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Page 1 of * 37

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

File No.* SR - 2014 - * 47
Amendment No. (req. for Amendments *)

Filing by NASDAQ OMX PHLX LLC.

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

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

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 *).

Proposed rule change to amend Section I and Section II of the Pricing Schedule.

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 * Carla Last Name * Behnfeldt
Title * Associate General Counsel
E-mail * carla.behnfeldt@nasdaqomx.com
Telephone * (215) 496-5208 Fax

Signature

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

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

Date 07/10/2014

By Edward S. Knight

(Name *)

(Title *)

Executive Vice President and General Counsel

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

Persona Not Validated - 1383935917270,

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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	The self-regulatory organization must provide all required information, presented in a clear and comprehensible manner, to enable the public to provide meaningful comment on the proposal and for the Commission to determine whether the proposal is consistent with the Act and applicable rules and regulations under the Act.
Exhibit 1 - Notice of Proposed Rule Change * Add Remove View	The Notice section of this Form 19b-4 must comply with the guidelines for publication in the Federal Register as well as any requirements for electronic filing as published by the Commission (if applicable). The Office of the Federal Register (OFR) offers guidance on Federal Register publication requirements in the Federal Register Document Drafting Handbook, October 1998 Revision. For example, all references to the federal securities laws must include the corresponding cite to the United States Code in a footnote. All references to SEC rules must include the corresponding cite to the Code of Federal Regulations in a footnote. All references to Securities Exchange Act Releases must include the release number, release date, Federal Register cite, Federal Register date, and corresponding file number (e.g., SR-[SRO] -xx-xx). A material failure to comply with these guidelines will result in the proposed rule change being deemed not properly filed. See also Rule 0-3 under the Act (17 CFR 240.0-3)
Exhibit 1A- Notice of Proposed Rule Change, Security-Based Swap Submission, or Advance Notice by Clearing Agencies * 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, security-based swap submission, or advance notice being deemed not properly filed. See also Rule 0-3 under the Act (17 CFR 240.0-3)
Exhibit 2 - Notices, Written Comments, Transcripts, Other Communications Add Remove View Exhibit Sent As Paper Document ☐	Copies of notices, written comments, transcripts, other communications. If such documents cannot be filed electronically in accordance with Instruction F, they shall be filed in accordance with Instruction G.
Exhibit 3 - Form, Report, or Questionnaire Add Remove View Exhibit Sent As Paper Document ☐	Copies of any form, report, or questionnaire that the self-regulatory organization proposes to use to help implement or operate the proposed rule change, or that is referred to by the proposed rule change.
Exhibit 4 - Marked Copies 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	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 OMX 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] proposes to amend Section I of the Pricing Schedule which pertains to Rebates and Fees for Adding and Removing Liquidity in SPY and Section II of the Pricing Schedule which pertains to Multiply Listed Options fees.[3]

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

(b) Not applicable.

(c) Not applicable.

2. Procedures of the Self-Regulatory Organization

The proposed rule change was approved by senior management of the Exchange pursuant to authority delegated by the Board of Directors of the Exchange on July 17, 2013. Exchange staff will advise the Board of Directors of any action taken pursuant to delegated authority. No other action by the Exchange is necessary for the filing of the rule change.

Questions and comments on the proposed rule change may be directed to Carla Behnfeldt, Associate General Counsel, The NASDAQ OMX Group at (215) 496-5208.

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

2 17 CFR 240.19b-4.

3 Multiply Listed Options fees includes options overlying equities, ETFs, ETNs and indexes which are multiply listed.

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

a. Purpose

The purpose of this filing is to amend Section I of the Exchange's Pricing Schedule entitled "Rebates and Fees for Adding and Removing Liquidity in SPY" to eliminate the $0.38 Customer Complex Order Rebate for executions in SPDR S&P 500 ETF ("SPY"), and to amend Section II of the Exchange's Pricing Schedule entitled "Multiply Listed Options" to: (i) amend the Firm[4] Options Transaction Charges in Penny Pilot Options[5] and non-Penny Pilot Options for electronic simple orders in certain symbols and (ii) amend the Monthly Market Maker Cap.

Rebates and Fees for Adding and Removing Liquidity in SPY

The Exchange proposes to eliminate the Customer Complex Order Rebate for executions in SPY.[6] Currently, the Exchange does not assess a Customer either a Fee for Adding or Removing Liquidity in Complex Orders in SPY options. All market participants, other than a Customer, are assessed a $0.10 per contract Complex Order Fee

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

5 The Penny Pilot was established in January 2007 and was last extended in May 2014. See Securities and Exchange Release No. 72245 (May 23, 2014), 79 FR 31164 (May 30, 2014) (SR-Phlx-2014-37).

6 A Complex Order is any order involving the simultaneous purchase and/or sale of two or more different options series in the same underlying security, priced at a net debit or credit based on the relative prices of the individual components, for the same account, for the purpose of executing a particular investment strategy. Furthermore, 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 stock or exchange-traded fund ("ETF") coupled with the purchase or sale of options contract(s). See Exchange Rule 1080, Commentary .08(a)(i).

for Adding Liquidity in SPY options. The Exchange also assesses Complex Order Fees for Removing Liquidity for SPY options as follows: a Specialist[7] and Market Maker[8] are assessed a $0.40 per contract Complex Order Fee for Removing Liquidity and a Firm, Broker-Dealer[9] and Professional[10] are assessed $0.50 per contract. Complex Order Fees for Removing Liquidity, applicable to Specialists and Market Makers, are decreased by $0.02 per contract when the Specialist or Market Maker transacts against a Customer Order directed to that Specialist or Market Maker for execution. In addition, the Exchange currently pays a Customer rebate of $0.38 per electronically-delivered and executed contract in Complex Orders in SPY options, including Customer executions that occur as part of a Complex electronic auction. The Exchange is now proposing to eliminate this $0.38 per contract Customer rebate.

Options Transaction Charges

The Exchange proposes to reduce the Firm Options Transaction Charges in Penny Pilot Options and non-Penny Pilot Options for electronic simple orders in Apple Inc. ("AAPL"), Bank of America Corporation ("BAC"), iShares MSCI Emerging Markets

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7 A "Specialist" is an Exchange member who is registered as an options specialist pursuant to Rule 1020(a).

8 A "Market Maker" includes Registered Options Traders (Rule 1014(b)(i) and (ii)), which includes Streaming Quote Traders (see Rule 1014(b)(ii)(A)) and Remote Streaming Quote Traders (see Rule 1014(b)(ii)(B)). Directed Participants are also market makers.

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

10 The term "Professional" 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 Rule 1000(b)(14).

ETF ("EEM"), Facebook, Inc. ("FB"), iShares China Large-Cap ETF ("FXI"), iShares Russell 2000 ETF ("IWM"), PowerShares QQQ Trust ("QQQ"), Twitter, Inc. ("TWTR"), iPath S&P 500 VIX Short-Term Futures ETF ("VXX") and Financial Select Sector SPDR Fund ("XLF") to $0.25 per contract. Currently, a Firm is assessed an electronic Options Transaction Charge for electronic simple orders in these symbols of $0.48 per contract (Penny Pilot Options) or $0.70 (non-Penny Pilot Options)[11].

The Exchange believes that offering Firms the opportunity to lower the Options Transaction Charge from $0.48 to $0.25 (for Penny Pilot) and from $0.70 to $0.25 (for non-Penny Pilot) for electronic simple orders in these symbols will encourage the transaction of these types of orders on Phlx, thereby increasing liquidity to the benefit of all market participants.

Monthly Market Maker Cap

Today, Specialists and Market Makers are subject to a "Monthly Market Maker Cap" of $550,000 for: (i) electronic and floor Option Transaction Charges; (ii) QCC Transaction Fees (as defined in Exchange Rule 1080(o) and Floor QCC Orders, as defined in 1064(e)); and (iii) fees related to an order or quote that is contra to a PIXL Order or specifically responding to a PIXL auction. The trading activity of separate Specialist and Market Maker member organizations is aggregated in calculating the Monthly Market Maker Cap if there is Common Ownership between the member organizations.

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11 AAPL, BAC, EEM, FB, FXI, IWM, QQQ, VXX and XLF are currently Penny Pilot options and TWTR is a non-Penny Pilot option. The $0.25 per contract pricing proposed herein is symbol-specific and will continue to apply to these symbols whether or not they are deleted from or added to the Penny Pilot.

All dividend, merger, short stock interest, reversal and conversion, jelly roll and box spread strategy executions (as defined in Section II) are excluded from the Monthly Market Maker Cap. In addition, Specialists or Market Makers that (i) are on the contra-side of an electronically-delivered and executed Customer order; and (ii) have reached the Monthly Market Maker Cap are assessed a $0.17 per contract fee in symbols other than AAPL, BAC, FB, IWM and QQQ.

The Exchange now proposes to add EEM, FXI, TWTR, VXX and XLF to the list of symbols to which this $0.17 per contract fee does not apply. The Exchange believes that assessing Specialists and Market Makers no fee in these symbols if they are on the contra-side of an electronically-delivered and executed Customer order; and have reached the Monthly Market Maker Cap will incentivize Specialists and Market Makers to offer improved bids and offers on the Exchange in these symbols.

b. Statutory Basis

The Exchange believes that its proposal to amend its Pricing Schedule is consistent with Section 6(b) of the Act[12] in general, and furthers the objectives of Section 6(b)(4) and (b)(5) of the Act[13] 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 or system which Phlx operates or controls, and is not designed to permit unfair discrimination between customers, issuers, brokers, or dealers.

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12 15 U.S.C. 78f(b).

13 15 U.S.C. 78f(b)(4), (5).

Rebates and Fees for Adding and Removing Liquidity in SPY

The Exchange's proposal to eliminate the Customer Complex Order Rebate for executions in SPY is reasonable, equitable and not unfairly discriminatory because Customers, unlike other market participants, already are not assessed Fees for Adding Liquidity or Fees for Removing Liquidity with respect to execution of Complex Orders in SPY. No other market participant receives a rebate for executions of Complex Orders in SPY. The elimination of the rebate will apply to all Customers uniformly.

Options Transaction Charges

The Exchange's proposal to reduce the Firm Options Transaction Charges for simple electronic orders from $0.48 per contract (in Penny Pilot options) and $0.70 per contract (in non-Penny Pilot options) to $0.25 per contract in AAPL, BAC, EEM, FB, FXI, IWM, QQQ, TWTR, VXX and XLF is reasonable, equitable and not unfairly discriminatory, because it will allow the Exchange to incentivize Firms to send electronic simple orders in these symbols to the Exchange and because pricing by symbol is a common practice on many U.S. options exchanges as a means to incentive order flow to be sent to an exchange for execution.[14] The Exchange believes it is reasonable to use a pricing reduction to provide additional opportunities for members to increase their participation in the market. The Exchange's fees will be competitive with fees at other options markets. Although the Exchange will still be assessing Firms more than Customers (which do not pay the Option Transaction Charge in Penny Pilot or in non-Penny Pilot options), Customer order flow enhances liquidity on the Exchange for the benefit of all market participants and benefits all market participants by providing more

[14] See, e.g., the International Securities Exchange LLC ("ISE") Schedule of Fees.

trading opportunities, which attracts Specialists and Market Makers. An increase in the activity of these market participants in turn facilitates tighter spreads, which may cause an additional corresponding increase in order flow from other market participants. Although Firms will still be charged more for Penny Pilot options than Specialists and Market Makers who are charged $0.22, Specialists and Market Makers have obligations to the market and regulatory requirements, which normally do not apply to other market participants.[15] They have obligations to make continuous markets, engage in a course of dealings reasonably calculated to contribute to the maintenance of a fair and orderly market, and not make bids or offers or enter into transactions that are inconsistent with a course of dealings.

Finally, as proposed, Firms will be charged only $0.25 in these symbols which is less than the Professional and Broker-Dealer charge of $0.48 (for Penny Pilot options) or $0.70 (for non-Penny Pilot options). The Exchange believes that the proposed fee differential between Firms and Broker-Dealers is equitable and not unfairly discriminatory because it is similar to the pricing offered by another options exchange.[16] Moreover, the proposed differential does not misalign pricing, in that Firms already benefit from certain pricing advantages that Broker-Dealers do not also enjoy (for example, the Firm Monthly Fee Cap[17]). The proposed fee reduction that will apply to

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15 See Rule 1014 titled "Obligations and Restrictions Applicable to Specialists and Registered Options Traders."

16 On the MIAX Options Exchange ("MIAX") Fee Schedule, non-member Broker-Dealers are assessed a $0.45 per contract standard options transaction fee and a Firm is assessed a $0.25 per contract standard options transaction fee.

17 Firms are subject to a maximum fee of $75,000 ("Monthly Firm Fee Cap"). Firm Floor Option Transaction Charges and QCC Transaction Fees, in the aggregate, for one billing month may not exceed the Monthly Firm Fee Cap per member

Firms but not to Broker-Dealers is equitable and not unfairly discriminatory for the same reasons that the Firm Monthly Fee Cap which applies to Firms and not to Broker-Dealers is equitable and not unfairly discriminatory. The fee reduction proposed herein, like the Monthly Firm Fee Cap, provides an incentive for Firms to transact order flow on the Exchange, which order flow brings increased liquidity to the Exchange for the benefit of all Exchange participants. To the extent the purpose of the proposed Firm fee reduction is achieved, all the Exchange's market participants, including Broker-Dealers, should benefit from the improved market liquidity. Further, competitive forces are influencing the price reduction in these symbols for Firm orders.

The Exchange desires to incentivize Firms that receive reduced rates at other options exchanges to select Phlx as a venue by offering competitive pricing to these market participants. Such competitive, differentiated pricing exists today on other options exchanges. The Chicago Board of Options Exchange, Incorporated ("CBOE") assesses a reduced fee to Clearing Trading Permit Holder Proprietary[18] participants of $0.35 per contract for electronic Penny and Non-Penny Pilot options. CBOE assesses Broker-Dealers/Professionals/Non-Trading Permit Holder Market Makers a $0.45 per contact fee for electronic Penny Pilot options and a $0.60 per contract fee for electronic

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organization when such members are trading in their own proprietary account. All dividend, merger, and short stock interest strategy executions (as defined in Section II of the Pricing Schedule) are excluded from the Monthly Firm Fee Cap. Reversal and conversion, jelly roll and box spread strategy executions (as defined Section II) are included in the Monthly Firm Fee Cap. QCC Transaction Fees are included in the calculation of the Monthly Firm Fee Cap. See Section II of the Pricing Schedule.

18 This market participant clears in the Firm range at OCC. See CBOE's Fees Schedule at note 11. See also Regulatory Circular RG13-038.

Non-Penny Pilot options classes.[19] CBOE has a differential as between Clearing Trading Permit Holder Proprietary participants (the equivalent of Firm on Phlx) and other non-Customer, non-Market Maker participants of $0.10 per contract in electronic Penny Pilot options and $0.25 per contract in Non-Penny Pilot options. Further, CBOE assesses Broker-Dealers/Professionals/Non-Trading Permit Holder Market Makers between $0.35 -$0.44 per contract for SPX executions (a singly listed CBOE proprietary product) versus the Clearing Trading Permit Holder Proprietary (the equivalent of Firm on Phlx) who is assessed between $0.25 - $0.01 per contract in SPX for a maximum differential of $0.43 per contract in a CBOE proprietary product.[20] Phlx's differential as between a Firm on the one hand and other non-Customer, non-Specialist/Market Makers on the other is not as wide as CBOE's pricing and moreover a competitive offering given current pricing differentials on other options exchange such as MIAX and CBOE.

The Exchange believes there is nothing impermissible about Phlx offering a discount solely to Firm since this is consistent with the above examples and longstanding differentials between Firm, other broker-dealers and professionals. The options exchanges have differentiated between retail customers and professional customers, broker/dealers clearing in the "Firm" range at The Options Clearing Corp, broker/dealers registered as market makers, away market makers, early-adopting market makers, and many others; and the Commission has permitted price differentiation based on whether an order is processed manually versus electronically. The proposal is consistent with previously accepted pricing proposals accepted by the Commission.

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19 See CBOE's Fees Schedule.

20 Id.

The Exchange believes it is equitable and not unfairly discriminatory to charge a Professional the same rate as a Broker-Dealer, as it can be argued that Professionals have the same technological and information advantages as Broker-Dealers trading for their own account,[21] and as such receive similar rates. The proposed differentiation as between Customers, Specialists and Market Makers and other Firms recognizes the differing contributions made to the liquidity and trading environment on the Exchange by these market participants.

Monthly Market Maker Cap

The Exchange's proposal to not assess a fee to Specialists or Market Makers that (i) are on the contra-side of an electronically-delivered and executed Customer order; and (ii) have reached the Monthly Market Maker Cap in EEM, FXI, TWTR, VXX and XLF as well as in AAPL, BAC, FB, IWM and QQQ is reasonable, equitable and not unfairly discriminatory because the Exchange desires to incentivize Specialists and Market Makers to transact more options in these symbols and bring additional liquidity to the Exchange. All market participants will benefit from the increased Customer liquidity brought to the Exchange. The Exchange today differentiates pricing by option symbols.[22] Specialists and Market Makers will continue to pay the same fee of $0.17 per contract in Penny and Non-Penny Pilot Options, when the cap is satisfied, except for the symbols

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[21] See Securities Exchange Act Release No. 66668 (March 28, 2012), 77 FR 20090 (April 3, 2012) (SR-Phlx-2012-35) (Notice of Filing and Immediate Effectiveness of Proposed Rule Change Relating to the Equity Options Fees and Singly Listed Options Fee) at page 20091.

[22] See Section I of the Pricing Schedule which differentiates pricing in SPDR S&P 500 ("SPY") options. See also Securities Exchange Release No. 66757 (April 6, 2012), 77 FR 22034 (April 12, 2012) (SR-Phlx-2012-45).

noted above. Specialists and Market Makers have burdensome quoting obligations[23] to the market that do not apply to Customers, Professionals, Firms and Broker-Dealers. Specialists and Market Makers serve an important role on the Exchange with regard to order interaction and they provide liquidity in the marketplace. Additionally, Specialists and Market Makers incur costs unlike other market participants including, but not limited to, Payment for Order Flow ("PFOF")[24] and other costs associated with market making activities, which results in a higher average cost per execution as compared to Firms, Broker-Dealers and Professionals. The proposed differentiation as between Specialists and Market Makers as compared to other market participants recognizes the differing contributions made to the trading environment on the Exchange by these market participants. Customer liquidity benefits all market participants by providing more trading opportunities, which attract Specialists and Market Makers. An increase in the activity of these market participants in turn facilitates tighter spreads, which may cause an additional corresponding increase in order flow from other market participants. The Exchange believes that offering Specialists and Market Makers the opportunity to cap fees in certain highly liquid Penny Pilot Options is equitable and not unfairly discriminatory for the reasons noted above.

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23 See Rule 1014 titled "Obligations and Restrictions Applicable to Specialists and Registered Options Traders".

24 Specialists and Market Makers, as compared to other market participants, are assessed PFOF when transacting Customer electronic orders.

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.

The Exchange's proposal to eliminate the Customer Complex Order Rebate for executions in SPY will not impose an unnecessary or inappropriate burden on competition because all Exchange members will be treated uniformly with respect to the elimination of Customer Complex Order Rebate in SPY.

The Exchange's proposal to reduce the Firm Options Transaction Charges for simple electronic orders in Penny Pilot Options from $0.48 per contract (in Penny Pilot options) and $0.70 per contract (in non-Penny Pilot options) to $0.25 per contract in AAPL, BAC, EEM, FB, FXI, IWM, QQQ, TWTR, VXX and XLF will not impose an unnecessary or inappropriate burden on competition because the $0.25 assessed to Firms under this proposal is similar to rates offered by other options exchanges, chiefly MIAX ($0.25), Chicago Board Options Exchange ($0.35) and NYSE AMEX Options ($0.32).

Specialists and Market Makers will be offered the opportunity to pay no fees, after they have satisfied the obligations related to the Monthly Market Maker Cap, in EEM, FXI, TWTR, VXX and XLF as well as in AAPL, BAC, FB, IWM and QQQ. As noted above Specialists and Market Makers have burdensome quoting obligations to the market that do not apply to Customers, Professionals, Firms and Broker-Dealers. Specialists and Market Makers serve an important role on the Exchange with regard to order interaction and they provide liquidity in the marketplace. Additionally, Specialists and Market Makers incur costs unlike other market participants including, but not limited to, PFOF and other costs associated with market making activities, which results in a higher average cost per execution as compared to Firms, Broker-Dealers and Professionals. The proposed differentiation as between Specialists and Market Makers as compared to other market participants recognizes the differing contributions made to the trading environment on the Exchange by these market participants. Customer liquidity benefits all market participants by providing more trading opportunities, which attract Specialists and Market Makers. An increase in the activity of these market participants in turn facilitates tighter spreads, which may cause an additional corresponding increase in order flow from other market participants. For these reasons noted above, the Exchange does not believe that offering Specialists and Market Makers the opportunity to cap fees in certain symbols imposes an undue burden on competition.

The Exchange operates in a highly competitive market, comprised of twelve options exchanges, in which market participants can easily and readily direct order flow to competing venues if they deem fee levels at a particular venue to be excessive or rebates to be inadequate. Accordingly, the fees that are described in the above proposal are influenced by these robust market forces and therefore must remain competitive with fees charged by other venues and therefore must continue to be reasonable and equitably allocated to those members that opt to direct orders to the Exchange rather than competing venues.

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,[25] 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

Not applicable.

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

Not applicable.

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

Not applicable.

11. Exhibits

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

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

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[25] 15 U.S.C. 78s(b)(3)(A)(ii).

EXHIBIT 1

SECURITIES AND EXCHANGE COMMISSION
(Release No. ; File No. SR-Phlx-2014-47)

July __, 2014

Self-Regulatory Organizations; NASDAQ OMX PHLX LLC; Notice of Filing and Immediate Effectiveness of Proposed Rule Change to Amend Section I and Section II of the Pricing Schedule

Pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 ("Act")[1], and Rule 19b-4 thereunder,[2] notice is hereby given that on July 10, 2014, NASDAQ OMX PHLX LLC ("Phlx" or "Exchange") filed with the Securities and Exchange Commission ("SEC" or "Commission") the proposed rule change as described in Items I, II, and III, below, which Items have been prepared by the Exchange. The Commission is publishing this notice to solicit comments on the proposed rule change from interested persons.

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

The Exchange proposes to amend Section I of the Pricing Schedule which pertains to Rebates and Fees for Adding and Removing Liquidity in SPY and Section II of the Pricing Schedule which pertains to Multiply Listed Options fees.[3]

The text of the proposed rule change is available on the Exchange's Website at http://nasdaqomxphlx.cchwallstreet.com/, at the principal office of the Exchange, and at the Commission's Public Reference Room.

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

2 17 CFR 240.19b-4.

3 Multiply Listed Options fees includes options overlying equities, ETFs, ETNs and indexes which are multiply listed.

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 purpose of this filing is to amend Section I of the Exchange’s Pricing Schedule entitled “Rebates and Fees for Adding and Removing Liquidity in SPY” to eliminate the $0.38 Customer Complex Order Rebate for executions in SPDR S&P 500 ETF (“SPY”), and to amend Section II of the Exchange’s Pricing Schedule entitled “Multiply Listed Options” to: (i) amend the Firm[4] Options Transaction Charges in Penny Pilot Options[5] and non-Penny Pilot Options for electronic simple orders in certain symbols and (ii) amend the Monthly Market Maker Cap.

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

5 The Penny Pilot was established in January 2007 and was last extended in May 2014. See Securities and Exchange Release No. 72245 (May 23, 2014), 79 FR 31164 (May 30, 2014) (SR-Phlx-2014-37).

<u>Rebates and Fees for Adding and Removing Liquidity in SPY</u>

The Exchange proposes to eliminate the Customer Complex Order Rebate for executions in SPY.[6] Currently, the Exchange does not assess a Customer either a Fee for Adding or Removing Liquidity in Complex Orders in SPY options. All market participants, other than a Customer, are assessed a $0.10 per contract Complex Order Fee for Adding Liquidity in SPY options. The Exchange also assesses Complex Order Fees for Removing Liquidity for SPY options as follows: a Specialist[7] and Market Maker[8] are assessed a $0.40 per contract Complex Order Fee for Removing Liquidity and a Firm, Broker-Dealer[9] and Professional[10] are assessed $0.50 per contract. Complex Order Fees for Removing Liquidity, applicable to Specialists and Market Makers, are decreased by $0.02 per contract when the Specialist or Market Maker transacts against a Customer

6 A Complex Order is any order involving the simultaneous purchase and/or sale of two or more different options series in the same underlying security, priced at a net debit or credit based on the relative prices of the individual components, for the same account, for the purpose of executing a particular investment strategy. Furthermore, 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 stock or exchange-traded fund ("ETF") coupled with the purchase or sale of options contract(s). <u>See</u> Exchange Rule 1080, Commentary .08(a)(i).

7 A “Specialist” is an Exchange member who is registered as an options specialist pursuant to Rule 1020(a).

8 A “Market Maker” includes Registered Options Traders (Rule 1014(b)(i) and (ii)), which includes Streaming Quote Traders (see Rule 1014(b)(ii)(A)) and Remote Streaming Quote Traders (see Rule 1014(b)(ii)(B)). Directed Participants are also market makers.

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

10 The term “Professional” 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). <u>See</u> Rule 1000(b)(14).

Order directed to that Specialist or Market Maker for execution. In addition, the Exchange currently pays a Customer rebate of $0.38 per electronically-delivered and executed contract in Complex Orders in SPY options, including Customer executions that occur as part of a Complex electronic auction. The Exchange is now proposing to eliminate this $0.38 per contract Customer rebate.

Options Transaction Charges

The Exchange proposes to reduce the Firm Options Transaction Charges in Penny Pilot Options and non-Penny Pilot Options for electronic simple orders in Apple Inc. ("AAPL"), Bank of America Corporation ("BAC"), iShares MSCI Emerging Markets ETF ("EEM"), Facebook, Inc. ("FB"), iShares China Large-Cap ETF ("FXI"), iShares Russell 2000 ETF ("IWM"), PowerShares QQQ Trust ("QQQ"), Twitter, Inc. ("TWTR"), iPath S&P 500 VIX Short-Term Futures ETF ("VXX") and Financial Select Sector SPDR Fund ("XLF") to $0.25 per contract. Currently, a Firm is assessed an electronic Options Transaction Charge for electronic simple orders in these symbols of $0.48 per contract (Penny Pilot Options) or $0.70 (non-Penny Pilot Options)[11].

The Exchange believes that offering Firms the opportunity to lower the Options Transaction Charge from $0.48 to $0.25 (for Penny Pilot) and from $0.70 to $0.25 (for non-Penny Pilot) for electronic simple orders in these symbols will encourage the transaction of these types of orders on Phlx, thereby increasing liquidity to the benefit of all market participants.

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11 AAPL, BAC, EEM, FB, FXI, IWM, QQQ, VXX and XLF are currently Penny Pilot options and TWTR is a non-Penny Pilot option. The $0.25 per contract pricing proposed herein is symbol-specific and will continue to apply to these symbols whether or not they are deleted from or added to the Penny Pilot.

Monthly Market Maker Cap

Today, Specialists and Market Makers are subject to a "Monthly Market Maker Cap" of $550,000 for: (i) electronic and floor Option Transaction Charges; (ii) QCC Transaction Fees (as defined in Exchange Rule 1080(o) and Floor QCC Orders, as defined in 1064(e)); and (iii) fees related to an order or quote that is contra to a PIXL Order or specifically responding to a PIXL auction. The trading activity of separate Specialist and Market Maker member organizations is aggregated in calculating the Monthly Market Maker Cap if there is Common Ownership between the member organizations.

All dividend, merger, short stock interest, reversal and conversion, jelly roll and box spread strategy executions (as defined in Section II) are excluded from the Monthly Market Maker Cap. In addition, Specialists or Market Makers that (i) are on the contra-side of an electronically-delivered and executed Customer order; and (ii) have reached the Monthly Market Maker Cap are assessed a $0.17 per contract fee in symbols other than AAPL, BAC, FB, IWM and QQQ.

The Exchange now proposes to add EEM, FXI, TWTR, VXX and XLF to the list of symbols to which this $0.17 per contract fee does not apply. The Exchange believes that assessing Specialists and Market Makers no fee in these symbols if they are on the contra-side of an electronically-delivered and executed Customer order; and have reached the Monthly Market Maker Cap will incentivize Specialists and Market Makers to offer improved bids and offers on the Exchange in these symbols.

2. Statutory Basis

The Exchange believes that its proposal to amend its Pricing Schedule is consistent with Section 6(b) of the Act[12] in general, and furthers the objectives of Section 6(b)(4) and (b)(5) of the Act[13] 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 or system which Phlx operates or controls, and is not designed to permit unfair discrimination between customers, issuers, brokers, or dealers.

Rebates and Fees for Adding and Removing Liquidity in SPY

The Exchange's proposal to eliminate the Customer Complex Order Rebate for executions in SPY is reasonable, equitable and not unfairly discriminatory because Customers, unlike other market participants, already are not assessed Fees for Adding Liquidity or Fees for Removing Liquidity with respect to execution of Complex Orders in SPY. No other market participant receives a rebate for executions of Complex Orders in SPY. The elimination of the rebate will apply to all Customers uniformly.

Options Transaction Charges

The Exchange's proposal to reduce the Firm Options Transaction Charges for simple electronic orders from $0.48 per contract (in Penny Pilot options) and $0.70 per contract (in non-Penny Pilot options) to $0.25 per contract in AAPL, BAC, EEM, FB, FXI, IWM, QQQ, TWTR, VXX and XLF is reasonable, equitable and not unfairly discriminatory, because it will allow the Exchange to incentivize Firms to send electronic simple orders in these symbols to the Exchange and because pricing by symbol is a

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12 15 U.S.C. 78f(b).

13 15 U.S.C. 78f(b)(4), (5).

common practice on many U.S. options exchanges as a means to incentive order flow to be sent to an exchange for execution.[14] The Exchange believes it is reasonable to use a pricing reduction to provide additional opportunities for members to increase their participation in the market. The Exchange's fees will be competitive with fees at other options markets. Although the Exchange will still be assessing Firms more than Customers (which do not pay the Option Transaction Charge in Penny Pilot or in non-Penny Pilot options), Customer order flow enhances liquidity on the Exchange for the benefit of all market participants and benefits all market participants by providing more trading opportunities, which attracts Specialists and Market Makers. An increase in the activity of these market participants in turn facilitates tighter spreads, which may cause an additional corresponding increase in order flow from other market participants. Although Firms will still be charged more for Penny Pilot options than Specialists and Market Makers who are charged $0.22, Specialists and Market Makers have obligations to the market and regulatory requirements, which normally do not apply to other market participants.[15] They have obligations to make continuous markets, engage in a course of dealings reasonably calculated to contribute to the maintenance of a fair and orderly market, and not make bids or offers or enter into transactions that are inconsistent with a course of dealings.

Finally, as proposed, Firms will be charged only $0.25 in these symbols which is less than the Professional and Broker-Dealer charge of $0.48 (for Penny Pilot options) or $0.70 (for non-Penny Pilot options). The Exchange believes that the proposed fee

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14 See, e.g., the International Securities Exchange LLC ("ISE") Schedule of Fees.

15 See Rule 1014 titled "Obligations and Restrictions Applicable to Specialists and Registered Options Traders."

differential between Firms and Broker-Dealers is equitable and not unfairly discriminatory because it is similar to the pricing offered by another options exchange.[16] Moreover, the proposed differential does not misalign pricing, in that Firms already benefit from certain pricing advantages that Broker-Dealers do not also enjoy (for example, the Firm Monthly Fee Cap[17]). The proposed fee reduction that will apply to Firms but not to Broker-Dealers is equitable and not unfairly discriminatory for the same reasons that the Firm Monthly Fee Cap which applies to Firms and not to Broker-Dealers is equitable and not unfairly discriminatory. The fee reduction proposed herein, like the Monthly Firm Fee Cap, provides an incentive for Firms to transact order flow on the Exchange, which order flow brings increased liquidity to the Exchange for the benefit of all Exchange participants. To the extent the purpose of the proposed Firm fee reduction is achieved, all the Exchange's market participants, including Broker-Dealers, should benefit from the improved market liquidity. Further, competitive forces are influencing the price reduction in these symbols for Firm orders.

The Exchange desires to incentivize Firms that receive reduced rates at other options exchanges to select Phlx as a venue by offering competitive pricing to these

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16 On the MIAX Options Exchange ("MIAX") Fee Schedule, non-member Broker-Dealers are assessed a $0.45 per contract standard options transaction fee and a Firm is assessed a $0.25 per contract standard options transaction fee.

17 Firms are subject to a maximum fee of $75,000 ("Monthly Firm Fee Cap"). Firm Floor Option Transaction Charges and QCC Transaction Fees, in the aggregate, for one billing month may not exceed the Monthly Firm Fee Cap per member organization when such members are trading in their own proprietary account. All dividend, merger, and short stock interest strategy executions (as defined in Section II of the Pricing Schedule) are excluded from the Monthly Firm Fee Cap. Reversal and conversion, jelly roll and box spread strategy executions (as defined Section II) are included in the Monthly Firm Fee Cap. QCC Transaction Fees are included in the calculation of the Monthly Firm Fee Cap. See Section II of the Pricing Schedule.

market participants. Such competitive, differentiated pricing exists today on other options exchanges. The Chicago Board of Options Exchange, Incorporated ("CBOE") assesses a reduced fee to Clearing Trading Permit Holder Proprietary[18] participants of $0.35 per contract for electronic Penny and Non-Penny Pilot options. CBOE assesses Broker-Dealers/Professionals/Non-Trading Permit Holder Market Makers a $0.45 per contact fee for electronic Penny Pilot options and a $0.60 per contract fee for electronic Non-Penny Pilot options classes.[19] CBOE has a differential as between Clearing Trading Permit Holder Proprietary participants (the equivalent of Firm on Phlx) and other non-Customer, non-Market Maker participants of $0.10 per contract in electronic Penny Pilot options and $0.25 per contract in Non-Penny Pilot options. Further, CBOE assesses Broker-Dealers/Professionals/Non-Trading Permit Holder Market Makers between $0.35 -$0.44 per contract for SPX executions (a singly listed CBOE proprietary product) versus the Clearing Trading Permit Holder Proprietary (the equivalent of Firm on Phlx) who is assessed between $0.25 - $0.01 per contract in SPX for a maximum differential of $0.43 per contract in a CBOE proprietary product.[20] Phlx's differential as between a Firm on the one hand and other non-Customer, non-Specialist/Market Makers on the other is not as wide as CBOE's pricing and moreover a competitive offering given current pricing differentials on other options exchange such as MIAX and CBOE.

The Exchange believes there is nothing impermissible about Phlx offering a discount solely to Firm since this is consistent with the above examples and longstanding

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[18] This market participant clears in the Firm range at OCC. See CBOE's Fees Schedule at note 11. See also Regulatory Circular RG13-038.

[19] See CBOE's Fees Schedule.

[20] Id.

differentials between Firm, other broker-dealers and professionals. The options exchanges have differentiated between retail customers and professional customers, broker/dealers clearing in the "Firm" range at The Options Clearing Corp, broker/dealers registered as market makers, away market makers, early-adopting market makers, and many others; and the Commission has permitted price differentiation based on whether an order is processed manually versus electronically. The proposal is consistent with previously accepted pricing proposals accepted by the Commission.

The Exchange believes it is equitable and not unfairly discriminatory to charge a Professional the same rate as a Broker-Dealer, as it can be argued that Professionals have the same technological and information advantages as Broker-Dealers trading for their own account,[21] and as such receive similar rates. The proposed differentiation as between Customers, Specialists and Market Makers and other Firms recognizes the differing contributions made to the liquidity and trading environment on the Exchange by these market participants.

Monthly Market Maker Cap

The Exchange's proposal to not assess a fee to Specialists or Market Makers that (i) are on the contra-side of an electronically-delivered and executed Customer order; and (ii) have reached the Monthly Market Maker Cap in EEM, FXI, TWTR, VXX and XLF as well as in AAPL, BAC, FB, IWM and QQQ is reasonable, equitable and not unfairly discriminatory because the Exchange desires to incentivize Specialists and Market Makers to transact more options in these symbols and bring additional liquidity to the

[21] See Securities Exchange Act Release No. 66668 (March 28, 2012), 77 FR 20090 (April 3, 2012) (SR-Phlx-2012-35) (Notice of Filing and Immediate Effectiveness of Proposed Rule Change Relating to the Equity Options Fees and Singly Listed Options Fee) at page 20091.

Exchange. All market participants will benefit from the increased Customer liquidity brought to the Exchange. The Exchange today differentiates pricing by option symbols.[22] Specialists and Market Makers will continue to pay the same fee of $0.17 per contract in Penny and Non-Penny Pilot Options, when the cap is satisfied, except for the symbols noted above. Specialists and Market Makers have burdensome quoting obligations[23] to the market that do not apply to Customers, Professionals, Firms and Broker-Dealers. Specialists and Market Makers serve an important role on the Exchange with regard to order interaction and they provide liquidity in the marketplace. Additionally, Specialists and Market Makers incur costs unlike other market participants including, but not limited to, Payment for Order Flow ("PFOF")[24] and other costs associated with market making activities, which results in a higher average cost per execution as compared to Firms, Broker-Dealers and Professionals. The proposed differentiation as between Specialists and Market Makers as compared to other market participants recognizes the differing contributions made to the trading environment on the Exchange by these market participants. Customer liquidity benefits all market participants by providing more trading opportunities, which attract Specialists and Market Makers. An increase in the activity of these market participants in turn facilitates tighter spreads, which may cause an additional corresponding increase in order flow from

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22 See Section I of the Pricing Schedule which differentiates pricing in SPDR S&P 500 ("SPY") options. See also Securities Exchange Release No. 66757 (April 6, 2012), 77 FR 22034 (April 12, 2012) (SR-Phlx-2012-45).

23 See Rule 1014 titled "Obligations and Restrictions Applicable to Specialists and Registered Options Traders".

24 Specialists and Market Makers, as compared to other market participants, are assessed PFOF when transacting Customer electronic orders.

other market participants. The Exchange believes that offering Specialists and Market Makers the opportunity to cap fees in certain highly liquid Penny Pilot Options is equitable and not unfairly discriminatory for the reasons noted above.

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.

The Exchange's proposal to eliminate the Customer Complex Order Rebate for executions in SPY will not impose an unnecessary or inappropriate burden on competition because all Exchange members will be treated uniformly with respect to the elimination of Customer Complex Order Rebate in SPY.

The Exchange's proposal to reduce the Firm Options Transaction Charges for simple electronic orders in Penny Pilot Options from $0.48 per contract (in Penny Pilot options) and $0.70 per contract (in non-Penny Pilot options) to $0.25 per contract in AAPL, BAC, EEM, FB, FXI, IWM, QQQ, TWTR, VXX and XLF will not impose an unnecessary or inappropriate burden on competition because the $0.25 assessed to Firms under this proposal is similar to rates offered by other options exchanges, chiefly MIAX ($0.25), Chicago Board Options Exchange ($0.35) and NYSE AMEX Options ($0.32).

Specialists and Market Makers will be offered the opportunity to pay no fees, after they have satisfied the obligations related to the Monthly Market Maker Cap, in EEM, FXI, TWTR, VXX and XLF as well as in AAPL, BAC, FB, IWM and QQQ. As noted above Specialists and Market Makers have burdensome quoting obligations to the market that do not apply to Customers, Professionals, Firms and Broker-Dealers. Specialists and Market Makers serve an important role on the Exchange with regard to order interaction and they provide liquidity in the marketplace. Additionally, Specialists and Market Makers incur costs unlike other market participants including, but not limited to, PFOF and other costs associated with market making activities, which results in a higher average cost per execution as compared to Firms, Broker-Dealers and Professionals. The proposed differentiation as between Specialists and Market Makers as compared to other market participants recognizes the differing contributions made to the trading environment on the Exchange by these market participants. Customer liquidity benefits all market participants by providing more trading opportunities, which attract Specialists and Market Makers. An increase in the activity of these market participants in turn facilitates tighter spreads, which may cause an additional corresponding increase in order flow from other market participants. For these reasons noted above, the Exchange does not believe that offering Specialists and Market Makers the opportunity to cap fees in certain symbols imposes an undue burden on competition.

The Exchange operates in a highly competitive market, comprised of twelve options exchanges, in which market participants can easily and readily direct order flow to competing venues if they deem fee levels at a particular venue to be excessive or rebates to be inadequate. Accordingly, the fees that are described in the above proposal are influenced by these robust market forces and therefore must remain competitive with fees charged by other venues and therefore must continue to be reasonable and equitably allocated to those members that opt to direct orders to the Exchange rather than competing venues.

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.[25]

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

IV. Solicitation of Comments

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

Electronic comments:

- Use the Commission's Internet comment form (http://www.sec.gov/rules/sro.shtml); or
- Send an e-mail to rule-comments@sec.gov. Please include File Number SR-Phlx-2014-47 on the subject line.

Paper comments:

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

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25 15 U.S.C. 78s(b)(3)(A)(ii).

All submissions should refer to File Number SR-Phlx-2014-47. This file number should be included on the subject line if e-mail is used. To help the Commission process and review your comments more efficiently, please use only one method. The Commission will post all comments on the Commission's Internet Web site (http://www.sec.gov/rules/sro.shtml).

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

All submissions should refer to File Number SR-Phlx-2014-47 and should be submitted on or before [insert date 21 days from publication in the Federal Register].

For the Commission, by the Division of Trading and Markets, pursuant to delegated authority.[26]

Kevin M O'Neill
Deputy Secretary

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26 17 CFR 200.30-3(a)(12).

EXHIBIT 5

New text is underlined, deleted text is in brackets.

NASDAQ OMX PHLX LLC[1] PRICING SCHEDULE

ALL BILLING DISPUTES MUST BE SUBMITTED TO THE EXCHANGE IN WRITING AND MUST BE ACCOMPANIED BY SUPPORTING DOCUMENTATION. ALL DISPUTES MUST BE SUBMITTED NO LATER THAN SIXTY (60) DAYS AFTER RECEIPT OF A BILLING INVOICE, EXCEPT FOR DISPUTES CONCERNING NASDAQ OMX PSX FEES, PROPRIETARY DATA FEED FEES AND CO-LOCATION SERVICES FEES. AS OF JANUARY 3, 2011, THE EXCHANGE WILL CALCULATE FEES ON A TRADE DATE BASIS.

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[1]PHLX® is a registered trademark of The NASDAQ OMX Group, Inc.

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

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

Part A. Simple Order

	Customer	Specialist	Market Maker	Firm	Broker-Dealer	Professional
Rebate for Adding Liquidity	$0.00	$0.20	$0.20	$0.00	$0.00	$0.00
Fee for Removing Liquidity	$0.47	$0.49	$0.49	$0.49	$0.49	$0.49

Part B. Complex Order

	Customer	Specialist	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	$0.40	$0.40	$0.50	$0.50	$0.50

• Complex Order Fees for Removing Liquidity, applicable to Specialists and Market Makers, will be decreased by $0.02 per contract when the Specialist or Market Maker transacts against a Customer Order directed to that Specialist or Market Maker for execution. [In addition to the Complex Order Fee for Adding Liquidity and the Fee for Removing Liquidity, Customer will receive a rebate of $0.38 per contract.]

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

• No fees will be assessed and no rebates will be paid on transactions which execute against an order for which the Exchange broadcast an order exposure alert in SPY.

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

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

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

- Payment for Order Flow fees defined in Section II will not be collected on transactions in SPY.

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

- Transactions in SPY originating on the Exchange floor will be subject to the Multiply Listed Options Fees (see Multiply Listed Options Fees in Section II). However, if one side of the transaction originates on the Exchange floor and any other side of the trade was the result of an electronically submitted order or a quote, then these fees will apply to the transactions which originated on the Exchange floor and contracts that are executed electronically on all sides of the transaction.

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

  - Customer executions that occur as part of a Complex electronic auction will be assessed $0.00 per contract. [Customers will receive the Customer rebate for Complex Orders of $0.38 per contract.]

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

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

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

PIXL Executions in SPY:

- Initiating Order: $0.05 per contract.

- When the PIXL Order is contra to the Initiating Order, a Customer PIXL Order will be assessed $0.00 per contract and all other non-Customer market participants will be assessed a $0.38 per contract fee when contra to an Initiating Order.

- When the PIXL Order is contra to other than the Initiating Order, the PIXL Order will be assessed $0.00 per contract, unless the order is a Customer, in which case the Customer will receive a rebate of $0.38 per contract. All other contra parties to the PIXL Order, other than the Initiating Order, will be assessed a Fee for Removing Liquidity of $0.38 per contract or will receive the Rebate for Adding Liquidity.

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II. Multiply Listed Options Fees (Includes options overlying equities, ETFs, ETNs and indexes which are Multiply Listed[9])

	Customer	Professional		Specialist and Market Maker		Broker-Dealer		Firm	
		Electronic	Floor	Electronic	Floor	Electronic	Floor	Electronic	Floor
Options Transaction Charge (Penny Pilot)	$0.00	$0.48[13]	$0.25	$0.22	$0.30	$0.48 [13]	$0.25	$0.48[12,13]	$0.25
Options Transaction Charge (non-Penny Pilot)	$0.00	$0.70[13,14]	$0.25	$0.25[15]	$0.30	$0.70 [13,14]	$0.25	$0.70 [12,13,14]	$0.25
Options Surcharge in MNX and NDX	N/A	$0.15	$0.15	$0.15	$0.15	$0.15	$0.15	$0.15	$0.15
Options Surcharge in BKX	N/A	$0.10	$0.10	$0.10	$0.10	$0.10	$0.10	$0.10	$0.10
Cabinet Options	$0.00	N/A	$0.10	N/A	$0.10	N/A	$0.10	N/A	$0.10

• These fees are per contract.

[9]The following symbols will be assessed the fees in Section III for Singly Listed Options: SOX, HGX and OSX.

[12] Firm electronic simple orders in AAPL, BAC, EEM, FB, FXI, IWM, QQQ, TWTR, VXX and XLF will be assessed $0.25.

[13]Electronic Complex Orders will be assessed $0.30 per contract.

[14]Any member or member organization under Common Ownership with another member or member organization that qualifies for Customer Rebate Tiers 2, 3, 4 or 5 in Section B of the Pricing Schedule will be assessed $0.60 per contract.

[15]Any member or member organization under Common Ownership with another member or member organization that qualifies for Customer Rebate Tiers 2, 3, 4 or 5 in Section B of the Pricing Schedule will be assessed $0.23 per contract.

• The Cabinet Fees above are not in addition to the Options Transaction Charges.

• QCC Transaction Fees for a Specialist, Market Maker, Professional, Firm and Broker-Dealer are $0.20 per contract. QCC Transaction Fees apply to QCC Orders, as defined in Exchange Rule 1080(o), and Floor QCC Orders, as defined in 1064(e). A rebate, as specified in the below QCC Rebate Schedule, will be paid for all qualifying executed QCC Orders, as defined in Exchange Rule 1080(o) and Floor QCC Orders, as defined in 1064(e), except where the transaction is either: (i) Customer-to-Customer; or (ii) a dividend, merger, short stock interest or reversal or conversion strategy execution (as defined in Section II).

	QCC Rebate Schedule	
Tier	**Threshold**	**Rebate per Contract**
Tier 1	0 to 299,999 contracts in a month	$0.00
Tier 2	300,000 to 499,999 contracts in a month	$0.07
Tier 3	500,000 to 699,999 contracts in a month	$0.08
Tier 4	700,000 to 999,999 contracts in a month	$0.09
Tier 5	Over 1,000,000 contracts in a month	$0.11

The maximum QCC Rebate to be paid in a given month will not exceed $375,000.

• Specialists and Market Makers are subject to a "Monthly Market Maker Cap" of $550,000 for: (i) electronic and floor Option Transaction Charges; (ii) QCC Transaction Fees (as defined in Exchange Rule 1080(o) and Floor QCC Orders, as defined in 1064(e)); and (iii) fees related to an order or quote that is contra to a PIXL Order or specifically responding to a PIXL auction. The trading activity of separate Specialist and Market Maker member organizations will be aggregated in calculating the Monthly Market Maker Cap if there is Common Ownership between the member organizations. All dividend, merger, short stock interest, reversal and conversion, jelly roll and box spread strategy executions (as defined in this Section II) will be excluded from the Monthly Market Maker Cap. In addition, Specialists or Market Makers that (i) are on the contra-side of an electronically-delivered and executed Customer order; and (ii) have reached the Monthly Market Maker Cap will be assessed fees as follows:

Fee per contract

$0.00 per contract in the following symbols: AAPL, BAC, EEM, FB, FXI, IWM, [and]QQQ, TWTR, VXX, and XLF

$0.17 per contract in Penny Pilot Options

$0.17 per contract in Non-Penny Pilot Options

• Firms are subject to a maximum fee of $75,000 ("Monthly Firm Fee Cap"). Firm Floor Option Transaction Charges and QCC Transaction Fees, as defined in this section above, in the aggregate, for one billing month will not exceed the Monthly Firm Fee Cap per member organization when such members are trading in their own proprietary account. All dividend, merger, and short stock interest strategy executions (as defined in this Section II) will be excluded from the Monthly Firm Fee Cap. Reversal and conversion, jelly roll and box spread strategy executions (as defined in this Section II) will be included in the Monthly Firm Fee Cap. QCC Transaction Fees are included in the calculation of the Monthly Firm Fee Cap. Member organizations must notify the Exchange in writing of all accounts in which the member is not trading in its own proprietary account. The Exchange will not make adjustments to billing invoices where transactions are commingled in accounts which are not subject to the Monthly Firm Fee Cap.

• The Firm Floor Options Transaction Charges will be waived for members executing facilitation orders pursuant to Exchange Rule 1064 when such members are trading in their own proprietary account (including Cabinet Options Transaction Charges). The Firm Floor Options Transaction Charges will be waived for the buy side of a transaction if the same member or its affiliates under Common Ownership represents both sides of a Firm transaction when such members are trading in their own proprietary account. In addition, the Broker-Dealer Floor Options Transaction Charge (including Cabinet Options Transaction Charges) will be waived for members executing facilitation orders pursuant to Exchange Rule 1064 when such members would otherwise incur this charge for trading in their own proprietary account contra to a Customer ("BD-Customer Facilitation"), if the member's BD-Customer Facilitation average daily volume (including both FLEX and non-FLEX transactions) exceeds 10,000 contracts per day in a given month.

• Proprietary orders of affiliates of member organizations (non-member organizations) that qualify for the Monthly Firm Fee Cap ("Qualifying Member Organization") effected for purposes of hedging the proprietary over-the-counter trading of the Qualifying Member Organization or its affiliates will be included in calculating the Monthly Firm Fee Cap. Member organizations must notify the Exchange in writing of the account(s) designated for purposes of hedging the proprietary over-the-counter trading of the Qualifying Member Organization or its affiliates. The Exchange would require member organizations to segregate other orders from that of its affiliates for those orders to be eligible for the Monthly Firm Fee Cap. The Exchange will not make adjustments to billing invoices where transactions are commingled in accounts which are not subject to the Monthly Firm Fee Cap.

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