq Options Market LLC (“NOM”), Nasdaq ISE, LLC (“ISE”), Nasdaq GEMX, LLC (“GEMX”) and Nasdaq MRX, LLC (“MRX”).<sup>3</sup>

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 (the “Board”). 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  
Principal Associate General Counsel  
Nasdaq, Inc.  
(215) 496-5692

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<sup>1</sup> 15 U.S.C. 78s(b)(1).

<sup>2</sup> 17 CFR 240.19b-4.

<sup>3</sup> See BX, NOM, ISE, GEMX and MRX Options 3, Section 23(b)(3).

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

a. Purpose

Phlx proposes to offer a new FIX Drop Port that is identical to the FIX Drop Port on BX, NOM, ISE, GEMX and MRX.<sup>4</sup>

FIX Drop is a real-time order and execution update message that is sent to a member after an order been received/modified or an execution has occurred and contains trade details specific to that member. The information includes, among other things, the following: (i) executions; (ii) cancellations; (iii) modifications to an existing order; and (iv) busts or post-trade corrections. The Exchange proposes to add this description within new Phlx Options 3, Section 23(b)(3).

FIX Drop is an optional port and an alternative to the Clearing Trade Interface or “CTI” which is a real-time clearing trade update message that is sent to a member after an execution has occurred and contains trade details specific to that member.<sup>5</sup> Today, Phlx members utilize CTI to obtain real-time execution update messages. The addition of FIX Drop would offer Phlx members an alternative to the CTI Port. Members can elect to obtain a FIX Drop Port, a CTI Port or both.

**Pricing**

Phlx proposes to amend its Pricing Schedule at Options 7, Section 9B, Port Fees,<sup>6</sup>

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<sup>4</sup> See BX, NOM, ISE, GEMX and MRX Options 3, Section 23(b)(3).

<sup>5</sup> The information includes, among other things, the following: (i) The Clearing Member Trade Agreement or “CMTA” or “OCC” number; (ii) Exchange badge or house number; (iii) the Exchange internal firm identifier; (iv) an indicator which will distinguish electronic and non-electronically delivered orders; (v) liquidity indicators and transaction type for billing purposes; and (vi) capacity. See Options 3, Section 23(b)(1).

<sup>6</sup> SR-Phlx-2024-71 eliminated the TradeInfo Fee. See Securities Exchange Act Release No. 101989 (December 30, 2024), 89 FR 106888 (December 30, 2024) (SR-Phlx-2024-71). SR-Phlx-2024-71

to adopt a FIX DROP Port Fee of \$500 per port, per month, per account number which fee is identical to ISE's FIX Drop Port Fee.<sup>7</sup>

### Implementation

The Exchange will implement this rule change on or before December 20, 2025.<sup>8</sup> The Exchange will announce the operative date to members and member organizations in an Options Trader Alert.

#### b. Statutory Basis

The Exchange believes that its proposal is consistent with Section 6(b) of the Act,<sup>9</sup> in general, and furthers the objectives of Section 6(b)(5) of the Act,<sup>10</sup> in particular, in that it is 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. Additionally, the Exchange believes that its proposal furthers the objectives of Sections 6(b)(4) and 6(b)(5) of the Act,<sup>11</sup> 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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is effective but not yet operative. SR-Phlx-2024-71 would be operative at the same time as this rule change as they are both part of the same technology migration.

<sup>7</sup> See ISE Options 7, Section 7C. ISE has a FIX Drop Port Fee of \$500 per port, per month, per account number.

<sup>8</sup> See <https://www.nasdaqtrader.com/MicroNews.aspx?id=OTA2024-17>. PHLX will migrate to the new platform on a symbol-by-symbol basis over 5 week period.

<sup>9</sup> 15 U.S.C. 78f(b).

<sup>10</sup> 15 U.S.C. 78f(b)(5).

<sup>11</sup> See 15 U.S.C. 78f(b)(4) and (5).

## **FIX Drop**

The Exchange's proposal to adopt a new FIX Drop Port is consistent with the Act because the FIX Drop Port, which is an optional product, would provide members with an alternative to CTI to obtain real-time execution update messages. Today, members obtain similar information from a CTI Port. Members can elect to obtain a FIX Drop Port, a CTI Port or both. The proposed new FIX Drop Port is identical to FIX Drop Ports on BX, NOM, ISE, GEMX and MRX.<sup>12</sup>

## **Pricing**

### Proposed Port Fees Are Reasonable, Equitable and Not Unfairly Discriminatory

The Exchange believes that its proposal furthers the objectives of Sections 6(b)(4) and 6(b)(5) of the Act,<sup>13</sup> 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. This belief is based on comparability, the proposed fees are comparable to those of similarly situated exchanges.

The proposed fee for Phlx's FIX Drop Port is identical to ISE's FIX Drop Port Fee, an identical protocol.<sup>14</sup> Additionally, the proposed fee for Phlx's FIX Drop Port is comparable to, and in some cases less than, similar ports of its closest competitors, BOX Exchange, LLC ("BOX"),<sup>15</sup> Miami International Securities Exchange, LLC ("MIAX");<sup>16</sup>

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<sup>12</sup> See BX, NOM, ISE, GEMX and MRX Options 3, Section 23(b)(3).

<sup>13</sup> See 15 U.S.C. 78f(b)(4) and (5).

<sup>14</sup> ISE assesses \$500 per port, per month, per account number. See Options 7, Section 7C.

<sup>15</sup> BOX assesses \$500 per port, per month for each month a participant is credentialed to use a Drop Copy Port. See BOX's Pricing Schedule.

<sup>16</sup> MIAX assesses a \$500 per month FIX Drop Copy Port fee. See MIAX's Fee Schedule.

NYSE Arca, Inc. (“Arca”);<sup>17</sup> NYSE American LLC (“Amex”);<sup>18</sup> and Cboe EDGX Exchange, Inc. (“EDGX”).<sup>19</sup>

Below is a chart comparing Phlx to ISE, an affiliated Nasdaq options exchange that has an identical FIX Drop Port.

<b>Exchange</b>	<b>Market Share</b>	<b>Proprietary Port</b>	<b>Cap</b>
Phlx	9.1%	\$500 per port, per month, per account number	no
ISE	6.2%	\$500 per port, per month, per account number	no

Below is a chart comparing Phlx to unaffiliated options exchanges with comparable ports.

<b>Exchange</b>	<b>Market Share</b>	<b>Proprietary Port</b>	<b>Cap</b>
Phlx	9.1%	\$500 per port, per month, per account number	no
BOX	6.2%	Drop Copy Port fee of \$500 per port, per month	BOX caps Drop Copy Port Fees at \$2,000 per month
MIAX	5.7%	FIX Drop Copy fee of \$500 per month	no
Arca	12.6%	Drop Copy Port fee of \$500 per port, per month	no
Amex	7.1%	Drop Copy Port fee of \$500 per port, per month	Amex caps port fees based on the total number of such ports for each member’s Migration Cap

<sup>17</sup> Arca assesses a \$500 per port per month Drop Copy Port fee. See NYSE Arca Options Fees and Charges.

<sup>18</sup> Amex assesses a \$500 per port per month Drop Copy Port fee. See NYSE American Options Fee Schedule.

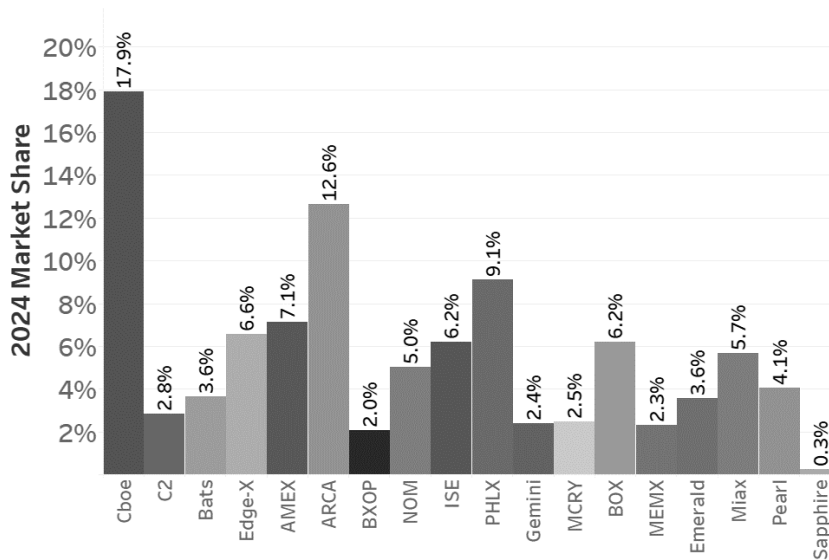
<sup>19</sup> EDGX assesses a drop logical port fee of \$750 per port, per month. See Cboe EDGX Options Fee Schedule.

EDGX	6.6%	BOE Drop Logical Port fee of \$750 per port, per month	no
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The Exchange’s analysis utilizes the below graph representing the market share<sup>20</sup> for each of the eighteen options markets based on total options contracts traded in 2024 through October 28, 2024.

### US Options Market Share

Data using total options contracts traded from start of 2024 - October 28, 2024



Source: OCC, Nasdaq Economic Research

#### ISE

ISE has a market share of 6.2%% which is comparable to Phlx’s market share of 9.1%. Phlx’s FIX Drop Port Fee is identical to ISE’s FIX Drop Port Fee in Options 7, Section 7C, namely \$500 per port, per month, per account number.

#### BOX

<sup>20</sup>

Market share is the percentage of volume on a particular exchange relative to the total volume across all exchanges, and indicates the amount of order flow directed to that exchange. High levels of market share enhance the value of trading and ports. Total contracts include both multi-list options and proprietary options products. Proprietary options products are products with intellectual property rights that are not multi-listed. Phlx lists proprietary products.



BOX has a market share of 6.2% which is comparable to Phlx's market share of 9.1%. BOX assesses \$500 per port, per month for each month a participant is credentialed to use a Drop Copy Port. BOX caps Drop Copy Port Fees at \$2,000 per month.<sup>21</sup> Phlx's FIX Drop Port Fee is comparable to BOX's Drop Copy Port fee, except that Phlx does not cap its FIX Drop Port Fee.

#### MIAX

MIAX has a market share of 5.7% which is comparable to Phlx's market share of 9.1%. MIAX assesses a \$500 per month FIX Drop Copy Port fee. MIAX's FIX Drop Copy Port ("FXD") is a messaging interface that will provide a copy of real-time trade execution, trade correction and trade cancellation information for simple and complex orders to FIX Drop Copy Port users who subscribe to the service.<sup>22</sup> Phlx's FIX Drop Port Fee is comparable to MIAX's FXD Port fee.

#### Arca

Arca has a market share of 12.6% which is comparable to Phlx's market share of 9.1%. Arca assesses a \$500 per port per month Drop Copy Port fee. This fee is assessed even if receiving drop copies from multiple order/quote entry ports and/or from NYSE Arca Equities.<sup>23</sup> Phlx's FIX Drop Port Fee is comparable to Arca's Drop Copy Port fee.

#### Amex

Amex has market share of 7.1% which is comparable to Phlx's market share of 9.1%. Amex assesses a \$500 per port per month Drop Copy Port fee. This fee is assessed even if receiving drop copies from multiple order/quote entry ports. Amex caps

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<sup>21</sup> See BOX's Pricing Schedule.

<sup>22</sup> See MIAX's Fee Schedule.

<sup>23</sup> See NYSE Arca Options Fees and Charges.

fees for Order/Quote Entry Ports, Quote Takedown Ports, and Drop Copy Ports (collectively, “Port Fees”) based on the total number of such ports an ATP Holder or ATP Firm is billed for in the month preceding the beginning of the Exchange’s migration to the Pillar platform (the “Migration Cap”).<sup>24</sup> Phlx’s FIX Drop Port Fee is comparable to Amex’s Drop Copy Port fee, except that Phlx does not cap its FIX Drop Port Fee.

#### EDGX

EDGX has market share of 6.6% which is comparable to Phlx’s market share of 9.1%. EDGX assesses \$750 per port, per month for its Binary Order Entry (“BOE”) Drop Logical Ports.<sup>25</sup> Phlx’s FIX Drop Port Fee is less than EDGX’s Drop Logical Port fee.

In summary, the proposed FIX Drop Port Fee is (i) identical to ISE; (ii) comparable, but less than EDGX; and (iii) comparable to BOX, MIAX, Amex and Arca.

The Proposal is equitable as the proposed fees would apply to all Phlx members in a uniform manner. Also, the proposed FIX Drop Port Fee would be assessed uniformly to each Phlx member that subscribes to a FIX Drop Port. The Proposal is not unfairly discriminatory. Phlx’s FIX Drop Port, an alternative to a CTI Port, would be available to all members on a non-discriminatory basis.

#### 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.

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<sup>24</sup> See NYSE American Options Fee Schedule.

<sup>25</sup> See Cboe EDGX Options Fee Schedule.

### **FIX Drop**

FIX Drop is a new optional product that offers members an alternative to CTI. Continuing to offer new products allows Phlx to remain competitive in the options space which currently has eighteen options markets and potential new entrants. The Exchange's proposal to offer FIX Drop does not impose an undue burden on intra-market competition as this optional product is an alternative to the CTI product. Members can elect to obtain a FIX Drop Port, a CTI Port or both. The proposed new FIX Drop Port is identical to FIX Drop Ports on BX, NOM, ISE, GEMX and MRX.<sup>26</sup> FIX Drop does not impose an undue burden on intermarket competition as other options exchanges offer a similar product such as BX, NOM, ISE, GEMX and MRX.

### **Pricing**

Nothing in the proposal burdens inter-market competition (the competition among self-regulatory organizations) because approval of the Proposal does not impose any burden on the ability of other options exchanges to compete. Phlx's FIX Drop Port Fee is comparable to, and in some cases less than, those of other exchanges, as discussed above.

Nothing in the Proposal burdens intra-market competition (the competition among consumers of exchange data) because Phlx's FIX Drop Port is available to any member at the same price on a non-discriminatory basis.

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.

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<sup>26</sup> See BX, NOM, ISE, GEMX and MRX Options 3, Section 23(b)(3).

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)<sup>27</sup> of the Act and Rule 19b-4(f)(6) thereunder<sup>28</sup> in that it effects a change that: (i) does not significantly affect the protection of investors or the public interest; (ii) does not impose any significant burden on competition; and (iii) by its terms, does not become operative for 30 days after the date of the filing, or such shorter time as the Commission may designate if consistent with the protection of investors and the public interest.

The Exchange's proposal does not significantly affect the protection of investors or the public interest as it provides Phlx members with another alternative to CTI. The Exchange's proposal does not impose any significant burden on competition as any Phlx member may obtain this optional port.

Furthermore, Rule 19b-4(f)(6)(iii)<sup>29</sup> 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

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<sup>27</sup> 15 U.S.C. 78s(b)(3)(A)(iii).

<sup>28</sup> 17 CFR 240.19b-4(f)(6).

<sup>29</sup> 17 CFR 240.19b-4(f)(6)(iii).

Commission that such action is necessary or appropriate in the public interest, for the protection of investors, or otherwise in furtherance of the purposes of the Act. If the Commission takes such action, the Commission shall institute proceedings to determine whether the proposed rule should be approved or disapproved.

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

Phlx's proposed FIX DROP Port Fee of \$500 per port, per month, per account number is identical to ISE's FIX Drop Port Fee at Options 7, Section 7C of \$500 per port, per month, per account number.

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

Not applicable.

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

Not applicable.

11. Exhibits

1. Notice of Proposed Rule Change for publication in the Federal Register.
5. Text of the proposed rule change.

**EXHIBIT 1**

SECURITIES AND EXCHANGE COMMISSION  
(Release No. \_\_\_\_\_ ; File No. SR-Phlx-2025-04)

January \_\_, 2025

Self-Regulatory Organizations; Nasdaq PHLX LLC; Notice of Filing and Immediate Effectiveness of Proposed Rule Change to Adopt a FIX Drop Port

Pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 (“Act”),<sup>1</sup> and Rule 19b-4 thereunder,<sup>2</sup> notice is hereby given that on January 15, 2025, 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 adopt a new FIX Drop Port at Options 3, Section 23(b)(3). The new FIX Drop Port is identical to FIX Drop Port on Nasdaq BX, Inc. (“BX”), The Nasdaq Options Market LLC (“NOM”), Nasdaq ISE, LLC (“ISE”), Nasdaq GEMX, LLC (“GEMX”) and Nasdaq MRX, LLC (“MRX”).<sup>3</sup>

The text of the proposed rule change is available on the Exchange’s Website at <https://listingcenter.nasdaq.com/rulebook/phlx/rulefilings>, at the principal office of the Exchange, and at the Commission’s Public Reference Room.

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<sup>1</sup> 15 U.S.C. 78s(b)(1).

<sup>2</sup> 17 CFR 240.19b-4.

<sup>3</sup> See BX, NOM, ISE, GEMX and MRX Options 3, Section 23(b)(3).

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

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

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

1. Purpose

Phlx proposes to offer a new FIX Drop Port that is identical to the FIX Drop Port on BX, NOM, ISE, GEMX and MRX.<sup>4</sup>

FIX Drop is a real-time order and execution update message that is sent to a member after an order been received/modified or an execution has occurred and contains trade details specific to that member. The information includes, among other things, the following: (i) executions; (ii) cancellations; (iii) modifications to an existing order; and (iv) busts or post-trade corrections. The Exchange proposes to add this description within new Phlx Options 3, Section 23(b)(3).

FIX Drop is an optional port and an alternative to the Clearing Trade Interface or “CTI” which is a real-time clearing trade update message that is sent to a member after an execution has occurred and contains trade details specific to that member.<sup>5</sup> Today, Phlx

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<sup>4</sup> See BX, NOM, ISE, GEMX and MRX Options 3, Section 23(b)(3).

<sup>5</sup> The information includes, among other things, the following: (i) The Clearing Member Trade Agreement or “CMTA” or “OCC” number; (ii) Exchange badge or house number; (iii) the Exchange internal firm identifier; (iv) an indicator which will distinguish electronic and non-electronically delivered orders; (v) liquidity indicators and transaction type for billing purposes; and (vi) capacity. See Options 3, Section 23(b)(1).

members utilize CTI to obtain real-time execution update messages. The addition of FIX Drop would offer Phlx members an alternative to the CTI Port. Members can elect to obtain a FIX Drop Port, a CTI Port or both.

### **Pricing**

Phlx proposes to amend its Pricing Schedule at Options 7, Section 9B, Port Fees,<sup>6</sup> to adopt a FIX DROP Port Fee of \$500 per port, per month, per account number which fee is identical to ISE's FIX Drop Port Fee.<sup>7</sup>

### Implementation

The Exchange will implement this rule change on or before December 20, 2025.<sup>8</sup> The Exchange will announce the operative date to members and member organizations in an Options Trader Alert.

### 2. Statutory Basis

The Exchange believes that its proposal is consistent with Section 6(b) of the Act,<sup>9</sup> in general, and furthers the objectives of Section 6(b)(5) of the Act,<sup>10</sup> in particular, in that it is 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. Additionally,

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<sup>6</sup> SR-Phlx-2024-71 eliminated the TradeInfo Fee. See Securities Exchange Act Release No. 101989 (December 30, 2024), 89 FR 106888 (December 30, 2024) (SR-Phlx-2024-71). SR-Phlx-2024-71 is effective but not yet operative. SR-Phlx-2024-71 would be operative at the same time as this rule change as they are both part of the same technology migration.

<sup>7</sup> See ISE Options 7, Section 7C. ISE has a FIX Drop Port Fee of \$500 per port, per month, per account number.

<sup>8</sup> See <https://www.nasdaqtrader.com/MicroNews.aspx?id=OTA2024-17>. PHLX will migrate to the new platform on a symbol-by-symbol basis over 5 week period.

<sup>9</sup> 15 U.S.C. 78f(b).

<sup>10</sup> 15 U.S.C. 78f(b)(5).



the Exchange believes that its proposal furthers the objectives of Sections 6(b)(4) and 6(b)(5) of the Act,<sup>11</sup> 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.

### **FIX Drop**

The Exchange's proposal to adopt a new FIX Drop Port is consistent with the Act because the FIX Drop Port, which is an optional product, would provide members with an alternative to CTI to obtain real-time execution update messages. Today, members obtain similar information from a CTI Port. Members can elect to obtain a FIX Drop Port, a CTI Port or both. The proposed new FIX Drop Port is identical to FIX Drop Ports on BX, NOM, ISE, GEMX and MRX.<sup>12</sup>

### **Pricing**

#### Proposed Port Fees Are Reasonable, Equitable and Not Unfairly Discriminatory

The Exchange believes that its proposal furthers the objectives of Sections 6(b)(4) and 6(b)(5) of the Act,<sup>13</sup> 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. This belief is based on comparability, the proposed fees are comparable to those of similarly situated exchanges.

The proposed fee for Phlx's FIX Drop Port is identical to ISE's FIX Drop Port

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<sup>11</sup> See 15 U.S.C. 78f(b)(4) and (5).

<sup>12</sup> See BX, NOM, ISE, GEMX and MRX Options 3, Section 23(b)(3).

<sup>13</sup> See 15 U.S.C. 78f(b)(4) and (5).

Fee, an identical protocol.<sup>14</sup> Additionally, the proposed fee for Phlx’s FIX Drop Port is comparable to, and in some cases less than, similar ports of its closest competitors, BOX Exchange, LLC (“BOX”),<sup>15</sup> Miami International Securities Exchange, LLC (“MIAX”);<sup>16</sup> NYSE Arca, Inc. (“Arca”);<sup>17</sup> NYSE American LLC (“Amex”);<sup>18</sup> and Cboe EDGX Exchange, Inc. (“EDGX”).<sup>19</sup>

Below is a chart comparing Phlx to ISE, an affiliated Nasdaq options exchange that has an identical FIX Drop Port.

<b>Exchange</b>	<b>Market Share</b>	<b>Proprietary Port</b>	<b>Cap</b>
Phlx	9.1%	\$500 per port, per month, per account number	no
ISE	6.2%	\$500 per port, per month, per account number	no

Below is a chart comparing Phlx to unaffiliated options exchanges with comparable ports.

<b>Exchange</b>	<b>Market Share</b>	<b>Proprietary Port</b>	<b>Cap</b>
Phlx	9.1%	\$500 per port, per month, per account number	no

<sup>14</sup> ISE assesses \$500 per port, per month, per account number. See Options 7, Section 7C.

<sup>15</sup> BOX assesses \$500 per port, per month for each month a participant is credentialed to use a Drop Copy Port. See BOX’s Pricing Schedule.

<sup>16</sup> MIAX assesses a \$500 per month FIX Drop Copy Port fee. See MIAX’s Fee Schedule.

<sup>17</sup> Arca assesses a \$500 per port per month Drop Copy Port fee. See NYSE Arca Options Fees and Charges.

<sup>18</sup> Amex assesses a \$500 per port per month Drop Copy Port fee. See NYSE American Options Fee Schedule.

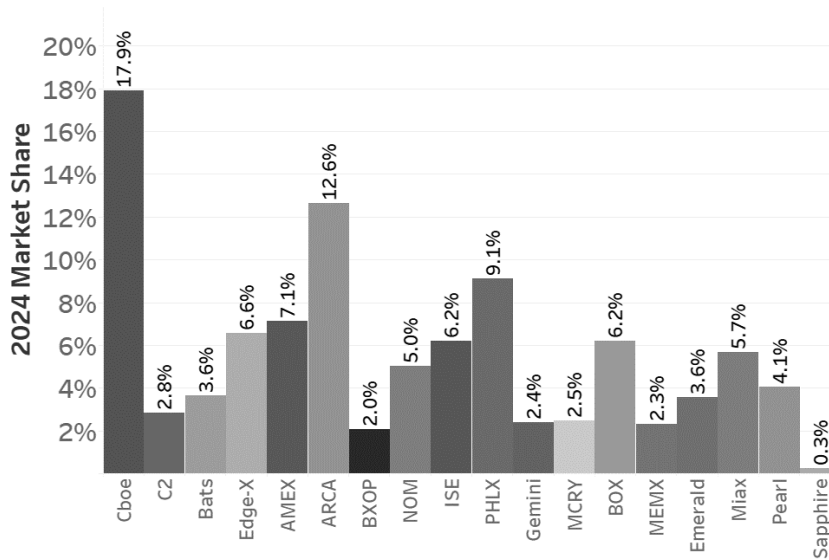
<sup>19</sup> EDGX assesses a drop logical port fee of \$750 per port, per month. See Cboe EDGX Options Fee Schedule.

BOX	6.2%	Drop Copy Port fee of \$500 per port, per month	BOX caps Drop Copy Port Fees at \$2,000 per month
MIAX	5.7%	FIX Drop Copy fee of \$500 per month	no
Arca	12.6%	Drop Copy Port fee of \$500 per port, per month	no
Amex	7.1%	Drop Copy Port fee of \$500 per port, per month	Amex caps port fees based on the total number of such ports for each member's Migration Cap
EDGX	6.6%	BOE Drop Logical Port fee of \$750 per port, per month	no

The Exchange’s analysis utilizes the below graph representing the market share<sup>20</sup> for each of the eighteen options markets based on total options contracts traded in 2024 through October 28, 2024.

### US Options Market Share

Data using total options contracts traded from start of 2024 - October 28, 2024



Source: OCC, Nasdaq Economic Research

<sup>20</sup>

Market share is the percentage of volume on a particular exchange relative to the total volume across all exchanges, and indicates the amount of order flow directed to that exchange. High levels of market share enhance the value of trading and ports. Total contracts include both multi-list options and proprietary options products. Proprietary options products are products with intellectual property rights that are not multi-listed. Phlx lists proprietary products.

ISE

ISE has a market share of 6.2%% which is comparable to Phlx's market share of 9.1%. Phlx's FIX Drop Port Fee is identical to ISE's FIX Drop Port Fee in Options 7, Section 7C, namely \$500 per port, per month, per account number.

BOX

BOX has a market share of 6.2% which is comparable to Phlx's market share of 9.1%. BOX assesses \$500 per port, per month for each month a participant is credentialed to use a Drop Copy Port. BOX caps Drop Copy Port Fees at \$2,000 per month.<sup>21</sup> Phlx's FIX Drop Port Fee is comparable to BOX's Drop Copy Port fee, except that Phlx does not cap its FIX Drop Port Fee.

MIAX

MIAX has a market share of 5.7% which is comparable to Phlx's market share of 9.1%. MIAX assesses a \$500 per month FIX Drop Copy Port fee. MIAX's FIX Drop Copy Port ("FXD") is a messaging interface that will provide a copy of real-time trade execution, trade correction and trade cancellation information for simple and complex orders to FIX Drop Copy Port users who subscribe to the service.<sup>22</sup> Phlx's FIX Drop Port Fee is comparable to MIAX's FXD Port fee.

Arca

Arca has a market share of 12.6% which is comparable to Phlx's market share of 9.1%. Arca assesses a \$500 per port per month Drop Copy Port fee. This fee is assessed

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<sup>21</sup> See BOX's Pricing Schedule.

<sup>22</sup> See MIAX's Fee Schedule.

even if receiving drop copies from multiple order/quote entry ports and/or from NYSE Arca Equities.<sup>23</sup> Phlx's FIX Drop Port Fee is comparable to Arca's Drop Copy Port fee.

#### Amex

Amex has market share of 7.1% which is comparable to Phlx's market share of 9.1%. Amex assesses a \$500 per port per month Drop Copy Port fee. This fee is assessed even if receiving drop copies from multiple order/quote entry ports. Amex caps fees for Order/Quote Entry Ports, Quote Takedown Ports, and Drop Copy Ports (collectively, "Port Fees") based on the total number of such ports an ATP Holder or ATP Firm is billed for in the month preceding the beginning of the Exchange's migration to the Pillar platform (the "Migration Cap").<sup>24</sup> Phlx's FIX Drop Port Fee is comparable to Amex's Drop Copy Port fee, except that Phlx does not cap its FIX Drop Port Fee.

#### EDGX

EDGX has market share of 6.6% which is comparable to Phlx's market share of 9.1%. EDGX assesses \$750 per port, per month for its Binary Order Entry ("BOE") Drop Logical Ports.<sup>25</sup> Phlx's FIX Drop Port Fee is less than EDGX's Drop Logical Port fee.

In summary, the proposed FIX Drop Port Fee is (i) identical to ISE; (ii) comparable, but less than EDGX; and (iii) comparable to BOX, MIAX, Amex and Arca.

The Proposal is equitable as the proposed fees would apply to all Phlx members in a uniform manner. Also, the proposed FIX Drop Port Fee would be assessed uniformly

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<sup>23</sup> See NYSE Arca Options Fees and Charges.

<sup>24</sup> See NYSE American Options Fee Schedule.

<sup>25</sup> See Cboe EDGX Options Fee Schedule.

to each Phlx member that subscribes to a FIX Drop Port. The Proposal is not unfairly discriminatory. Phlx's FIX Drop Port, an alternative to a CTI Port, would be available to all members on a non-discriminatory basis.

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.

**FIX Drop**

FIX Drop is a new optional product that offers members an alternative to CTI. Continuing to offer new products allows Phlx to remain competitive in the options space which currently has eighteen options markets and potential new entrants. The Exchange's proposal to offer FIX Drop does not impose an undue burden on intra-market competition as this optional product is an alternative to the CTI product. Members can elect to obtain a FIX Drop Port, a CTI Port or both. The proposed new FIX Drop Port is identical to FIX Drop Ports on BX, NOM, ISE, GEMX and MRX.<sup>26</sup> FIX Drop does not impose an undue burden on intermarket competition as other options exchanges offer a similar product such as BX, NOM, ISE, GEMX and MRX.

**Pricing**

Nothing in the proposal burdens inter-market competition (the competition among self-regulatory organizations) because approval of the Proposal does not impose any burden on the ability of other options exchanges to compete. Phlx's FIX Drop Port Fee is comparable to, and in some cases less than, those of other exchanges, as discussed above.

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<sup>26</sup> See BX, NOM, ISE, GEMX and MRX Options 3, Section 23(b)(3).

Nothing in the Proposal burdens intra-market competition (the competition among consumers of exchange data) because Phlx's FIX Drop Port is available to any member at the same price on a non-discriminatory basis.

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<sup>27</sup> and subparagraph (f)(6) of Rule 19b-4 thereunder.<sup>28</sup>

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

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<sup>27</sup> 15 U.S.C. 78s(b)(3)(A)(iii).

<sup>28</sup> 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 (<https://www.sec.gov/rules/sro.shtml>); or
- Send an email to [rule-comments@sec.gov](mailto:rule-comments@sec.gov). Please include file number SR-Phlx-2025-04 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-2025-04. This file number should be included on the subject line if email 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 website (<https://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 a.m. and 3



p.m. Copies of the filing also will be available for inspection and copying at the principal office of the Exchange. Do not include personal identifiable information in submissions; you should submit only information that you wish to make available publicly. We may redact in part or withhold entirely from publication submitted material that is obscene or subject to copyright protection. All submissions should refer to file number SR-Phlx-2025-04 and should be submitted on or before [INSERT DATE 21 DAYS AFTER DATE OF PUBLICATION IN THE *FEDERAL REGISTER*].

For the Commission, by the Division of Trading and Markets, pursuant to delegated authority.<sup>29</sup>

**Sherry R. Haywood,**

*Assistant Secretary.*

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<sup>29</sup> 17 CFR 200.30-3(a)(12).

**EXHIBIT 5**

*New text is underlined; deleted text is in brackets.*

**Nasdaq PHLX LLC Rules**

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**Options Rules**

\* \* \* \* \*

**Options 3 Options Trading Rules**

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**Section 23. Data Feeds and Trade Information**

\* \* \* \* \*

(b) The following order and execution information is available to members:

\* \* \* \* \*

(3) **FIX DROP** is a real-time order and execution update message that is sent to a member after an order has been received/modified or an execution has occurred and contains trade details specific to that member. The information includes, among other things, the following: (i) executions; (ii) cancellations; (iii) modifications to an existing order; and (iv) busts or post-trade corrections.

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**Options 7 Pricing Schedule**

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**Section 9. Other Member Fees**

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**B. Port Fees**

A port is a logical connection or session that enables a market participant to send inbound messages and/or receive outbound messages from the Exchange using various communication protocols. Port Fees are prorated for the first month of service under this section. Upon cancellation, market participants are required to pay for service for the remainder of the month, regardless of whether it is the first month of service.

\* \* \* \* \*

(ii) The following order and execution information is available to members:

**(1) CTI Port Fee**

\$650 per port per month for each of the first 5 CTI ports, and \$100 per port per month for each port thereafter.

**(2) FIX DROP Port Fee**

\$500 per port, per month, per account number

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