Required fields are shown with yellow backgrounds and asterisks.

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

File No. * SR 2025 - * 09
Amendment No. (req. for Amendments *)

Filing by Nasdaq PHLX LLC

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

Initial *	Amendment *	Withdrawal	Section 19(b)(2) *	Section 19(b)(3)(A) *	Section 19(b)(3)(B) *
✓	☐	☐	☐	✓	☐

Pilot ☐

Extension of Time Period for Commission Action * ☐

Date Expires *

Rule

☐ 19b-4(f)(1)	☐ 19b-4(f)(4)
✔ 19b-4(f)(2)	☐ 19b-4(f)(5)
☐ 19b-4(f)(3)	☐ 19b-4(f)(6)

Notice of proposed change pursuant to the Payment, Clearing, and Settlement Act of 2010

Section 806(e)(1) * ☐

Section 806(e)(2) * ☐

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

Exhibit 2 Sent As Paper Document ☐

Exhibit 3 Sent As Paper Document ☐

Description

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

A proposal to amend Phlx's Pricing Schedule at Options 7, Section 3, Rebates and Fees for Adding and Removing Liquidity in SPY, to pay a rebate to Customers and assess a fee to Non-Customers for executions against an order for which the Exchange broadcasts an order exposure alert in SPY.

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 02/10/2025

By John A. Zecca (Name *)

(Title *) 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: 2025.02.10 09:18:55 -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 * Add Remove View SR-Phlx-2025-09 19b4.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-2025-09 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 * Add Remove View	The Notice section of this Form 19b-4 must comply with the guidelines for publication in the Federal Register as well as any requirements for electronic filing as published by the Commission (if applicable). The Office of the Federal Register (OFR) offers guidance on Federal Register publication requirements in the Federal Register Document Drafting Handbook, October 1998 Revision. For example, all references to the federal securities laws must include the corresponding cite to the United States Code in a footnote. All references to SEC rules must include the corresponding cite to the Code of Federal Regulations in a footnote. All references to Securities Exchange Act Releases must include the release number, release date, Federal Register cite, Federal Register date, and corresponding file number (e.g., SR-[SRO]-xx-xx). A material failure to comply with these guidelines will result in the proposed rule change being deemed not properly filed. See also Rule 0-3 under the Act (17 CFR 240.0-3)
Exhibit 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 Add Remove View	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 Add Remove View	The full text shall be marked, in any convenient manner, to indicate additions to and deletions from the immediately preceding filing. The purpose of Exhibit 4 is to permit the staff to identify immediately the changes made from the text of the rule with which it has been working.
Exhibit 5 - Proposed Rule Text Add Remove View SR-Phlx-2025-09 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 Add Remove View	If the self-regulatory organization is amending only part of the text of a lengthy proposed rule change, it may, with the Commission's permission, file only those portions of the text of the proposed rule change in which changes are being made if the filing (i.e. partial amendment) is clearly understandable on its face. Such partial amendment shall be clearly identified and marked to show deletions and additions.

1. Text of the Proposed Rule Change

(a) Nasdaq 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 Phlx's Pricing Schedule at Options 7, Section 3, Rebates and Fees for Adding and Removing Liquidity in SPY, to pay a rebate to Customers and assess a fee to Non-Customers for executions against an order for which the Exchange broadcasts an order exposure alert in SPY. The Exchange also proposes to assess a stock handling fee for the stock leg of stock-option orders executed against other stock-option orders in the Complex Order Book in SPY. The Exchange proposes to amend Options 7, Section 4, Multiply Listed Options Fees (Includes options overlying equities, ETFs, ETNs and indexes which are Multiply Listed) (Excludes SPY and broad-based index options symbols listed within Options 7, Section 5.A), to assess a stock handling fee for the stock leg of stock-option orders executed against other stock-option orders in the Complex Order Book in multiply-listed options. The Exchange also proposes to increase a surcharge assessed to electronic Complex Orders that remove liquidity from the Complex Order Book and auctions, excluding PIXL, in Penny Symbols (excluding SPY).[3]

A notice of the proposed rule change for publication in the Federal Register is attached hereto as Exhibit 1 and a copy of the applicable portion of the Pricing Schedule is attached hereto as Exhibit 5.

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

2 17 CFR 240.19b-4.

3 On January 31, 2025 the Exchange filed SR-Phlx-2025-07. On February 10, 2025 the Exchange withdrew SR-Phlx-2025-07 and replaced it with this rule change.

(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

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

a. Purpose

Phlx proposes to amend its Pricing Schedule at Options 7, Section 3, Rebates and Fees for Adding and Removing Liquidity in SPY, and Options 7, Section 4, Multiply Listed Options Fees (Includes options overlying equities, ETFs, ETNs and indexes which are Multiply Listed) (Excludes SPY and broad-based index options symbols listed within Options 7, Section 5.A). The Exchange proposes various pricing changes. Each pricing change is described below.

Order Exposure

Today, the Exchange assesses Customers[4] no fee for executions against an order

[4] The term "Customer" applies to any transaction that is identified by a member or member organization for clearing in the Customer range at The Options Clearing Corporation ("OCC") which is not for the account of a broker or dealer or for the account of a "Professional" (as that term is defined in Options 1, Section 1(b)(45)). See Options 7, Section 1(c).

for which the Exchange broadcasts an order exposure alert in SPY.[5] Additionally, today all other market participants, or Non-Customers, are assessed $0.15 per contract for executions against an order for which the Exchange broadcasts an order exposure alert in SPY.[6] Pursuant to Options 7, Section 1(c), the term "Non-Customer" applies to transactions for the accounts of Lead Market Makers,[7] Market Makers,[8] Firms,[9] Professionals,[10] Broker-Dealers[11] and JBOs.[12] Phlx Options 5, Section 4(a) states that "exposure" or "exposing" an order means a notification is sent to participants with the price, size, and side of interest that is available for execution. The Exchange broadcasts orders on Phlx's order book by issuing order exposure alerts to all Phlx market participants that subscribe to certain data feeds. The order exposure functionality alerts Phlx members

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5 See Phlx Options 7, Section 3, Part B.

6 Id.

7 The term "Lead Market Maker" applies to transactions for the account of a Lead Market Maker (as defined in Options 2, Section 12(a)). A Lead Market Maker is an Exchange member who is registered as an options Lead Market Maker pursuant to Options 2, Section 12(a). An options Lead Market Maker includes a Remote Lead Market Maker which is defined as an options Lead Market Maker in one or more classes that does not have a physical presence on an Exchange floor and is approved by the Exchange pursuant to Options 2, Section 11. See Options 7, Section 1(c).

8 The term "Market Maker" is defined in Options 1, Section 1(b)(28) as a member of the Exchange who is registered as an options Market Maker pursuant to Options 2, Section 12(a). A Market Maker includes SQTs and RSQTs as well as Floor Market Makers. See Options 7, Section 1(c).

9 The term "Firm" applies to any transaction that is identified by a member or member organization for clearing in the Firm range at OCC. See Options 7, Section 1(c).

10 The term "Professional" applies to transactions for the accounts of Professionals, as defined in Options 1, Section 1(b)(45) means any person or entity that (i) is not a broker or dealer in securities, and (ii) places more than 390 orders in listed options per day on average during a calendar month for its own beneficial account(s). See Options 7, Section 1(c).

11 The term "Broker-Dealer" applies to any transaction which is not subject to any of the other transaction fees applicable within a particular category. See Options 7, Section 1(c).

12 The term "Joint Back Office" or "JBO" applies to any transaction that is identified by a member or member organization for clearing in the Firm range at OCC and is identified with an origin code as a JBO. A JBO will be priced the same as a Broker-Dealer. A JBO participant is a member, member organization or non-member organization that maintains a JBO arrangement with a clearing broker-dealer ("JBO Broker") subject to the requirements of Regulation T Section 220.7 of the Federal Reserve System as further discussed at Options 6D, Section 1. See Options 7, Section 1(c).

and member organizations that a marketable order that was entered on Phlx is available for execution, thereby providing an additional opportunity for execution on the Exchange when Phlx is not part of the national best bid or offer ("NBBO") contra to the order and the order locks or crosses the away best bid or offer ("ABBO").

At this time, the Exchange proposes to amend the rule text at Phlx Options 7, Section 3, Part B to commence paying a rebate to Customers of $0.45 per contract for executions against an order for which the Exchange broadcasts an order exposure alert in SPY. The Exchange also proposes to increase the current $0.15 per contract fee assessed to Non-Customers to $0.50 per contract for executions against an order for which the Exchange broadcasts an order exposure alert in SPY. Finally, the Exchange proposes to replace the words "all other market participants" with the defined term "Non-Customer."

The Exchange believes that offering Customers a rebate of $0.45 per contract to execute a SPY order on Phlx, rather than having the order route to an away market, will incentivize a greater number of SPY executions on Phlx. Further, increasing the Non-Customer fee to $0.50 per contract will allow Phlx to offer this rebate to Customers for all executions in SPY for which the Exchange broadcasts an order exposure alert. Of note, orders are subject to the routing fees noted in Options 7, Section 7 when routed to an away market. Further, any order submitted on Phlx may be marked Do-Not-Route as provided in Options 5, Section 4.

Stock Handling

The Exchange proposes to introduce a stock handling fee on Phlx for stock-option orders[13] executed against other stock-option orders in the Complex Order Book in all

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13 A Complex Order can also be a stock-option order, which is an order to buy or sell a stated number of units of an underlying security (stock or Exchange Traded Fund Share ("ETF"))

multiply-listed options, including SPY. Today, when a Phlx member or member organization enters a stock-option order, the Exchange electronically communicates the stock leg of the order to one or more broker-dealers for execution pursuant to Options 3, Section 14. Currently, the Exchange provides this stock routing functionality as a free service to members and member organizations, and simply passes-through fees charged by the broker-dealer.[14]

At this time, the Exchange proposes to amend the rule text at Phlx Options 7, Section 3, Part B (applicable to SPY) to introduce a stock handling fee of $0.0010 per share for the stock leg of stock-option orders executed against other stock-option orders in the Complex Order Book. This amount will include any fees charged by the stock venue that prints the trade, and an amount intended to compensate the Exchange for matching these stock-option orders against other stock-option orders on the Complex Order Book. Further, a maximum of $50 per trade will be assessed under this fee in order to ensure that market participants do not pay extremely large fees for the execution of the stock legs of stock-option orders. The Exchange will continue to bill pass-through fees for the stock leg of stock-option orders that trade against liquidity on the stock venue, instead of being matched

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coupled with the purchase or sale of options contract(s). The underlying security must be the deliverable for the options component of that Complex Order and represent exactly 100 shares per option for regular way delivery. Stock-option orders can only be executed against other stock-option orders and cannot be executed by the System against orders for the individual components. Member organizations may only submit Complex Orders with a stock/ETF component if such orders comply with the Qualified Contingent Trade Exemption from Rule 611(a) of Regulation NMS. Member organizations submitting such Complex Orders with a stock/ETF component represent that such orders comply with the Qualified Contingent Trade Exemption. Members of FINRA or The Nasdaq Stock Market ("Nasdaq") are required to have a Uniform Service Bureau/Executing Broker Agreement ("AGU") with Nasdaq Execution Services, LLC ("NES") in order to trade Complex Orders containing a stock/ETF component; firms that are not members of FINRA or Nasdaq are required to have a Qualified Special Representative ("QSR") arrangement with NES in order to trade Complex Orders containing a stock/ETF component. See Options 3, Section 14(a)(i).

14 The Exchange charges for execution of the options leg(s) of stock-option orders.

in the Complex Order Book. While the Exchange will begin assessing a stock handling fee, the Exchange believes that members and member organizations that utilize this service offered by Phlx will continue to send stock-option orders into Phlx for the opportunity to execute against other stock-option orders in the Complex Order Book with the additional stock routing functionality offered by the Exchange.

As noted above, in addition to SPY, the stock handling fee would apply to all other multiply-listed options symbols. To that end, the Exchange also proposes to amend the rule text at note 1 of Options 7, Section 4, which is currently reserved. Note 1 would apply to multiply-listed Options Transactions Charges in Penny and Non-Penny Symbols, excluding SPY, and would provide, the identical text that was proposed in Options 7, Section 3, Part B. The text would state, "The Exchange will assess a stock handling fee of $0.0010 per share (capped at $50 per trade) for the stock leg of stock-option orders executed against other stock-option orders in the Complex Order Book."

The Exchange notes that its proposed stock handling fee is competitive with other options exchanges.[15]

Complex Orders

The Exchange proposes to amend a surcharge in note 6 of Options 7, Section 4 that is applicable to all multiply-listed options, except SPY, that are electronically-delivered Complex Orders. Today, note 6 of Options 7, Section 4 provides,

> A $0.03 per contract surcharge will be assessed to electronic Complex Orders that remove liquidity from the Complex Order Book and auctions, excluding PIXL,[16] in Penny Symbols (excluding SPY). An order that is

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15 Nasdaq ISE, LLC ("ISE") assesses a stock handling fee of $0.0010 per share (capped at $50 per trade) for the stock leg of stock-option orders executed against other stock-option orders in the complex order book. See note 12 of Options 7, Section 4.

16 The Price Improvement XL Mechanism or PIXL is as described in Options 3, Section 13.

> received by the trading system first in time shall be considered an order adding liquidity and an order that trades against that order shall be considered an order removing liquidity.[17]

Today, Customers are not assessed any Options Transactions Charges for electronic Complex Orders in Penny Symbols. Professionals, Broker-Dealers and Firms are assessed Options Transactions Charges of $0.48 per contract for electronic Complex Orders in Penny Symbols. Finally, Lead Market Makers and Market Makers are assessed Options Transactions Charges of $0.22 per contract for electronic Complex Orders in Penny Symbols.

At this time, the Exchange proposes to increase the surcharge in note 6 of Options 7, Section 4 from $0.03 to $0.12 per contract. Notwithstanding the increase to the surcharge, the Exchange believes that its electronic Complex Order fees to remove liquidity from the Complex Order Book in Penny Symbols will remain competitive with other options exchanges.[18]

b. Statutory Basis

The Exchange believes that its proposal is consistent with Section 6(b) of the Act,[19] in general, and furthers the objectives of Sections 6(b)(4) and 6(b)(5) of the Act,[20]

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[17] Today, note 7 of Options 7, Section 4 describes a $0.12 per contract surcharge that is assessed to non-Customer electronic Complex Orders that remove liquidity from the Complex Order Book and auctions, excluding PIXL, in Non-Penny Symbols (excluding broad-based index options symbols listed within Options 7, Section 5.A).

[18] ISE assesses electronic Penny Symbols Complex Order Taker Fees of $0.50 per contract for non-Priority Customers. Priority Customers pay no fees. ISE assesses a $0.12 per contract surcharge to Non-Priority Customer Complex Orders that take liquidity from the Complex Order Book (including Exposure Complex Orders and Exposure Only Complex Orders pursuant to Options 3, Section 14(b)(13) and (14)) when executed against Priority Customer Complex Orders, excluding Complex Orders executed in the Facilitation Mechanism, Solicited Order Mechanism, and Price Improvement Mechanism pursuant to note 8 of Options 7, Section 4. See ISE Options 7, Section 4.

[19] 15 U.S.C. 78f(b).

[20] 15 U.S.C. 78f(b)(4) and (5).

in particular, in that it provides for the equitable allocation of reasonable dues, fees and other charges among members and issuers and other persons using any facility, and is not designed to permit unfair discrimination between customers, issuers, brokers, or dealers.

The Commission and the courts have repeatedly expressed their preference for competition over regulatory intervention in determining prices, products, and services in the securities markets. In Regulation NMS, while adopting a series of steps to improve the current market model, the Commission highlighted the importance of market forces in determining prices and SRO revenues and, also, recognized that current regulation of the market system "has been remarkably successful in promoting market competition in its broader forms that are most important to investors and listed companies."[21]

Likewise, in NetCoalition v. Securities and Exchange Commission[22] ("NetCoalition") the D.C. Circuit upheld the Commission's use of a market-based approach in evaluating the fairness of market data fees against a challenge claiming that Congress mandated a cost-based approach.[23] As the court emphasized, the Commission "intended in Regulation NMS that 'market forces, rather than regulatory requirements' play a role in determining the market data . . . to be made available to investors and at what cost."[24]

Further, "[n]o one disputes that competition for order flow is 'fierce.' … As the SEC explained, '[i]n the U.S. national market system, buyers and sellers of securities, and the broker-dealers that act as their order-routing agents, have a wide range of choices of

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21 Securities Exchange Act Release No. 51808 (June 9, 2005), 70 FR 37496, 37499 (June 29, 2005) ("Regulation NMS Adopting Release").

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

23 See NetCoalition, at 534 - 535.

24 Id. at 537.

where to route orders for execution'; [and] 'no exchange can afford to take its market share percentages for granted' because 'no exchange possesses a monopoly, regulatory or otherwise, in the execution of order flow from broker dealers'…."[25] Although the court and the SEC were discussing the cash equities markets, the Exchange believes that these views apply with equal force to the options markets.

Order Exposure

The Exchange's proposal to commence paying a $0.45 per contract Customer rebate for executions in SPY against an order for which the Exchange broadcasts an order exposure alert is reasonable as it will incentivize a greater number of SPY executions on Phlx, rather than the order routing to an away market. The Exchange's proposal to increase the current $0.15 per contract fee assessed to Non-Customers to $0.50 per contract for executions against an order for which the Exchange broadcasts an order exposure alert in SPY is reasonable because it will allow Phlx to offer the proposed Customer rebates for all executions in SPY for which the Exchange broadcasts an order exposure alert. Of note, orders are subject to the routing fees noted in Options 7, Section 7 when routed to an away market. Further, any order submitted on Phlx may be marked Do-Not-Route as provided in Options 5, Section 4.

The Exchange's proposal to commence paying a $0.45 per contract Customer rebate for executions in SPY against an order for which the Exchange broadcasts an order exposure alert is equitable and not unfairly discriminatory as the Exchange will uniformly pay the rebate to all Customers for executions in SPY against an order for which the

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

Exchange broadcasts an order exposure alert. The Exchange's proposal to increase the current $0.15 per contract fee assessed to Non-Customers to $0.50 per contract for executions against an order for which the Exchange broadcasts an order exposure alert in SPY is equitable and not unfairly discriminatory as it will uniformly assess this fee to all Non-Customers for executions against an order for which the Exchange broadcasts an order exposure alert in SPY. Paying Customers a $0.45 per contract rebate while assessing Non-Customers a $0.50 per contract fee is equitable and not unfairly discriminatory because Customer order flow is unique. Customer liquidity benefits all market participants by providing more trading opportunities which attracts Lead Marker Makers and Market Makers. Attracting more order flow from Customers will benefit all market participants that trade on the Phlx because an increase in the activity of these market participants (particularly in response to pricing) may cause an additional corresponding increase in order flow from other market participants. In order to execute against a Customer SPY order for which the Exchange has broadcast an order exposure alert, a Phlx member would need to enter interest that would satisfy the away market's NBBO.

Stock Handling

The Exchange's proposal to introduce a stock handling fee on Phlx for stock-option orders executed against other stock-option orders in the Complex Order Book in all multiply-listed options, including SPY, is reasonable because this fee will take into account any fees charged by the stock venue that prints the trade, and an amount intended to compensate the Exchange for matching these stock-option orders against other stock-option orders on the Complex Order Book as well as the costs of developing and maintaining the systems that allow for the matching and processing of the stock legs of stock-option orders executed in the Complex Order Book. Further, a maximum of $50 per trade will be assessed under this fee in order to ensure that market participants do not pay extremely large fees for the execution of the stock legs of stock-option orders. The Exchange will continue to bill pass-through fees for the stock leg of stock-option orders that trade against liquidity on the stock venue, instead of being matched in the Complex Order Book. While the Exchange will begin assessing a stock handling fee, the Exchange believes that members and member organizations that utilize this service offered by Phlx will continue to send stock-option orders into Phlx for the opportunity to execute against other stock-option orders in the Complex Order Book with the additional stock routing functionality offered by the Exchange. The Exchange notes that its proposed stock handling fee is competitive with other options exchanges.[26]

The Exchange's proposal to introduce a stock handling fee on Phlx for stock-option orders executed against other stock-option orders in the Complex Order Book in all multiply-listed options, including SPY, is equitable and not unfairly discriminatory as the Exchange will uniformly assess this fee to all Phlx members and member organizations that execute stock-option orders against other stock-option orders in the Complex Order Book.

Complex Orders

The Exchange's proposal to amend the surcharge in note 6 of Options 7, Section 4 that is applicable to all multiply-listed options, except SPY, that are electronically-

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26 Nasdaq ISE, LLC ("ISE") assesses a stock handling fee of $0.0010 per share (capped at $50 per trade) for the stock leg of stock-option orders executed against other stock-option orders in the complex order book. See note 12 of Options 7, Section 4.

delivered Complex Orders that remove liquidity from the Complex Order Book and auctions, excluding PIXL, in Penny Symbols is reasonable, because notwithstanding the increase to the surcharge, the Exchange believes that its electronic fees to remove liquidity from the Complex Order Book in Penny Symbols would remain competitive with other options exchanges.[27] Further, the Exchange notes that the fees assessed for the removal of liquidity on the Exchange's order book, allows Phlx to continue to pay the Customer rebates in multiply-listed options in Options 7, Section 2.

The Exchange's proposal to amend the surcharge in note 6 of Options 7, Section 4 that is applicable to all multiply-listed options, except SPY, that are electronically-delivered Complex Orders that remove liquidity from the Complex Order Book and auctions, excluding PIXL, in Penny Symbols is equitable and not unfairly discriminatory as the Exchange will uniformly assesses this surcharge to all Phlx members and member organizations that execute multiply-listed options, except SPY, that are electronically-delivered Complex Orders proposal that remove liquidity from the Complex Order Book and auctions, excluding PIXL, in Penny Symbols.

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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27 ISE assesses electronic Penny Symbols Complex Order Taker Fees of $0.50 per contract for non-Priority Customers. Priority Customers pay no fees. ISE assesses a $0.12 per contract surcharge to Non-Priority Customer Complex Orders that take liquidity from the Complex Order Book (including Exposure Complex Orders and Exposure Only Complex Orders pursuant to Options 3, Section 14(b)(13) and (14)) when executed against Priority Customer Complex Orders, excluding Complex Orders executed in the Facilitation Mechanism, Solicited Order Mechanism, and Price Improvement Mechanism pursuant to note 8 of Options 7, Section 4.

Inter-market Competition

The proposal does not impose an undue burden on inter-market competition. The Exchange believes its proposal remains competitive with other options markets and will offer market participants with another choice of where to transact options. 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. Because competitors are free to modify their own fees in response, and because market participants may readily adjust their order routing practices, the Exchange believes that the degree to which fee changes in this market may impose any burden on competition is extremely limited.

Intra-market Competition

Order Exposure

The Exchange's proposal to commence paying a rebate to Customers of $0.45 per contract for executions in SPY against an order for which the Exchange broadcasts an order exposure alert does not impose an undue burden on competition as the Exchange will uniformly pay the rebate to all Customers for executions in SPY against an order for which the Exchange broadcasts an order exposure alert. The Exchange's proposal to increase the current $0.15 per contract fee assessed to Non-Customers to $0.50 per contract for executions against an order for which the Exchange broadcasts an order exposure alert in SPY does not impose an undue burden on competition as it will uniformly assess this fee to all Non-Customers for executions against an order for which the Exchange broadcasts an order exposure alert in SPY. Paying Customers a $0.45 per contract rebate while assessing Non-Customers a $0.50 per contract fee does not impose an undue burden on competition because Customer order flow is unique. Customer liquidity benefits all market participants by providing more trading opportunities which attracts Lead Marker Makers and Market Makers. Attracting more order flow from Customers will benefit all market participants that trade on the Phlx because an increase in the activity of these market participants (particularly in response to pricing) may cause an additional corresponding increase in order flow from other market participants. In order to execute against a Customer SPY order for which the Exchange has broadcast an order exposure alert, a Phlx member would need to enter interest that would satisfy the away market's NBBO.

Stock Handling

The Exchange's proposal to introduce a stock handling fee on Phlx for stock-option orders executed against other stock-option orders in the Complex Order Book in all multiply-listed options, including SPY, does not impose an undue burden on competition as the Exchange will uniformly assess this fee to all Phlx members and member organizations that execute stock-option orders against other stock-option orders in the Complex Order Book.

Complex Orders

The Exchange's proposal to amend the surcharge in note 6 of Options 7, Section 4 that is applicable to all multiply-listed options, except SPY, that are electronically-delivered Complex Orders that remove liquidity from the Complex Order Book and auctions, excluding PIXL, in Penny Symbols does not impose an undue burden on competition as the Exchange will uniformly assesses this surcharge to all Phlx members and member organizations that execute multiply-listed options, except SPY, that are electronically-delivered Complex Orders proposal that remove liquidity from the Complex Order Book and auctions, excluding PIXL, in Penny Symbols.

5. Self-Regulatory Organization's Statement on Comments on the Proposed Rule Change Received from Members, Participants, or Others

No written comments were either solicited or received.

6. Extension of Time Period for Commission Action

Not applicable.

7. Basis for Summary Effectiveness Pursuant to Section 19(b)(3) or for Accelerated Effectiveness Pursuant to Section 19(b)(2)

Pursuant to Section 19(b)(3)(A)(ii) of the Act,[28] the Exchange has designated this proposal as establishing or changing a due, fee, or other charge imposed on any person, whether or not the person is a member of the self-regulatory organization, which renders the proposed rule change effective upon filing.

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

The proposed rule change is not based on the 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.

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[28] 15 U.S.C. 78s(b)(3)(A)(ii).

11. Exhibits

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

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

EXHIBIT 1

SECURITIES AND EXCHANGE COMMISSION
(Release No. ; File No. SR-Phlx-2025-09)

February __, 2025

Self-Regulatory Organizations; Nasdaq PHLX LLC; Notice of Filing and Immediate Effectiveness of Proposed Rule Change to Amend Pricing in Options 7

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 February 10, 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 amend Phlx's Pricing Schedule at Options 7, Section 3, Rebates and Fees for Adding and Removing Liquidity in SPY, to pay a rebate to Customers and assess a fee to Non-Customers for executions against an order for which the Exchange broadcasts an order exposure alert in SPY. The Exchange also proposes to assess a stock handling fee for the stock leg of stock-option orders executed against other stock-option orders in the Complex Order Book in SPY. The Exchange proposes to amend Options 7, Section 4, Multiply Listed Options Fees (Includes options overlying equities, ETFs, ETNs and indexes which are Multiply Listed) (Excludes SPY and broad-based index options symbols listed within Options 7, Section 5.A), to assess a stock

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

[2] 17 CFR 240.19b-4.

handling fee for the stock_leg of stock-option orders executed against other stock-option orders in the Complex Order Book in multiply-listed options. The Exchange also proposes to increase a surcharge assessed to electronic Complex Orders that remove liquidity from the Complex Order Book and auctions, excluding PIXL, in Penny Symbols (excluding SPY).[3]

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.

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

The proposes to amend its Pricing Schedule at Options 7, Section 3, Rebates and Fees for Adding and Removing Liquidity in SPY, and Options 7, Section 4, Multiply Listed Options Fees (Includes options overlying equities, ETFs, ETNs and indexes which are Multiply Listed) (Excludes SPY and broad-based index options symbols listed within

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3 On January 31, 2025 the Exchange filed SR-Phlx-2025-07. On February 10, 2025 the Exchange withdrew SR-Phlx-2025-07 and replaced it with this rule change.

Options 7, Section 5.A). The Exchange proposes various pricing changes. Each pricing change is described below.

Order Exposure

Today, the Exchange assesses Customers[4] no fee for executions against an order for which the Exchange broadcasts an order exposure alert in SPY.[5] Additionally, today all other market participants, or Non-Customers, are assessed $0.15 per contract for executions against an order for which the Exchange broadcasts an order exposure alert in SPY.[6] Pursuant to Options 7, Section 1(c), the term "Non-Customer" applies to transactions for the accounts of Lead Market Makers,[7] Market Makers,[8] Firms,[9] Professionals,[10] Broker-Dealers[11] and JBOs.[12] Phlx Options 5, Section 4(a) states that

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4 The term "Customer" applies to any transaction that is identified by a member or member organization for clearing in the Customer range at The Options Clearing Corporation ("OCC") which is not for the account of a broker or dealer or for the account of a "Professional" (as that term is defined in Options 1, Section 1(b)(45)). See Options 7, Section 1(c).

5 See Phlx Options 7, Section 3, Part B.

6 Id.

7 The term "Lead Market Maker" applies to transactions for the account of a Lead Market Maker (as defined in Options 2, Section 12(a)). A Lead Market Maker is an Exchange member who is registered as an options Lead Market Maker pursuant to Options 2, Section 12(a). An options Lead Market Maker includes a Remote Lead Market Maker which is defined as an options Lead Market Maker in one or more classes that does not have a physical presence on an Exchange floor and is approved by the Exchange pursuant to Options 2, Section 11. See Options 7, Section 1(c).

8 The term "Market Maker" is defined in Options 1, Section 1(b)(28) as a member of the Exchange who is registered as an options Market Maker pursuant to Options 2, Section 12(a). A Market Maker includes SQTs and RSQTs as well as Floor Market Makers. See Options 7, Section 1(c).

9 The term "Firm" applies to any transaction that is identified by a member or member organization for clearing in the Firm range at OCC. See Options 7, Section 1(c).

10 The term "Professional" applies to transactions for the accounts of Professionals, as defined in Options 1, Section 1(b)(45) means any person or entity that (i) is not a broker or dealer in securities, and (ii) places more than 390 orders in listed options per day on average during a calendar month for its own beneficial account(s). See Options 7, Section 1(c).

11 The term "Broker-Dealer" applies to any transaction which is not subject to any of the other transaction fees applicable within a particular category. See Options 7, Section 1(c).

12 The term "Joint Back Office" or "JBO" applies to any transaction that is identified by a member or member organization for clearing in the Firm range at OCC and is identified with an origin code as a JBO. A JBO will be priced the same as a Broker-Dealer. A JBO participant is a

"exposure" or "exposing" an order means a notification is sent to participants with the price, size, and side of interest that is available for execution. The Exchange broadcasts orders on Phlx's order book by issuing order exposure alerts to all Phlx market participants that subscribe to certain data feeds. The order exposure functionality alerts Phlx members and member organizations that a marketable order that was entered on Phlx is available for execution, thereby providing an additional opportunity for execution on the Exchange when Phlx is not part of the national best bid or offer ("NBBO") contra to the order and the order locks or crosses the away best bid or offer ("ABBO").

At this time, the Exchange proposes to amend the rule text at Phlx Options 7, Section 3, Part B to commence paying a rebate to Customers of $0.45 per contract for executions against an order for which the Exchange broadcasts an order exposure alert in SPY. The Exchange also proposes to increase the current $0.15 per contract fee assessed to Non-Customers to $0.50 per contract for executions against an order for which the Exchange broadcasts an order exposure alert in SPY. Finally, the Exchange proposes to replace the words "all other market participants" with the defined term "Non-Customer."

The Exchange believes that offering Customers a rebate of $0.45 per contract to execute a SPY order on Phlx, rather than having the order route to an away market, will incentivize a greater number of SPY executions on Phlx. Further, increasing the Non-Customer fee to $0.50 per contract will allow Phlx to offer this rebate to Customers for all executions in SPY for which the Exchange broadcasts an order exposure alert. Of note, orders are subject to the routing fees noted in Options 7, Section 7 when routed to an away

member, member organization or non-member organization that maintains a JBO arrangement with a clearing broker-dealer ("JBO Broker") subject to the requirements of Regulation T Section 220.7 of the Federal Reserve System as further discussed at Options 6D, Section 1. See Options 7, Section 1(c).

market. Further, any order submitted on Phlx may be marked Do-Not-Route as provided in Options 5, Section 4.

Stock Handling

The Exchange proposes to introduce a stock handling fee on Phlx for stock-option orders[13] executed against other stock-option orders in the Complex Order Book in all multiply-listed options, including SPY. Today, when a Phlx member or member organization enters a stock-option order, the Exchange electronically communicates the stock leg of the order to one or more broker-dealers for execution pursuant to Options 3, Section 14. Currently, the Exchange provides this stock routing functionality as a free service to members and member organizations, and simply passes-through fees charged by the broker-dealer.[14]

At this time, the Exchange proposes to amend the rule text at Phlx Options 7, Section 3, Part B (applicable to SPY) to introduce a stock handling fee of $0.0010 per share for the stock leg of stock-option orders executed against other stock-option orders in the Complex Order Book. This amount will include any fees charged by the stock venue that

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[13] A Complex Order can also be a stock-option order, which is an order to buy or sell a stated number of units of an underlying security (stock or Exchange Traded Fund Share ("ETF")) coupled with the purchase or sale of options contract(s). The underlying security must be the deliverable for the options component of that Complex Order and represent exactly 100 shares per option for regular way delivery. Stock-option orders can only be executed against other stock-option orders and cannot be executed by the System against orders for the individual components. Member organizations may only submit Complex Orders with a stock/ETF component if such orders comply with the Qualified Contingent Trade Exemption from Rule 611(a) of Regulation NMS. Member organizations submitting such Complex Orders with a stock/ETF component represent that such orders comply with the Qualified Contingent Trade Exemption. Members of FINRA or The Nasdaq Stock Market ("Nasdaq") are required to have a Uniform Service Bureau/Executing Broker Agreement ("AGU") with Nasdaq Execution Services, LLC ("NES") in order to trade Complex Orders containing a stock/ETF component; firms that are not members of FINRA or Nasdaq are required to have a Qualified Special Representative ("QSR") arrangement with NES in order to trade Complex Orders containing a stock/ETF component. See Options 3, Section 14(a)(i).

[14] The Exchange charges for execution of the options leg(s) of stock-option orders.

prints the trade, and an amount intended to compensate the Exchange for matching these stock-option orders against other stock-option orders on the Complex Order Book. Further, a maximum of $50 per trade will be assessed under this fee in order to ensure that market participants do not pay extremely large fees for the execution of the stock legs of stock-option orders. The Exchange will continue to bill pass-through fees for the stock leg of stock-option orders that trade against liquidity on the stock venue, instead of being matched in the Complex Order Book. While the Exchange will begin assessing a stock handling fee, the Exchange believes that members and member organizations that utilize this service offered by Phlx will continue to send stock-option orders into Phlx for the opportunity to execute against other stock-option orders in the Complex Order Book with the additional stock routing functionality offered by the Exchange.

As noted above, in addition to SPY, the stock handling fee would apply to all other multiply-listed options symbols. To that end, the Exchange also proposes to amend the rule text at note 1 of Options 7, Section 4, which is currently reserved. Note 1 would apply to multiply-listed Options Transactions Charges in Penny and Non-Penny Symbols, excluding SPY, and would provide, the identical text that was proposed in Options 7, Section 3, Part B. The text would state, "The Exchange will assess a stock handling fee of $0.0010 per share (capped at $50 per trade) for the stock leg of stock-option orders executed against other stock-option orders in the Complex Order Book."

The Exchange notes that its proposed stock handling fee is competitive with other options exchanges.[15]

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[15] Nasdaq ISE, LLC ("ISE") assesses a stock handling fee of $0.0010 per share (capped at $50 per trade) for the stock leg of stock-option orders executed against other stock-option orders in the complex order book. See note 12 of Options 7, Section 4.

Complex Orders

The Exchange proposes to amend a surcharge in note 6 of Options 7, Section 4 that is applicable to all multiply-listed options, except SPY, that are electronically-delivered Complex Orders. Today, note 6 of Options 7, Section 4 provides,

> A $0.03 per contract surcharge will be assessed to electronic Complex Orders that remove liquidity from the Complex Order Book and auctions, excluding PIXL,[16] in Penny Symbols (excluding SPY). An order that is received by the trading system first in time shall be considered an order adding liquidity and an order that trades against that order shall be considered an order removing liquidity.[17]

Today, Customers are not assessed any Options Transactions Charges for electronic Complex Orders in Penny Symbols. Professionals, Broker-Dealers and Firms are assessed Options Transactions Charges of $0.48 per contract for electronic Complex Orders in Penny Symbols. Finally, Lead Market Makers and Market Makers are assessed Options Transactions Charges of $0.22 per contract for electronic Complex Orders in Penny Symbols.

At this time, the Exchange proposes to increase the surcharge in note 6 of Options 7, Section 4 from $0.03 to $0.12 per contract. Notwithstanding the increase to the surcharge, the Exchange believes that its electronic Complex Order fees to remove liquidity from the Complex Order Book in Penny Symbols will remain competitive with other options exchanges.[18]

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16 The Price Improvement XL Mechanism or PIXL is as described in Options 3, Section 13.

17 Today, note 7 of Options 7, Section 4 describes a $0.12 per contract surcharge that is assessed to non-Customer electronic Complex Orders that remove liquidity from the Complex Order Book and auctions, excluding PIXL, in Non-Penny Symbols (excluding broad-based index options symbols listed within Options 7, Section 5.A).

18 ISE assesses electronic Penny Symbols Complex Order Taker Fees of $0.50 per contract for non-Priority Customers. Priority Customers pay no fees. ISE assesses a $0.12 per contract surcharge to Non-Priority Customer Complex Orders that take liquidity from the Complex Order Book (including Exposure Complex Orders and Exposure Only Complex Orders pursuant to Options 3,

2. Statutory Basis

The Exchange believes that its proposal is consistent with Section 6(b) of the Act,[19] in general, and furthers the objectives of Sections 6(b)(4) and 6(b)(5) of the Act,[20] in particular, in that it provides for the equitable allocation of reasonable dues, fees and other charges among members and issuers and other persons using any facility, and is not designed to permit unfair discrimination between customers, issuers, brokers, or dealers.

The Commission and the courts have repeatedly expressed their preference for competition over regulatory intervention in determining prices, products, and services in the securities markets. In Regulation NMS, while adopting a series of steps to improve the current market model, the Commission highlighted the importance of market forces in determining prices and SRO revenues and, also, recognized that current regulation of the market system "has been remarkably successful in promoting market competition in its broader forms that are most important to investors and listed companies."[21]

Likewise, in NetCoalition v. Securities and Exchange Commission[22] ("NetCoalition") the D.C. Circuit upheld the Commission's use of a market-based approach in evaluating the fairness of market data fees against a challenge claiming that Congress mandated a cost-based approach.[23] As the court emphasized, the Commission

Section 14(b)(13) and (14)) when executed against Priority Customer Complex Orders, excluding Complex Orders executed in the Facilitation Mechanism, Solicited Order Mechanism, and Price Improvement Mechanism pursuant to note 8 of Options 7, Section 4. See ISE Options 7, Section 4.

19 15 U.S.C. 78f(b).

20 15 U.S.C. 78f(b)(4) and (5).

21 Securities Exchange Act Release No. 51808 (June 9, 2005), 70 FR 37496, 37499 (June 29, 2005) ("Regulation NMS Adopting Release").

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

23 See NetCoalition, at 534 - 535.

"intended in Regulation NMS that 'market forces, rather than regulatory requirements' play a role in determining the market data . . . to be made available to investors and at what cost."[24]

Further, "[n]o one disputes that competition for order flow is 'fierce.' … As the SEC explained, '[i]n the U.S. national market system, buyers and sellers of securities, and the broker-dealers that act as their order-routing agents, have a wide range of choices of where to route orders for execution'; [and] 'no exchange can afford to take its market share percentages for granted' because 'no exchange possesses a monopoly, regulatory or otherwise, in the execution of order flow from broker dealers'…."[25] Although the court and the SEC were discussing the cash equities markets, the Exchange believes that these views apply with equal force to the options markets.

Order Exposure

The Exchange's proposal to commence paying a $0.45 per contract Customer rebate for executions in SPY against an order for which the Exchange broadcasts an order exposure alert is reasonable as it will incentivize a greater number of SPY executions on Phlx, rather than the order routing to an away market. The Exchange's proposal to increase the current $0.15 per contract fee assessed to Non-Customers to $0.50 per contract for executions against an order for which the Exchange broadcasts an order exposure alert in SPY is reasonable because it will allow Phlx to offer the proposed Customer rebates for all executions in SPY for which the Exchange broadcasts an order exposure alert. Of note, orders are subject to the routing fees noted in Options 7, Section

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24 Id. at 537.

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

7 when routed to an away market. Further, any order submitted on Phlx may be marked Do-Not-Route as provided in Options 5, Section 4.

The Exchange's proposal to commence paying a $0.45 per contract Customer rebate for executions in SPY against an order for which the Exchange broadcasts an order exposure alert is equitable and not unfairly discriminatory as the Exchange will uniformly pay the rebate to all Customers for executions in SPY against an order for which the Exchange broadcasts an order exposure alert. The Exchange's proposal to increase the current $0.15 per contract fee assessed to Non-Customers to $0.50 per contract for executions against an order for which the Exchange broadcasts an order exposure alert in SPY is equitable and not unfairly discriminatory as it will uniformly assess this fee to all Non-Customers for executions against an order for which the Exchange broadcasts an order exposure alert in SPY. Paying Customers a $0.45 per contract rebate while assessing Non-Customers a $0.50 per contract fee is equitable and not unfairly discriminatory because Customer order flow is unique. Customer liquidity benefits all market participants by providing more trading opportunities which attracts Lead Marker Makers and Market Makers. Attracting more order flow from Customers will benefit all market participants that trade on the Phlx because an increase in the activity of these market participants (particularly in response to pricing) may cause an additional corresponding increase in order flow from other market participants. In order to execute against a Customer SPY order for which the Exchange has broadcast an order exposure alert, a Phlx member would need to enter interest that would satisfy the away market's NBBO.

Stock Handling

The Exchange's proposal to introduce a stock handling fee on Phlx for stock-option orders executed against other stock-option orders in the Complex Order Book in all multiply-listed options, including SPY, is reasonable because this fee will take into account any fees charged by the stock venue that prints the trade, and an amount intended to compensate the Exchange for matching these stock-option orders against other stock-option orders on the Complex Order Book as well as the costs of developing and maintaining the systems that allow for the matching and processing of the stock legs of stock-option orders executed in the Complex Order Book. Further, a maximum of $50 per trade will be assessed under this fee in order to ensure that market participants do not pay extremely large fees for the execution of the stock legs of stock-option orders. The Exchange will continue to bill pass-through fees for the stock leg of stock-option orders that trade against liquidity on the stock venue, instead of being matched in the Complex Order Book. While the Exchange will begin assessing a stock handling fee, the Exchange believes that members and member organizations that utilize this service offered by Phlx will continue to send stock-option orders into Phlx for the opportunity to execute against other stock-option orders in the Complex Order Book with the additional stock routing functionality offered by the Exchange. The Exchange notes that its proposed stock handling fee is competitive with other options exchanges.[26]

The Exchange's proposal to introduce a stock handling fee on Phlx for stock-option orders executed against other stock-option orders in the Complex Order Book in all

[26] Nasdaq ISE, LLC ("ISE") assesses a stock handling fee of $0.0010 per share (capped at $50 per trade) for the stock leg of stock-option orders executed against other stock-option orders in the complex order book. See note 12 of Options 7, Section 4.

multiply-listed options, including SPY, is equitable and not unfairly discriminatory as the Exchange will uniformly assess this fee to all Phlx members and member organizations that execute stock-option orders against other stock-option orders in the Complex Order Book.

Complex Orders

The Exchange's proposal to amend the surcharge in note 6 of Options 7, Section 4 that is applicable to all multiply-listed options, except SPY, that are electronically-delivered Complex Orders that remove liquidity from the Complex Order Book and auctions, excluding PIXL, in Penny Symbols is reasonable, because notwithstanding the increase to the surcharge, the Exchange believes that its electronic fees to remove liquidity from the Complex Order Book in Penny Symbols would remain competitive with other options exchanges.[27] Further, the Exchange notes that the fees assessed for the removal of liquidity on the Exchange's order book, allows Phlx to continue to pay the Customer rebates in multiply-listed options in Options 7, Section 2.

The Exchange's proposal to amend the surcharge in note 6 of Options 7, Section 4 that is applicable to all multiply-listed options, except SPY, that are electronically-delivered Complex Orders that remove liquidity from the Complex Order Book and auctions, excluding PIXL, in Penny Symbols is equitable and not unfairly discriminatory as the Exchange will uniformly assesses this surcharge to all Phlx members and member

[27] ISE assesses electronic Penny Symbols Complex Order Taker Fees of $0.50 per contract for non-Priority Customers. Priority Customers pay no fees. ISE assesses a $0.12 per contract surcharge to Non-Priority Customer Complex Orders that take liquidity from the Complex Order Book (including Exposure Complex Orders and Exposure Only Complex Orders pursuant to Options 3, Section 14(b)(13) and (14)) when executed against Priority Customer Complex Orders, excluding Complex Orders executed in the Facilitation Mechanism, Solicited Order Mechanism, and Price Improvement Mechanism pursuant to note 8 of Options 7, Section 4.

organizations that execute multiply-listed options, except SPY, that are electronically-delivered Complex Orders proposal that remove liquidity from the Complex Order Book and auctions, excluding PIXL, in Penny Symbols.

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.

Inter-market Competition

The proposal does not impose an undue burden on inter-market competition. The Exchange believes its proposal remains competitive with other options markets and will offer market participants with another choice of where to transact options. 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. Because competitors are free to modify their own fees in response, and because market participants may readily adjust their order routing practices, the Exchange believes that the degree to which fee changes in this market may impose any burden on competition is extremely limited.

Intra-market Competition

Order Exposure

The Exchange's proposal to commence paying a rebate to Customers of $0.45 per contract for executions in SPY against an order for which the Exchange broadcasts an order exposure alert does not impose an undue burden on competition as the Exchange will uniformly pay the rebate to all Customers for executions in SPY against an order for which the Exchange broadcasts an order exposure alert. The Exchange's proposal to increase the current $0.15 per contract fee assessed to Non-Customers to $0.50 per contract for executions against an order for which the Exchange broadcasts an order exposure alert in SPY does not impose an undue burden on competition as it will uniformly assess this fee to all Non-Customers for executions against an order for which the Exchange broadcasts an order exposure alert in SPY. Paying Customers a $0.45 per contract rebate while assessing Non-Customers a $0.50 per contract fee does not impose an undue burden on competition because Customer order flow is unique. Customer liquidity benefits all market participants by providing more trading opportunities which attracts Lead Marker Makers and Market Makers. Attracting more order flow from Customers will benefit all market participants that trade on the Phlx because an increase in the activity of these market participants (particularly in response to pricing) may cause an additional corresponding increase in order flow from other market participants. In order to execute against a Customer SPY order for which the Exchange has broadcast an order exposure alert, a Phlx member would need to enter interest that would satisfy the away market's NBBO.

Stock Handling

The Exchange's proposal to introduce a stock handling fee on Phlx for stock-option orders executed against other stock-option orders in the Complex Order Book in all multiply-listed options, including SPY, does not impose an undue burden on competition as the Exchange will uniformly assess this fee to all Phlx members and member organizations that execute stock-option orders against other stock-option orders in the Complex Order Book.

Complex Orders

The Exchange's proposal to amend the surcharge in note 6 of Options 7, Section 4 that is applicable to all multiply-listed options, except SPY, that are electronically-delivered Complex Orders that remove liquidity from the Complex Order Book and auctions, excluding PIXL, in Penny Symbols does not impose an undue burden on competition as the Exchange will uniformly assesses this surcharge to all Phlx members and member organizations that execute multiply-listed options, except SPY, that are electronically-delivered Complex Orders proposal that remove liquidity from the Complex Order Book and auctions, excluding PIXL, in Penny Symbols.

C. Self-Regulatory Organization's Statement on Comments on the Proposed Rule Change Received from Members, Participants, or Others

No written comments were either solicited or received.

III. Date of Effectiveness of the Proposed Rule Change and Timing for Commission Action

The foregoing rule change has become effective pursuant to Section 19(b)(3)(A)(ii) of the Act.[28]

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

[28] 15 U.S.C. 78s(b)(3)(A)(ii).

the Commission takes such action, the Commission shall institute proceedings to determine whether the proposed rule should be approved or disapproved.

IV. Solicitation of Comments

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

Electronic Comments:

- Use the Commission's internet comment form (https://www.sec.gov/rules/sro.shtml); or
- Send an email to rule-comments@sec.gov. Please include file number SR-Phlx-2025-09 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-2025-09. 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-2025-09 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.[29]

Sherry R. Haywood,

Assistant Secretary.

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[29] 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

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Options 7 Pricing Schedule

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Section 3. Rebates and Fees for Adding and Removing Liquidity in SPY

With respect to Section 3 of this Options 7 Pricing Schedule, the order that is received by the trading system first in time shall be considered an order adding liquidity and an order that trades against that order shall be considered an order removing liquidity, except with respect to orders that trigger an order exposure alert. Customer volume attributable to this section will be included in the calculation of Customer volume in Multiply Listed Options that are electronically-delivered and executed for purposes of the Customer Rebate Program in Options 7, Section 2. However, the rebates defined in Options 7, Section 2 will not apply to electronic executions in SPY.

Part A. Simple Order

	Customer	**Lead Market Maker**	**Market Maker**	**Firm**	**Broker-Dealer**	**Professional**
Rebate for Adding Liquidity	$0.00	*	*	$0.00	$0.00	$0.00
Fee for Removing Liquidity	$0.41	$0.48	$0.48	$0.48	$0.48	$0.48

* The Simple Order Rebate for Adding Liquidity will be paid as noted below to Lead Market Makers and Market Makers adding liquidity in SPY. Specifically, a SPY Rebate for Adding Liquidity will be paid based on a percentage of all cleared customer volume at The Options Clearing Corporation in Multiply Listed Equity Options and Exchange-Traded Products ("TCV"). Rebates will be paid

on electronically executed Lead Market Maker and Market Maker Simple Order contracts per day in a month in SPY. Lead Market Makers and Market Makers will be paid per the highest tier achieved below.

Tiers	Adds liquidity in SPY as a percentage of TCV	Rebate for Adding Liquidity
1	up to 0.02%	$0.12
2	up to 0.04%	$0.15
3	up to 0.10%	$0.18
4	up to 0.20%	$0.24
5	up to 0.40%	$0.28
6	greater than 0.40%	$0.34

Part B. Complex Order

	Customer	Lead Market Maker	Market Maker	Firm	Broker-Dealer	Professional
Fee for Adding Liquidity	$0.00	$0.10	$0.10	$0.10	$0.10	$0.10
Fee for Removing Liquidity	$0.00	$0.43	$0.43	$0.50	$0.50	$0.50

* * * * *

• Customers will be [assessed]paid a rebate of $0.[00]45 per contract and [all other market participants]Non-Customers will be assessed a fee of $0.[15]50 per contract for executions against an order for which the Exchange broadcasts an order exposure alert in SPY.

• Customers will be assessed a $0.15 per contract surcharge to the extent that they execute the individual components of their Complex Orders in SPY against Market Maker or Lead Market Maker quotes that are resting on the Simple Order Book.

• The Exchange will assess a stock handling fee of $0.0010 per share (capped at $50 per trade) for the stock leg of stock-option orders executed against other stock-option orders in the Complex Order Book.

* * * * *

Section 4. Multiply Listed Options Fees (Includes options overlying equities, ETFs, ETNs and indexes which are Multiply Listed) (Excludes SPY and broad-based index options symbols listed within Options 7, Section 5.A)

	Customer	Professional		Lead Market Maker and Market Maker		Broker-Dealer		Firm	
		Electronic	Floor	Electronic	Floor	Electronic	Floor	Electronic	Floor
Options Transaction Charge (Penny Symbol) [1, 6]	$0.00	$0.48 [2]	$0.00 [8]	$0.22	$0.50 [8]	$0.48 [2]	$0.25 [8]	$0.48 [2]	$0.25 [8]
Options Transaction Charge (Non-Penny Symbol) [1, 7]	$0.00	$0.75 [3]	$0.00 [8]	$0.25 [4]	$0.50 [8]	$0.75 [3]	$0.25 [8]	$0.75 [3]	$0.25 [8]
Options Surcharge in BKX	N/A	$0.10	$0.10 [8]	$0.10	$0.10 [8]	$0.10	$0.10 [8]	$0.10	$0.10 [8]
Cabinet Options	$0.00	N/A	$0.10 [8]	N/A	$0.10 [8]	N/A	$0.10 [8]	N/A	$0.10 [8]

• These fees are per contract.

[1] [Reserved.]The Exchange will assess a stock handling fee of $0.0010 per share (capped at $50 per trade) for the stock leg of stock-option orders executed against other stock-option orders in the Complex Order Book.

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[6] A $0.[03]12 per contract surcharge will be assessed to electronic Complex Orders that remove liquidity from the Complex Order Book and auctions, excluding PIXL, in Penny Symbols (excluding SPY). An order that is received by the trading system first in time shall be considered an order adding liquidity and an order that trades against that order shall be considered an order removing liquidity.

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