

Required fields are shown with yellow backgrounds and asterisks.

Filing by **NASDAQ OMX PHLX LLC.**
Pursuant to Rule 19b-4 under the Securities Exchange Act of 1934

Initial * <input checked="" type="checkbox"/>	Amendment * <input type="checkbox"/>	Withdrawal <input type="checkbox"/>	Section 19(b)(2) * <input type="checkbox"/>	Section 19(b)(3)(A) * <input checked="" type="checkbox"/>	Section 19(b)(3)(B) * <input type="checkbox"/>
			Rule		
Pilot <input type="checkbox"/>	Extension of Time Period for Commission Action * <input type="checkbox"/>	Date Expires * <input type="text"/>	<input type="checkbox"/> 19b-4(f)(1)	<input type="checkbox"/> 19b-4(f)(4)	
			<input checked="" type="checkbox"/> 19b-4(f)(2)	<input type="checkbox"/> 19b-4(f)(5)	
			<input type="checkbox"/> 19b-4(f)(3)	<input type="checkbox"/> 19b-4(f)(6)	

Notice of proposed change pursuant to the Payment, Clearing, and Settlement Act of 2010	Security-Based Swap Submission pursuant to the Securities Exchange Act of 1934
Section 806(e)(1) * <input type="checkbox"/>	Section 806(e)(2) * <input type="checkbox"/>
Section 3C(b)(2) * <input type="checkbox"/>	

Exhibit 2 Sent As Paper Document <input type="checkbox"/>	Exhibit 3 Sent As Paper Document <input type="checkbox"/>
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Description

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

A proposal to amend the Phlx Pricing Schedule at Section VI pertaining to the Phlx Permit Fee and at Section VII pertaining to the Order Entry Port Fee, the Clearing Trade Interface Port Fee, and the Active Specialized Quote Feed Port Fee.

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 * <input type="text" value="Jurij"/>	Last Name * <input type="text" value="Trypupenko"/>
Title * <input type="text" value="Associate General Counsel"/>	
E-mail * <input type="text" value="jurij.trypupenko@nasdaq.com"/>	
Telephone * <input type="text" value="(301) 978-8132"/>	Fax <input type="text" value="(301) 978-8472"/>

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.

(Title *)

Date <input type="text" value="04/20/2015"/>	Executive Vice President and General Counsel
By <input type="text" value="Edward S. Knight"/>	<input type="text"/>
(Name *)	

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.

SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

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

Form 19b-4 Information *

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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 *

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

Exhibit 1A- Notice of Proposed Rule Change, Security-Based Swap Submission, or Advance Notice by Clearing Agencies *

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The Notice section of this Form 19b-4 must comply with the guidelines for publication in the Federal Register as well as any requirements for electronic filing as published by the Commission (if applicable). The Office of the Federal Register (OFR) offers guidance on Federal Register publication requirements in the Federal Register Document Drafting Handbook, October 1998 Revision. For example, all references to the federal securities laws must include the corresponding cite to the United States Code in a footnote. All references to SEC rules must include the corresponding cite to the Code of Federal Regulations in a footnote. All references to Securities Exchange Act Releases must include the release number, release date, Federal Register cite, Federal Register date, and corresponding file number (e.g., SR-[SRO]-xx-xx). A material failure to comply with these guidelines will result in the proposed rule change, 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

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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

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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

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

Exhibit 5 - Proposed Rule Text

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

Partial Amendment

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

1. Text of the Proposed Rule Change

(a) NASDAQ 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 the Phlx Pricing Schedule (“Pricing Schedule”) at Section VI pertaining to the Phlx Permit Fee and at Section VII pertaining to the Order Entry Port Fee, the Clearing Trade Interface (“CTI”) Port Fee, and the Active Specialized Quote Feed (“SQF”) Port Fee.³ The Exchange also proposes technical changes to the language of the Pricing Schedule.

While the changes proposed herein are effective upon filing, the Exchange has designated the amendments become operative on May 1, 2015.

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 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 16, 2014. Exchange staff will advise the Board of Directors of any action taken pursuant to

¹ 15 U.S.C. 78s(b)(1).

² 17 CFR 240.19b-4.

³ References in the proposal are to the Exchange’s Pricing Schedule, unless otherwise noted.

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 Jurij Trypupenko, Associate General Counsel, The NASDAQ OMX Group, Inc., at (301) 978-8132.

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

a. Purpose

The Exchange proposes to amend the Exchange's Pricing Schedule at Section VI pertaining to the Phlx Permit Fee and at Section VII pertaining to the Order Entry Port Fee, the CTI Port Fee, and the Active SQF Port Fee. The Exchange also proposes technical changes to the language of the Pricing Schedule. The proposed changes are discussed below.

Phlx Permit Fee – Section VI A. of the Pricing Schedule

The Exchange currently has a Permit Fee for Phlx members, which is \$2,150 for Specialists⁴ and Market Makers⁵ and \$2,150 for Floor Brokers⁶ per month. The

⁴ A "Specialist" is an Exchange member who is registered as an options specialist pursuant to Exchange Rule 1020(a).

⁵ A "Market Maker" includes Registered Options Traders (Exchange Rule 1014(b)(i) and (ii)), which includes Streaming Quote Traders (Exchange Rule 1014(b)(ii)(A)) and Remote Streaming Quote Traders (Exchange Rule 1014(b)(ii)(B)).

⁶ A "Floor Broker" is defined in Exchange Rule 1060 as an individual who is registered with the Exchange for the purpose, while on the Options Floor, of accepting and handling options orders received from members and member organizations.

Exchange proposes to increase the Permit Fee for Specialist and Market Makers, as well as for Floor Brokers, to \$2,300.⁷

Phlx Permit Fees for all other member and member organizations are currently \$4,000 in a given month, unless the member or member organization or member organizations under Common Ownership⁸ executes at least 100 options in a Phlx house account that is assigned to one of the member organizations in a given month, in which case the Permit Fee will be \$2,150 for that month. Commensurate with the increased Permit Fees for Specialists, Market Makers, and Floor Brokers, the Exchange proposes to increase to \$2,300 the Permit Fee for all other Common Ownership members or member organizations that execute a large number of options on the Exchange.⁹

The Exchange is seeking to recoup costs incurred from the membership administration function while continuing to encourage bringing options liquidity to the Exchange.

⁷ In addition, a member or member organization will pay an additional Permit Fee for each sponsored options participant, which fee will be the Permit Fee that is assessed to the member or member organization sponsoring the options participant. See note 16 to section VI A. of the Pricing Schedule.

⁸ The term “Common Ownership” means members or member organizations under 75% common ownership or control. See Preface to Pricing Schedule.

⁹ No change is proposed to Permit Fees for PSX only members and member organizations. These fees would continue to be \$4,000 unless the member or member organization averages at least 1,000 shares executed per day in a given month, in which case the Permit Fee will be \$0.00 in a given month. This volume will be calculated by averaging the shares over a one month period. The Exchange believes 1,000 shares per day in a given month is a reasonable level given the lower volume of business transacted on PSX as compared to other mature equities markets such as The NASDAQ Stock Market LLC.

Order Entry Port Fee – Section VII B. of the Pricing Schedule

The Exchange currently has an Order Entry Port Fee that is \$600 per month per mnemonic.¹⁰ The Exchange proposes to modestly increase the Order Entry Port Fee to \$650 per month per mnemonic.

The Order Entry Port Fee is a connectivity fee related to routing orders to the Exchange via an external order entry port. Phlx members access the Exchange's network through order entry ports. A Phlx member may have more than one order entry port. Today, the Exchange assesses members an Order Entry Port Fee of \$600 per month per mnemonic. The Exchange proposes to increase the Order Entry Port Fee to \$650 per month per mnemonic. The current practice will continue whereby the Order Entry Port Fee will be waived for mnemonics that are used exclusively for Complex Orders¹¹ where one of the components of the Complex Order is the underlying security.¹² In addition, the current practice will continue whereby member organizations are not being assessed an Order Entry Port Fee for additional ports acquired for only ten business days for the purpose of transitioning technology.¹³

¹⁰ Mnemonics are codes that identify member organization order entry ports.

¹¹ 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 .07(a)(i).

¹² See note 25 to section VII B. of the Pricing Schedule.

¹³ Similarly, member organizations will continue to be required to provide the Exchange with written notification of the transition and all additional ports which

CTI Port Fees - Section VII B. of the Pricing Schedule

The Exchange currently has a CTI Port Fee that is \$600 per port per month for each of the first 5 CTI ports, and \$100 per port for each port thereafter. The Exchange proposes to modestly increase the CTI Port Fee from \$600 to \$650 and to continue to charge a smaller amount for the subsequent ports in order to encourage use of CTI ports on the Exchange.

CTI offers real-time clearing trade updates. A real-time clearing trade update is a message that is sent to a member after an execution has occurred and contains trade details. The message containing the trade details is also simultaneously sent to The Options Clearing Corporation (“OCC”). The trade messages are routed to a member's connection containing certain information. The administrative and market event messages include, but are not limited to: system event messages to communicate operational-related events; options directory messages to relay basic option symbol and contract information for options traded on the Exchange; complex strategy messages to relay information for those strategies traded on the Exchange; trading action messages to inform market participants when a specific option or strategy is halted or released for trading on the Exchange; and an indicator which distinguishes electronic and non-electronically delivered orders. This information will be available to members on a real-time basis.¹⁴

were provided at no cost will be removed at the end of the ten business days. See Order Entry Port Fee in section VII B. of the Pricing Schedule.

¹⁴ Other data that is available includes: (1) Options Auction Notifications (e.g., opening imbalance, market exhaust, PIXL or other information); (2) Options Symbol Directory Messages; (3) System Event Messages (e.g., start of messages, start of system hours, start of quoting, start of opening); (4) Complex Order Strategy Auction Notifications (“COLA”); (5) Complex Order Strategy messages;

The Exchange assesses port fees for similar ports, namely the Order Entry Ports, CTI Ports and Active SQF Ports, discussed below. The Exchange desires to continue assessing the fees on Phlx in order to recoup costs associated with these ports while encouraging members to participate in the market.

Active SQF Port Fee – Section VII B. of the Pricing Schedule

SQF is an interface that enables Specialists, Streaming Quote Traders (“SQTs”)¹⁵ and Remote Streaming Quote Traders (“RSQTs”)¹⁶ to connect and send quotes into Phlx XL.¹⁷ Active SQF ports are ports that receive inbound quotes at any time within that month. Active SQF Ports allow member organizations to access, information such as execution reports, execution report messages, auction notifications, and administrative data through a single feed.

Last year, as discussed below, the Exchange underwent a technology refresh (“refresh” or “technology refresh”), which is completed. During the technology refresh, Exchange members had to use old Active SQF Ports and new Active SQF Ports as these were being developed, tested, and implemented. Where the Exchange had been offering

(6) Option Trading Action Messages (e.g., trading halts, resumption of trading); and (7) Complex Strategy Trading Action Message (e.g., trading halts, resumption of trading).

¹⁵ An SQT is defined in Exchange Rule 1014(b)(ii)(A) as a Registered Options Trader (“ROT”) who has received permission from the Exchange to generate and submit option quotations electronically in options to which such SQT is assigned.

¹⁶ An RSQT is defined in Exchange Rule in 1014(b)(ii)(B) as an ROT that is a member or member organization with no physical trading floor presence who has received permission from the Exchange to generate and submit option quotations electronically in options to which such RSQT has been assigned. An RSQT may only submit such quotations electronically from off the floor of the Exchange.

¹⁷ See Securities Exchange Act Release No. 63034 (October 4, 2010), 75 FR 62441 (October 8, 2010) (SR-Phlx-2010-124).

Active SQF Ports in sets of four to accommodate the connections necessary to access the match engine, as a result of the refresh (discussed below) firms could use fewer ports for a connection.

To help Exchange members through the refresh period, the Exchange last year filed an immediately effective proposal regarding Active SQF Port Fees (the “prior SQF filing”).¹⁸ In the prior SQF filing, the Exchange added language into Section VII B. of the Pricing Schedule to help avoid things such as double charging during the refresh transition period (“refresh accommodation language”). First, Section VII B. of the Pricing Schedule currently states that Specialists and Market Makers that are subject to the Active SQF Port Fee as of December 1, 2014 will be subject to an Active SQF Port Fee that reflects the average of fees assessed to them for the months of August, September and October 2014 (known as the “Fixed Active SQF Port Fee”). This Fixed Active SQF Port Fee will be assessed to these Specialists and Market Makers from December 1, 2014 through March 31, 2015. Second, Section VII B. of the Pricing Schedule currently states that Specialists and Market Makers will not be assessed a fee for their use of the new version of the Active SQF Port through March 31, 2015. And third, a Specialist or Market Maker who was not subject to Fixed Active SQF Port Fees prior to December 1, 2014 will be provided new ports and assessed the above Active SQF Port Fees as of December 1, 2014. These instances of the refresh accommodation language are no longer needed (e.g., the timing has expired) and are therefore being deleted.

¹⁸ See Securities Exchange Act Release No. 73687 (November 25, 2014), 79 FR 71485 (December 2, 2014) (SR-Phlx-2014-73) (notice of filing and immediate effectiveness regarding Active SQF Port Fee).

Currently, Section VII B. of the Pricing Schedule states that as of April 1, 2015 all Specialists and Market Makers are subject to the following tiered Active SQF Port Fee (“variable Active SQF Port Fee”):

Number of Active SQF Port	Monthly Fee Per Port
1	\$2,500
2 – 6	\$4,000
7 and over	\$15,000

Instead of continuing implementation of the variable Active SQF Port Fees that were put into place during the refresh, the Exchange proposes to assess Specialists and Market Makers an Active SQF Port Fee of \$1,250 per port per month (“Active SQF Port Fee”). This Active SQF Port Fee replaces the variable Active SQF Port Fee and is applicable to all that would be assessed for the Active SQF Port.¹⁹ Thus, with the proposal, the Active SQF Port Fee would be a set fee of \$1,250 per port per month, capped at \$42,000.²⁰

At the time that the variable Active SQF Port Fees were put into current Section VII B. of the Pricing Schedule during the technology refresh, four ports were needed to connect to the matching engine; after the refresh, only one port is needed. As noted in the prior SQF filing, the technology refresh was instituted last year in order that the Exchange may provide an equal opportunity to Specialists and Market Makers to access

¹⁹ The Exchange notes that the variable Active SQF Fee could, in fact, be more expensive than the proposed Active SQF Fee. For example, where the fixed Active SQF Port Fee for one port per month would be \$1,250, the variable Active SQF Port Fee (as applicable to Specialists and Market Makers) would be \$2,500; and where the fixed Active SQF Port Fee for 3 ports per month would be \$3,750, the variable Active SQF Port Fee would be \$4,000 per port.

²⁰ Currently, per note 26 to Section VII of the Pricing Schedule, the Active SQF Port Fee is capped at \$42,000, but includes language that the fee is capped at \$41,000 per month through March 31, 2015 (“Active SQF Port Fee Cap”). The Exchange proposes to delete the unnecessary language referring to March 31, 2015.

SQF data at a lower cost. The goal was to deploy state-of-the-art hardware and software architecture for a more efficient and robust infrastructure that would support the growing needs of market participants. The refresh changed the previously-needed multi-port connection to the matching engine to only one port. The functionality did not change as a result of the concluded refresh. As the Exchange had anticipated,²¹ Specialists and Market Makers certainly benefitted from the efficiency of the service that would be available to them as a result of the refresh. While Specialists and Market Makers were required to make network and other technical changes in order to connect to the Phlx system via SQF, the Exchange believes that member costs declined overall as a result of the more efficient connectivity offered by the refresh.²² During the technology refresh, the Exchange provided Specialists and Market Makers with new SQF ports for connectivity and functionality testing so that Specialists and Market Makers could migrate from the old Active SQF Ports to the new Active SQF Ports over a reasonable period of time.²³ As discussed, during the refresh period the Exchange implemented refresh accommodation language and a variable Active SQF Port Fee. The refresh is successfully completed and the Exchange is therefore deleting the refresh accommodation language and the variable Active SQF Port Fee, and proposing the above-described Active SQF Port Fee changes. The Exchange believes, as discussed in

²¹ See prior SQF filing.

²² As discussed, the increased efficiency in connectivity did not require the same infrastructure on the part of members to connect to the Exchange; members have not need to have the same level of connectivity after the conversion to the new ports per the refresh, and this has provided an overall cost reduction.

²³ The Exchange migrated on a symbol by symbol basis thereby requiring the use of both new and old Active SQF Ports for a period of time. Post refresh only new ports are utilized.

more detail below, that the Active SQF Port Fee changes, like the Order Entry Port Fee and CTI Port Fee changes, are reasonable.²⁴

In addition, the Exchange proposes some technical housekeeping changes. First, the Exchange proposes to delete a bullet point in note 26 to Section VII B. of the Pricing Schedule, which is applicable to the Active SQF Port Fee section; the bullet point is not necessary. Second, the Exchange proposes to fix a typographical error by adding an “l” in the word “wil” in note 26.

The Exchange proposes to amend the Phlx Permit Fee, Order Entry Port Fee and CTI Port Fee. This proposal reflects a modest price increase to members and member organizations while allowing the Exchange to recoup a certain portion of costs associated with permits and ports, namely the Order Entry Port and the CTI Port. The Exchange proposes to also delete the variable Active SQF Port Fee that is applicable to Specialists and Market Makers as of April 1, 2015, and the refresh accommodation language that is no longer necessary. The Exchange believes that the proposed changes are in conformity with the Act.

b. Statutory Basis

The Exchange believes that the proposed rule change is consistent with the provisions of Section 6 of the Act,²⁵ in general, and with Section 6(b)(4) and 6(b)(5) of

²⁴ For example, just as the Exchange believes that it was reasonable to allow Specialists and Market Makers to utilize new ports at no cost for a period of time to transition their current SQF ports to the new ports that were offered as a result of the technology refresh, so the Exchange believes that it is reasonable to delete such provisions when no longer needed.

²⁵ 15 U.S.C. 78f.

the Act,²⁶ 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 the Exchange operates or controls, and is not designed to permit unfair discrimination between customers, issuers, brokers, or dealers. The proposal regarding Phlx Permit Fees allows the Exchange to recoup costs incurred from the membership administration function. The proposals regarding the Order Entry Port Fee and CTI Port Fee allow the Exchange to recoup costs associated with these ports while encouraging members to participate in the market. The proposals regarding deleting the variable Active SQF Port Fee and using the proposed new Active SQF Port Fee instead,²⁷ and deleting the refresh accommodation language that is no longer necessary, are made while continuing to encourage members to bring options liquidity to the Exchange.

Phlx Permit Fee

The Exchange's proposal to amend Phlx Permit Fees is reasonable because the Exchange is seeking to recoup costs that are incurred by the Exchange.

The Exchange believes it is reasonable to assess different market participants different Permit Fees because each market participant has a different business model and, as a result, pays various other fees to the Exchange to maintain his or her business. Certain market participants such as Floor Brokers, Specialists and Market Makers pay other types of fees. For example, a Floor Broker requires space on the Exchange's

²⁶ 15 U.S.C. 78f(b)(4) and (5).

²⁷ The concept of a fixed fee for the Active SQF Port is not novel. A fixed monthly fee was previously adopted, for example, in connection with a specialist unit fee on Phlx. See Securities Exchange Act Release No. 48459 (September 8, 2003), 68 FR 54034 (September 15, 2003) (SR-Phlx-2003-61) (notice of filing and immediate effectiveness).

trading floor, and infrastructure to support floor trading.²⁸ A Specialist and Market Maker will similarly incur costs for certain data feeds, remote specialist fees, RSQT Fees and SQF Port Fees, amongst other charges.²⁹ Taking into account the overall costs incurred by Floor Brokers, Specialists and Market Makers to simply access and conduct their business on the Exchange, it is reasonable to assess these market participants a proposed Permit Fee of \$2,300 (rather than \$2,150) per month as compared to market participants other than Floor Brokers, Specialists and Market Makers (“Other Market Participants”). The Exchange believes that it is reasonable to assess Other Market Participants a higher Permit Fee of \$4,000 in a given month unless they transact a certain volume on the Exchange because these market participants do not incur the higher costs to conduct their business as do Floor Brokers, Specialists and Market Makers. The Exchange also believes that it is reasonable to provide Other Market Participants an opportunity to lower Permit Fees from \$4,000 to the same proposed effective rate of \$2,300 (rather than \$2,150) if they transact a certain volume on Phlx in a given month. The Exchange believes this volume brings revenue to the Exchange, which in turn benefits other market participants because they are able to interact with that volume. The Exchange believes that the continued 100 options threshold in a given month is an achievable hurdle for a majority of options participants on Phlx today, who are capable of

²⁸ Floor Brokers are subject to a Floor Facility Fee in Section VII of the Pricing Schedule.

²⁹ See Section VI and VII of the Pricing Schedule.

meeting this threshold. Finally, assessing different Permit Fee rates to different types of market participants is not novel among options markets.³⁰

The Exchange's proposal to amend Phlx Permit Fees is equitable and not unfairly discriminatory for the reasons which follow. The Exchange believes that continuing to assess Floor Brokers, Specialists and Market Participants effectively the same proposed rate of \$2,300 (rather than \$2,150) for a Permit Fee recognizes the overall total fee structure of these market participants on Phlx. As mentioned herein, Floor Brokers, Specialists and Market Makers incur fees which are not borne by other market participants.³¹ The Exchange believes that the proposed fee structure recognizes the costs that are incurred by these market participants in determining the Permit Fee for Floor Brokers, Specialists and Market Makers. The Exchange believes that Floor Brokers, Specialists and Market Makers serve an important function on the Exchange and already pay a significant portion of the non-transaction fees assessed by the Exchange today. Specialists and Market Makers serve an important role on the Exchange with regard to order interaction and they provide liquidity in the marketplace. Floor Brokers are registered with the Exchange for the purpose, while on the options floor, of accepting and

³⁰ The Chicago Board Options Exchange, Incorporated (“CBOE”), the International Securities Exchange, LLC (“ISE”) and Miami International Securities Exchange LLC (“MIAX”) assess different Trading Permit Fees to different market participants. See CBOE's Fees Schedule, ISE's Fee Schedule and MIAX's Fee Schedule.

³¹ Floor Brokers require space on the Exchange's trading floor, and infrastructure to support floor trading. Floor Brokers are subject to a Floor Facility Fee in Section VII of the Pricing Schedule. Specialists and Market Makers similarly incur costs for certain data feeds, remote specialist fees, RSQT Fees and SQF Port Fees amongst other charges. See, e.g., Sections VI and VII of the Pricing Schedule.

executing options orders received from members and member organizations.³² These market participants incur greater costs as compared to Professionals, Firms and Broker-Dealers because the type of business they conduct requires them to incur more cost to access the Exchange as compared to others. Other Market Participants (Professionals, Firms and Broker-Dealers) do not incur the same fees as Floor Brokers, Specialists and Market Makers and therefore, in order to allocate fees, the Exchange continues to assess these Other Market Participants an increased fee of \$4,000, unless they are able to transact at least 100 options in a given month. The Exchange believes that assessing Other Market Participants the higher fee of \$4,000 and offering the opportunity to lower the Permit Fee by executing a certain amount of volume is equitable and not unfairly discriminatory because transacting volume on Phlx brings liquidity to the Exchange, which in turn benefits other market participants. The Exchange believes that Other Market Participant members, member organizations and those under Common Ownership that add liquidity to the market place also bring revenue to the Exchange by incurring transaction fees.

The Exchange believes it is equitable and not unfairly discriminatory to assess effectively the same proposed Permit Fee of \$2,300 (rather than \$2,150) to Other Market Participants, equivalent to the fee assessed on Floor Brokers, Specialists and Market Makers, in any given month in which the Other Market Participants achieve the requisite volume because of the liquidity and revenue they bring to Phlx. The opportunity to lower

³² See Exchange Rule 1060.

Permit Fees affords Other Market Participants the opportunity to lower their fees by offering a means to benefit the Exchange by bringing liquidity to the marketplace.³³

CTI Port Fee and Order Entry Port Fee

The Exchange's proposal to amend CTI Port Fees and Order Entry Port Fees is reasonable because the Exchange is seeking to recoup costs that are incurred by the Exchange.

The Exchange believes that continuing to assess a CTI Port Fee on the Exchange at a proposed \$650 (rather than \$600) per port per month for each of the first 5 CTI ports, and \$100 per port for each port thereafter, is reasonable because it would allow the Exchange to recoup costs associated with offering the CTI ports. The Exchange notes that until recently it had a Real-Time Risk Management Fee,³⁴ but this fee was deleted in favor of using Port Fees.³⁵ The Exchange has found that the use of Port Fees is an effective way to recoup costs. This proposal reflects a modest price increase to members and member organizations while allowing the Exchange to recoup a certain portion of costs associated with ports, namely the Order Entry Port and CTI Port. Members and

³³ As discussed, the Exchange continuation to assess PSX only members no Permit Fee provided they transact an average of at least 1,000 shares executed per day in a given month is reasonable because the Exchange seeks to continue to attract market participants to the PSX market by assessing no fee.

³⁴ The Real-Time Risk Management Fee was adopted well over a decade ago for members receiving option trading information on-line (*i.e.*, electronically) from the Exchange. See Securities Exchange Act Release No. 43719 (December 13, 2000), 65 FR 80975 (December 22, 2000) (SR-Phlx-00-97) (notice of filing and immediate effectiveness).

³⁵ See Securities Exchange Act Release No. 74000 (January 6, 2015), 80 FR 1570 (January 12, 2015) (SR-Phlx-2014-83) (notice of filing and immediate effectiveness).

member organizations will be able to continue to obtain real-time information via CTI and SQF as discussed.

As with other port fees in subsection Section VII B. of the Pricing Schedule, the CTI Port Fees reflect a portion of the costs that the Exchange bears with respect to offering and maintaining the CTI ports. The CTI Port Fees are reasonable because they enable the Exchange to offset, in part, its connectivity costs associated with making such ports available, including costs based on gateway software and hardware enhancements and resources dedicated to gateway development, quality assurance, and support. The proposal to modestly increase the fees is reasonable to continue to recoup costs while encouraging members to connect to the Exchange.

The Exchange believes that continuing to assess an Order Entry Port Fee on the Exchange at a proposed \$650 per port per mnemonic is, similarly to the CTI Port Fee, reasonable because it would allow the Exchange to recoup costs associated with offering the Order Entry Ports. As noted, until recently the Exchange had a Real-Time Risk Management Fee that was deleted in favor of using Port Fees, which the Exchange has found is an effective way to recoup costs. This proposal reflects a modest price increase while allowing the Exchange to recoup a certain portion of costs associated with ports, namely the Order Entry Port and CTI Port.³⁶ Members and member organizations will be able to continue to obtain real-time information via CTI and SQF.

³⁶ As noted, the current practice will continue whereby the Order Entry Port Fee will be waived for mnemonics that are used exclusively for Complex Orders where one of the components of the Complex Order is the underlying security. Similarly, member organizations will continue to be required to provide the Exchange with written notification of the transition and all additional ports which were provided at no cost will be removed at the end of the ten business days. See note 25 to section VII B. of the Pricing Schedule.

The Exchange believes that the CTI Port Fees for the CTI ports at a proposed \$650 per port per month for each of the first 5 CTI ports, and \$100 per port for each port thereafter, is equitable and not unfairly discriminatory because the Exchange will assess the same fees for all CTI ports to all members.

The Exchange believes that the Order Entry Fees for the Order Entry Ports at a proposed \$650 per month per mnemonic is similarly equitable and not unfairly discriminatory because the Exchange will assess the same fees for all Order Entry Ports to all members.

As with other port fees in Section VII B. of the Pricing Schedule, the CTI Port Fee and the Order Entry Port Fee reflect a portion of the costs that the Exchange bears with respect to offering and maintaining the ports; such fees allow the Exchange to keep pace with increasing technology costs. These fees enable the Exchange to offset, in part, its connectivity costs associated with making such ports available, including costs based on gateway software and hardware enhancements.

Active SQF Port Fee

The Exchange believes that it is reasonable to delete the variable Active SQF Port Fees. The variable Active SQF Port Fees were, as discussed, put into current Section VII B. of the Pricing Schedule during the technology refresh of the Phlx trading system, which, among other things, allowed the use of one port to connect to the match engine as compared to a set of four ports. The functionality did not change as a result of the refresh. The Exchange properly anticipated that Specialists and Market Makers would benefit from the efficiency of the service that will be available to them as a result of the

refresh.³⁷ While Specialists and Market Makers were required to make network and other technical changes in order to connect to the Phlx system via SQF, the Exchange believes that members costs declined overall as a result of the more efficient connectivity offered by the refresh.³⁸

Currently, as of April 1, 2015, Specialists and Market Makers are subject to a variable Active SQF Port Fee based on the number of active ports per month as follows: \$2,500 for 1 port, \$4,000 for 2-6 ports and \$15,000 for 7 or more ports. The Exchange believes that it is reasonable to delete the variable Active SQF Port Fee applicable to Specialists and Market Makers, and replace it with the proposed \$1,250 per port per month Active SQF Port Fee applicable to all.³⁹ The Exchange believes that it is reasonable to assess all firms the same Active SQF Port Fee as opposed to a variable fee because, as discussed, the variable Active SQF Port Fee could, in fact, be more expensive.⁴⁰

The Exchange believes it is equitable and not unfairly discriminatory to delete the variable Active SQF Port Fee, and replace it with the proposed Active SQF Port Fee

³⁷ See prior SQF filing.

³⁸ As noted, and as discussed in the prior SQF filing, the increased efficiency in connectivity did not require the same infrastructure on the part of members to connect to the Exchange; members did not need to have the same level of connectivity after the conversion to the new ports and this provided an overall cost reduction.

³⁹ The Active SQF Port Fee is capped at \$42,000.

⁴⁰ For example, where the fixed Active SQF Port Fee for one port per month would be \$1,250, the variable Active SQF Port Fee (as applicable to Specialists and Market Makers) would be \$2,500; and where the fixed Active SQF Port Fee for 3 ports per month would be \$3,750, the variable Active SQF Port Fee would be \$4,000 per port.

because all Specialists and Market Makers would be subject to the same Active SQF Port Fee.

Because of the technology refresh, the Exchange added refresh accommodation language into Section VII B. of the Pricing Schedule to avoid double charging and to enable firms to get through the refresh transition period.⁴¹ Because the refresh is now completed and the refresh accommodation language is no longer needed, the Exchange believes that it is reasonable to delete the refresh accommodation language. The Exchange believes that just as it was reasonable to allow Specialists and Market Makers to utilize new ports at no cost for a period of time to transition their current SQF ports to the new ports that were offered as a result of the technology refresh, so it is reasonable to delete such provisions when no longer needed. In order to ease the transition during the refresh from the old SQF ports to new SQF ports, Specialists and Market Makers were given an extended period to test functionality and connectivity and resolve any issues that may arise during the testing phase with the new ports. With the refresh completed, and because of the time periods in the refresh accommodation language as discussed, there is no longer any need for the language and the Exchange believes that it is reasonable to delete it.

⁴¹ The refresh accommodation language in Section VII B. of the Pricing Schedule states that Specialists and Market Makers that are subject to the Active SQF Port Fee as of December 1, 2014 will be subject to an Active SQF Port Fee that reflects the average of fees assessed to them for the months of August, September and October 2014. This Fixed Active SQF Port Fee will be assessed to these Specialists and Market Makers from December 1, 2014 through March 31, 2015. Specialists and Market Makers will not be assessed a fee for their use of the new version of the Active SQF Port through March 31, 2015. In addition, a Specialist or Market Maker who was not subject to Fixed Active SQF Port Fees prior to December 1, 2014 will be provided new ports and assessed the above Active SQF Port Fees as of December 1, 2014. See also prior SQF filing.

The Exchange believes that deletion of the refresh accommodation language is equitable and not unfairly discriminatory because with the deleted refresh accommodation language, the Exchange will assess all current users of Active SQF Ports a fee based on the same criteria.

Currently, per note 26 to Section VII of the Pricing Schedule, the Active SQF Port Fee is capped at \$42,000, but includes language that the fee is capped at \$41,000 per month through March 31, 2015. The Exchange proposes to delete the unnecessary language referring to March 31, 2015. The Exchange believes that this is reasonable because the \$42,000 Active SQF Port Fee Cap is currently in effect and the Exchange is just taking the unneeded language out the Active SQF Port Fee Cap provision.

The Exchange believes that deleting the unnecessary language referring to March 31, 2015 is equitable and not unfairly discriminatory because the Exchange is simply cleaning up the language and will apply the Active SQF Port Fee Cap to all Specialists and Market Makers uniformly.

Finally, the Exchange proposes two technical housekeeping changes. First, the Exchange proposes to delete a bullet point in note 26 to Section VII of the Pricing Schedule, which is applicable to the Active SQF Port Fee section; the bullet point is not necessary. Second, the Exchange proposes to fix a typographical error by adding an “l” in the word “wil” in note 26; the word is misspelled. The Exchange believes that the changes are reasonable because they will delete unneeded language and clarify it.

The Exchange believes that the technical housekeeping changes are equitable and not unfairly discriminatory because the Exchange will apply them equally per the Pricing Schedule.

4. Self-Regulatory Organization's Statement on Burden on Competition

The Exchange does not believe that the proposed rule change will impose an undue burden on competition not necessary or appropriate in furtherance of the purposes of the Act.

The Exchange believes that offering Specialists and Market Makers the opportunity to utilize certain Active SQF ports, during this transition with XL, at no cost ensured that the transition was done smoothly. Specialists and Market Makers continued to be assessed the Active SQF Port Fees for current ports at a rate that is representative of their typical usage. The Exchange allowed these market participants to utilize new ports at no cost without limit. As discussed, the Exchange used certain refresh accommodation language to help the refresh go forward. The Exchange believes that deletion of these unneeded provisions will not impose an undue burden on competition. Similarly, the modest proposed increases in fees and establishing that all are liable for the proposed Active SQF Port Fee will not impose an undue burden on competition. Moreover, deleting the unnecessary language that the Active SQF Port Fee is capped at \$41,000 per month through March 31, 2015 will not impose an undue burden on competition because the Active SQF Port Fee is already capped at \$42,000 per month and the Exchange is merely taking out the unneeded language; moreover, the Active SQF Port Fee Cap would be applied uniformly to all market participants. Finally, the CTI Port Fee and the Order Entry Port Fee reflect a portion of the costs that the Exchange bears with respect to offering and maintaining the Order Entry Ports. Such fees allow the Exchange to keep pace with increasing technology costs, and will not impose an undue burden on competition because the fees would be applied uniformly to all market participants.

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 above-described fees that are assessed by the Exchange (as also the rebates paid by the Exchange) are influenced by these robust market forces and therefore must remain competitive with fees charged and rebates paid 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,⁴² 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.

⁴² 15 U.S.C. 78s(b)(3)(A)(ii).

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. Text of the Rule Change.

EXHIBIT 1

SECURITIES AND EXCHANGE COMMISSION
(Release No. _____ ; File No. SR-Phlx-2015-36)

April __, 2015

Self-Regulatory Organizations; NASDAQ OMX PHLX LLC; Notice of Filing and Immediate Effectiveness of Proposed Rule Change Relating to the Phlx Permit Fee, Order Entry Port Fee, Clearing Trade Interface Port Fee, and Active Specialized Quote Feed Port Fee

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 April 20, 2015, 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 the Phlx Pricing Schedule (“Pricing Schedule”) at Section VI pertaining to the Phlx Permit Fee and at Section VII pertaining to the Order Entry Port Fee, the Clearing Trade Interface (“CTI”) Port Fee, and the Active Specialized Quote Feed (“SQF”) Port Fee.³ The Exchange also proposes technical changes to the language of the Pricing Schedule.

¹ 15 U.S.C. 78s(b)(1).

² 17 CFR 240.19b-4.

³ References in the proposal are to the Exchange’s Pricing Schedule, unless otherwise noted.

While the changes proposed herein are effective upon filing, the Exchange has designated the amendments become operative on May 1, 2015.

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.

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 Exchange proposes to amend the Exchange's Pricing Schedule at Section VI pertaining to the Phlx Permit Fee and at Section VII pertaining to the Order Entry Port Fee, the CTI Port Fee, and the Active SQF Port Fee. The Exchange also proposes technical changes to the language of the Pricing Schedule. The proposed changes are discussed below.

Phlx Permit Fee – Section VI A. of the Pricing Schedule

The Exchange currently has a Permit Fee for Phlx members, which is \$2,150 for Specialists⁴ and Market Makers⁵ and \$2,150 for Floor Brokers⁶ per month. The

⁴ A "Specialist" is an Exchange member who is registered as an options specialist pursuant to Exchange Rule 1020(a).

Exchange proposes to increase the Permit Fee for Specialist and Market Makers, as well as for Floor Brokers, to \$2,300.⁷

Phlx Permit Fees for all other member and member organizations are currently \$4,000 in a given month, unless the member or member organization or member organizations under Common Ownership⁸ executes at least 100 options in a Phlx house account that is assigned to one of the member organizations in a given month, in which case the Permit Fee will be \$2,150 for that month. Commensurate with the increased Permit Fees for Specialists, Market Makers, and Floor Brokers, the Exchange proposes to increase to \$2,300 the Permit Fee for all other Common Ownership members or member organizations that execute a large number of options on the Exchange.⁹

⁵ A “Market Maker” includes Registered Options Traders (Exchange Rule 1014(b)(i) and (ii)), which includes Streaming Quote Traders (Exchange Rule 1014(b)(ii)(A)) and Remote Streaming Quote Traders (Exchange Rule 1014(b)(ii)(B)).

⁶ A “Floor Broker” is defined in Exchange Rule 1060 as an individual who is registered with the Exchange for the purpose, while on the Options Floor, of accepting and handling options orders received from members and member organizations.

⁷ In addition, a member or member organization will pay an additional Permit Fee for each sponsored options participant, which fee will be the Permit Fee that is assessed to the member or member organization sponsoring the options participant. See note 16 to section VI A. of the Pricing Schedule.

⁸ The term “Common Ownership” means members or member organizations under 75% common ownership or control. See Preface to Pricing Schedule.

⁹ No change is proposed to Permit Fees for PSX only members and member organizations. These fees would continue to be \$4,000 unless the member or member organization averages at least 1,000 shares executed per day in a given month, in which case the Permit Fee will be \$0.00 in a given month. This volume will be calculated by averaging the shares over a one month period. The Exchange believes 1,000 shares per day in a given month is a reasonable level given the lower volume of business transacted on PSX as compared to other mature equities markets such as The NASDAQ Stock Market LLC.

The Exchange is seeking to recoup costs incurred from the membership administration function while continuing to encourage bringing options liquidity to the Exchange.

Order Entry Port Fee – Section VII B. of the Pricing Schedule

The Exchange currently has an Order Entry Port Fee that is \$600 per month per mnemonic.¹⁰ The Exchange proposes to modestly increase the Order Entry Port Fee to \$650 per month per mnemonic.

The Order Entry Port Fee is a connectivity fee related to routing orders to the Exchange via an external order entry port. Phlx members access the Exchange's network through order entry ports. A Phlx member may have more than one order entry port. Today, the Exchange assesses members an Order Entry Port Fee of \$600 per month per mnemonic. The Exchange proposes to increase the Order Entry Port Fee to \$650 per month per mnemonic. The current practice will continue whereby the Order Entry Port Fee will be waived for mnemonics that are used exclusively for Complex Orders¹¹ where one of the components of the Complex Order is the underlying security.¹² In addition, the current practice will continue whereby member organizations are not being assessed

¹⁰ Mnemonics are codes that identify member organization order entry ports.

¹¹ 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 .07(a)(i).

¹² See note 25 to section VII B. of the Pricing Schedule.

an Order Entry Port Fee for additional ports acquired for only ten business days for the purpose of transitioning technology.¹³

CTI Port Fees - Section VII B. of the Pricing Schedule

The Exchange currently has a CTI Port Fee that is \$600 per port per month for each of the first 5 CTI ports, and \$100 per port for each port thereafter. The Exchange proposes to modestly increase the CTI Port Fee from \$600 to \$650 and to continue to charge a smaller amount for the subsequent ports in order to encourage use of CTI ports on the Exchange.

CTI offers real-time clearing trade updates. A real-time clearing trade update is a message that is sent to a member after an execution has occurred and contains trade details. The message containing the trade details is also simultaneously sent to The Options Clearing Corporation (“OCC”). The trade messages are routed to a member's connection containing certain information. The administrative and market event messages include, but are not limited to: system event messages to communicate operational-related events; options directory messages to relay basic option symbol and contract information for options traded on the Exchange; complex strategy messages to relay information for those strategies traded on the Exchange; trading action messages to inform market participants when a specific option or strategy is halted or released for trading on the Exchange; and an indicator which distinguishes electronic and non-

¹³ Similarly, member organizations will continue to be required to provide the Exchange with written notification of the transition and all additional ports which were provided at no cost will be removed at the end of the ten business days. See Order Entry Port Fee in section VII B. of the Pricing Schedule.

electronically delivered orders. This information will be available to members on a real-time basis.¹⁴

The Exchange assesses port fees for similar ports, namely the Order Entry Ports, CTI Ports and Active SQF Ports, discussed below. The Exchange desires to continue assessing the fees on Phlx in order to recoup costs associated with these ports while encouraging members to participate in the market.

Active SQF Port Fee – Section VII B. of the Pricing Schedule

SQF is an interface that enables Specialists, Streaming Quote Traders (“SQTs”)¹⁵ and Remote Streaming Quote Traders (“RSQTs”)¹⁶ to connect and send quotes into Phlx XL.¹⁷ Active SQF ports are ports that receive inbound quotes at any time within that month. Active SQF Ports allow member organizations to access, information such as

¹⁴ Other data that is available includes: (1) Options Auction Notifications (e.g., opening imbalance, market exhaust, PIXL or other information); (2) Options Symbol Directory Messages; (3) System Event Messages (e.g., start of messages, start of system hours, start of quoting, start of opening); (4) Complex Order Strategy Auction Notifications (“COLA”); (5) Complex Order Strategy messages; (6) Option Trading Action Messages (e.g., trading halts, resumption of trading); and (7) Complex Strategy Trading Action Message (e.g., trading halts, resumption of trading).

¹⁵ An SQT is defined in Exchange Rule 1014(b)(ii)(A) as a Registered Options Trader (“ROT”) who has received permission from the Exchange to generate and submit option quotations electronically in options to which such SQT is assigned.

¹⁶ An RSQT is defined in Exchange Rule in 1014(b)(ii)(B) as an ROT that is a member or member organization with no physical trading floor presence who has received permission from the Exchange to generate and submit option quotations electronically in options to which such RSQT has been assigned. An RSQT may only submit such quotations electronically from off the floor of the Exchange.

¹⁷ See Securities Exchange Act Release No. 63034 (October 4, 2010), 75 FR 62441 (October 8, 2010) (SR-Phlx-2010-124).

execution reports, execution report messages, auction notifications, and administrative data through a single feed.

Last year, as discussed below, the Exchange underwent a technology refresh (“refresh” or “technology refresh”), which is completed. During the technology refresh, Exchange members had to use old Active SQF Ports and new Active SQF Ports as these were being developed, tested, and implemented. Where the Exchange had been offering Active SQF Ports in sets of four to accommodate the connections necessary to access the match engine, as a result of the refresh (discussed below) firms could use fewer ports for a connection.

To help Exchange members through the refresh period, the Exchange last year filed an immediately effective proposal regarding Active SQF Port Fees (the “prior SQF filing”).¹⁸ In the prior SQF filing, the Exchange added language into Section VII B. of the Pricing Schedule to help avoid things such as double charging during the refresh transition period (“refresh accommodation language”). First, Section VII B. of the Pricing Schedule currently states that Specialists and Market Makers that are subject to the Active SQF Port Fee as of December 1, 2014 will be subject to an Active SQF Port Fee that reflects the average of fees assessed to them for the months of August, September and October 2014 (known as the “Fixed Active SQF Port Fee”). This Fixed Active SQF Port Fee will be assessed to these Specialists and Market Makers from December 1, 2014 through March 31, 2015. Second, Section VII B. of the Pricing Schedule currently states that Specialists and Market Makers will not be assessed a fee

¹⁸ See Securities Exchange Act Release No. 73687 (November 25, 2014), 79 FR 71485 (December 2, 2014) (SR-Phlx-2014-73) (notice of filing and immediate effectiveness regarding Active SQF Port Fee).

for their use of the new version of the Active SQF Port through March 31, 2015. And third, a Specialist or Market Maker who was not subject to Fixed Active SQF Port Fees prior to December 1, 2014 will be provided new ports and assessed the above Active SQF Port Fees as of December 1, 2014. These instances of the refresh accommodation language are no longer needed (e.g., the timing has expired) and are therefore being deleted.

Currently, Section VII B. of the Pricing Schedule states that as of April 1, 2015 all Specialists and Market Makers are subject to the following tiered Active SQF Port Fee (“variable Active SQF Port Fee”):

Number of Active SQF Port	Monthly Fee Per Port
1	\$2,500
2 – 6	\$4,000
7 and over	\$15,000

Instead of continuing implementation of the variable Active SQF Port Fees that were put into place during the refresh, the Exchange proposes to assess Specialists and Market Makers an Active SQF Port Fee of \$1,250 per port per month (“Active SQF Port Fee”). This Active SQF Port Fee replaces the variable Active SQF Port Fee and is applicable to all that would be assessed for the Active SQF Port.¹⁹ Thus, with the proposal, the Active SQF Port Fee would be a set fee of \$1,250 per port per month, capped at \$42,000.²⁰

¹⁹ The Exchange notes that the variable Active SQF Fee could, in fact, be more expensive than the proposed Active SQF Fee. For example, where the fixed Active SQF Port Fee for one port per month would be \$1,250, the variable Active SQF Port Fee (as applicable to Specialists and Market Makers) would be \$2,500; and where the fixed Active SQF Port Fee for 3 ports per month would be \$3,750, the variable Active SQF Port Fee would be \$4,000 per port.

²⁰ Currently, per note 26 to Section VII of the Pricing Schedule, the Active SQF Port

At the time that the variable Active SQF Port Fees were put into current Section VII B. of the Pricing Schedule during the technology refresh, four ports were needed to connect to the matching engine; after the refresh, only one port is needed. As noted in the prior SQF filing, the technology refresh was instituted last year in order that the Exchange may provide an equal opportunity to Specialists and Market Makers to access SQF data at a lower cost. The goal was to deploy state-of-the-art hardware and software architecture for a more efficient and robust infrastructure that would support the growing needs of market participants. The refresh changed the previously-needed multi-port connection to the matching engine to only one port. The functionality did not change as a result of the concluded refresh. As the Exchange had anticipated,²¹ Specialists and Market Makers certainly benefitted from the efficiency of the service that would be available to them as a result of the refresh. While Specialists and Market Makers were required to make network and other technical changes in order to connect to the Phlx system via SQF, the Exchange believes that member costs declined overall as a result of the more efficient connectivity offered by the refresh.²² During the technology refresh, the Exchange provided Specialists and Market Makers with new SQF ports for connectivity and functionality testing so that Specialists and Market Makers could migrate from the old Active SQF Ports to the new Active SQF Ports over a reasonable

Fee is capped at \$42,000, but includes language that the fee is capped at \$41,000 per month through March 31, 2015 (“Active SQF Port Fee Cap”). The Exchange proposes to delete the unnecessary language referring to March 31, 2015.

²¹ See prior SQF filing.

²² As discussed, the increased efficiency in connectivity did not require the same infrastructure on the part of members to connect to the Exchange; members have not need to have the same level of connectivity after the conversion to the new ports per the refresh, and this has provided an overall cost reduction.

period of time.²³ As discussed, during the refresh period the Exchange implemented refresh accommodation language and a variable Active SQF Port Fee. The refresh is successfully completed and the Exchange is therefore deleting the refresh accommodation language and the variable Active SQF Port Fee, and proposing the above-described Active SQF Port Fee changes. The Exchange believes, as discussed in more detail below, that the Active SQF Port Fee changes, like the Order Entry Port Fee and CTI Port Fee changes, are reasonable.²⁴

In addition, the Exchange proposes some technical housekeeping changes. First, the Exchange proposes to delete a bullet point in note 26 to Section VII B. of the Pricing Schedule, which is applicable to the Active SQF Port Fee section; the bullet point is not necessary. Second, the Exchange proposes to fix a typographical error by adding an “l” in the word “wil” in note 26.

The Exchange proposes to amend the Phlx Permit Fee, Order Entry Port Fee and CTI Port Fee. This proposal reflects a modest price increase to members and member organizations while allowing the Exchange to recoup a certain portion of costs associated with permits and ports, namely the Order Entry Port and the CTI Port. The Exchange proposes to also delete the variable Active SQF Port Fee that is applicable to Specialists and Market Makers as of April 1, 2015, and the refresh accommodation language that is

²³ The Exchange migrated on a symbol by symbol basis thereby requiring the use of both new and old Active SQF Ports for a period of time. Post refresh only new ports are utilized.

²⁴ For example, just as the Exchange believes that it was reasonable to allow Specialists and Market Makers to utilize new ports at no cost for a period of time to transition their current SQF ports to the new ports that were offered as a result of the technology refresh, so the Exchange believes that it is reasonable to delete such provisions when no longer needed.

no longer necessary. The Exchange believes that the proposed changes are in conformity with the Act.

2. Statutory Basis

The Exchange believes that the proposed rule change is consistent with the provisions of Section 6 of the Act,²⁵ in general, and with Section 6(b)(4) and 6(b)(5) of the Act,²⁶ 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 the Exchange operates or controls, and is not designed to permit unfair discrimination between customers, issuers, brokers, or dealers. The proposal regarding Phlx Permit Fees allows the Exchange to recoup costs incurred from the membership administration function. The proposals regarding the Order Entry Port Fee and CTI Port Fee allow the Exchange to recoup costs associated with these ports while encouraging members to participate in the market. The proposals regarding deleting the variable Active SQF Port Fee and using the proposed new Active SQF Port Fee instead,²⁷ and deleting the refresh accommodation language that is no longer necessary, are made while continuing to encourage members to bring options liquidity to the Exchange.

²⁵ 15 U.S.C. 78f.

²⁶ 15 U.S.C. 78f(b)(4) and (5).

²⁷ The concept of a fixed fee for the Active SQF Port is not novel. A fixed monthly fee was previously adopted, for example, in connection with a specialist unit fee on Phlx. See Securities Exchange Act Release No. 48459 (September 8, 2003), 68 FR 54034 (September 15, 2003) (SR-Phlx-2003-61) (notice of filing and immediate effectiveness).

Phlx Permit Fee

The Exchange's proposal to amend Phlx Permit Fees is reasonable because the Exchange is seeking to recoup costs that are incurred by the Exchange.

The Exchange believes it is reasonable to assess different market participants different Permit Fees because each market participant has a different business model and, as a result, pays various other fees to the Exchange to maintain his or her business. Certain market participants such as Floor Brokers, Specialists and Market Makers pay other types of fees. For example, a Floor Broker requires space on the Exchange's trading floor, and infrastructure to support floor trading.²⁸ A Specialist and Market Maker will similarly incur costs for certain data feeds, remote specialist fees, RSQT Fees and SQF Port Fees, amongst other charges.²⁹ Taking into account the overall costs incurred by Floor Brokers, Specialists and Market Makers to simply access and conduct their business on the Exchange, it is reasonable to assess these market participants a proposed Permit Fee of \$2,300 (rather than \$2,150) per month as compared to market participants other than Floor Brokers, Specialists and Market Makers ("Other Market Participants"). The Exchange believes that it is reasonable to assess Other Market Participants a higher Permit Fee of \$4,000 in a given month unless they transact a certain volume on the Exchange because these market participants do not incur the higher costs to conduct their business as do Floor Brokers, Specialists and Market Makers. The Exchange also believes that it is reasonable to provide Other Market Participants an opportunity to lower Permit Fees from \$4,000 to the same proposed effective rate of

²⁸ Floor Brokers are subject to a Floor Facility Fee in Section VII of the Pricing Schedule.

²⁹ See Section VI and VII of the Pricing Schedule.

\$2,300 (rather than \$2,150) if they transact a certain volume on Phlx in a given month.

The Exchange believes this volume brings revenue to the Exchange, which in turn benefits other market participants because they are able to interact with that volume. The Exchange believes that the continued 100 options threshold in a given month is an achievable hurdle for a majority of options participants on Phlx today, who are capable of meeting this threshold. Finally, assessing different Permit Fee rates to different types of market participants is not novel among options markets.³⁰

The Exchange's proposal to amend Phlx Permit Fees is equitable and not unfairly discriminatory for the reasons which follow. The Exchange believes that continuing to assess Floor Brokers, Specialists and Market Participants effectively the same proposed rate of \$2,300 (rather than \$2,150) for a Permit Fee recognizes the overall total fee structure of these market participants on Phlx. As mentioned herein, Floor Brokers, Specialists and Market Makers incur fees which are not borne by other market participants.³¹ The Exchange believes that the proposed fee structure recognizes the costs that are incurred by these market participants in determining the Permit Fee for Floor Brokers, Specialists and Market Makers. The Exchange believes that Floor Brokers, Specialists and Market Makers serve an important function on the Exchange and already

³⁰ The Chicago Board Options Exchange, Incorporated (“CBOE”), the International Securities Exchange, LLC (“ISE”) and Miami International Securities Exchange LLC (“MIAX”) assess different Trading Permit Fees to different market participants. See CBOE's Fees Schedule, ISE's Fee Schedule and MIAX's Fee Schedule.

³¹ Floor Brokers require space on the Exchange's trading floor, and infrastructure to support floor trading. Floor Brokers are subject to a Floor Facility Fee in Section VII of the Pricing Schedule. Specialists and Market Makers similarly incur costs for certain data feeds, remote specialist fees, RSQT Fees and SQF Port Fees amongst other charges. See, e.g., Sections VI and VII of the Pricing Schedule.

pay a significant portion of the non-transaction fees assessed by the Exchange today. Specialists and Market Makers serve an important role on the Exchange with regard to order interaction and they provide liquidity in the marketplace. Floor Brokers are registered with the Exchange for the purpose, while on the options floor, of accepting and executing options orders received from members and member organizations.³² These market participants incur greater costs as compared to Professionals, Firms and Broker-Dealers because the type of business they conduct requires them to incur more cost to access the Exchange as compared to others. Other Market Participants (Professionals, Firms and Broker-Dealers) do not incur the same fees as Floor Brokers, Specialists and Market Makers and therefore, in order to allocate fees, the Exchange continues to assess these Other Market Participants an increased fee of \$4,000, unless they are able to transact at least 100 options in a given month. The Exchange believes that assessing Other Market Participants the higher fee of \$4,000 and offering the opportunity to lower the Permit Fee by executing a certain amount of volume is equitable and not unfairly discriminatory because transacting volume on Phlx brings liquidity to the Exchange, which in turn benefits other market participants. The Exchange believes that Other Market Participant members, member organizations and those under Common Ownership that add liquidity to the market place also bring revenue to the Exchange by incurring transaction fees.

The Exchange believes it is equitable and not unfairly discriminatory to assess effectively the same proposed Permit Fee of \$2,300 (rather than \$2,150) to Other Market Participants, equivalent to the fee assessed on Floor Brokers, Specialists and Market

³² See Exchange Rule 1060.

Makers, in any given month in which the Other Market Participants achieve the requisite volume because of the liquidity and revenue they bring to Phlx. The opportunity to lower Permit Fees affords Other Market Participants the opportunity to lower their fees by offering a means to benefit the Exchange by bringing liquidity to the marketplace.³³

CTI Port Fee and Order Entry Port Fee

The Exchange's proposal to amend CTI Port Fees and Order Entry Port Fees is reasonable because the Exchange is seeking to recoup costs that are incurred by the Exchange.

The Exchange believes that continuing to assess a CTI Port Fee on the Exchange at a proposed \$650 (rather than \$600) per port per month for each of the first 5 CTI ports, and \$100 per port for each port thereafter, is reasonable because it would allow the Exchange to recoup costs associated with offering the CTI ports. The Exchange notes that until recently it had a Real-Time Risk Management Fee,³⁴ but this fee was deleted in favor of using Port Fees.³⁵ The Exchange has found that the use of Port Fees is an effective way to recoup costs. This proposal reflects a modest price increase to members and member organizations while allowing the Exchange to recoup a certain portion of

³³ As discussed, the Exchange continues to assess PSX only members no Permit Fee provided they transact an average of at least 1,000 shares executed per day in a given month is reasonable because the Exchange seeks to continue to attract market participants to the PSX market by assessing no fee.

³⁴ The Real-Time Risk Management Fee was adopted well over a decade ago for members receiving option trading information on-line (*i.e.*, electronically) from the Exchange. See Securities Exchange Act Release No. 43719 (December 13, 2000), 65 FR 80975 (December 22, 2000) (SR-Phlx-00-97) (notice of filing and immediate effectiveness).

³⁵ See Securities Exchange Act Release No. 74000 (January 6, 2015), 80 FR 1570 (January 12, 2015) (SR-Phlx-2014-83) (notice of filing and immediate effectiveness).

costs associated with ports, namely the Order Entry Port and CTI Port. Members and member organizations will be able to continue to obtain real-time information via CTI and SQF as discussed.

As with other port fees in subsection Section VII B. of the Pricing Schedule, the CTI Port Fees reflect a portion of the costs that the Exchange bears with respect to offering and maintaining the CTI ports. The CTI Port Fees are reasonable because they enable the Exchange to offset, in part, its connectivity costs associated with making such ports available, including costs based on gateway software and hardware enhancements and resources dedicated to gateway development, quality assurance, and support. The proposal to modestly increase the fees is reasonable to continue to recoup costs while encouraging members to connect to the Exchange.

The Exchange believes that continuing to assess an Order Entry Port Fee on the Exchange at a proposed \$650 per port per mnemonic is, similarly to the CTI Port Fee, reasonable because it would allow the Exchange to recoup costs associated with offering the Order Entry Ports. As noted, until recently the Exchange had a Real-Time Risk Management Fee that was deleted in favor of using Port Fees, which the Exchange has found is an effective way to recoup costs. This proposal reflects a modest price increase while allowing the Exchange to recoup a certain portion of costs associated with ports, namely the Order Entry Port and CTI Port.³⁶ Members and member organizations will be able to continue to obtain real-time information via CTI and SQF.

³⁶ As noted, the current practice will continue whereby the Order Entry Port Fee will be waived for mnemonics that are used exclusively for Complex Orders where one of the components of the Complex Order is the underlying security. Similarly, member organizations will continue to be required to provide the Exchange with written notification of the transition and all additional ports which

The Exchange believes that the CTI Port Fees for the CTI ports at a proposed \$650 per port per month for each of the first 5 CTI ports, and \$100 per port for each port thereafter, is equitable and not unfairly discriminatory because the Exchange will assess the same fees for all CTI ports to all members.

The Exchange believes that the Order Entry Fees for the Order Entry Ports at a proposed \$650 per month per mnemonic is similarly equitable and not unfairly discriminatory because the Exchange will assess the same fees for all Order Entry Ports to all members.

As with other port fees in Section VII B. of the Pricing Schedule, the CTI Port Fee and the Order Entry Port Fee reflect a portion of the costs that the Exchange bears with respect to offering and maintaining the ports; such fees allow the Exchange to keep pace with increasing technology costs. These fees enable the Exchange to offset, in part, its connectivity costs associated with making such ports available, including costs based on gateway software and hardware enhancements.

Active SQF Port Fee

The Exchange believes that it is reasonable to delete the variable Active SQF Port Fees. The variable Active SQF Port Fees were, as discussed, put into current Section VII B. of the Pricing Schedule during the technology refresh of the Phlx trading system, which, among other things, allowed the use of one port to connect to the match engine as compared to a set of four ports. The functionality did not change as a result of the refresh. The Exchange properly anticipated that Specialists and Market Makers would benefit from the efficiency of the service that will be available to them as a result of the

were provided at no cost will be removed at the end of the ten business days. See note 25 to section VII B. of the Pricing Schedule.

refresh.³⁷ While Specialists and Market Makers were required to make network and other technical changes in order to connect to the Phlx system via SQF, the Exchange believes that members costs declined overall as a result of the more efficient connectivity offered by the refresh.³⁸

Currently, as of April 1, 2015, Specialists and Market Makers are subject to a variable Active SQF Port Fee based on the number of active ports per month as follows: \$2,500 for 1 port, \$4,000 for 2-6 ports and \$15,000 for 7 or more ports. The Exchange believes that it is reasonable to delete the variable Active SQF Port Fee applicable to Specialists and Market Makers, and replace it with the proposed \$1,250 per port per month Active SQF Port Fee applicable to all.³⁹ The Exchange believes that it is reasonable to assess all firms the same Active SQF Port Fee as opposed to a variable fee because, as discussed, the variable Active SQF Port Fee could, in fact, be more expensive.⁴⁰

The Exchange believes it is equitable and not unfairly discriminatory to delete the variable Active SQF Port Fee, and replace it with the proposed Active SQF Port Fee

³⁷ See prior SQF filing.

³⁸ As noted, and as discussed in the prior SQF filing, the increased efficiency in connectivity did not require the same infrastructure on the part of members to connect to the Exchange; members did not need to have the same level of connectivity after the conversion to the new ports and this provided an overall cost reduction.

³⁹ The Active SQF Port Fee is capped at \$42,000.

⁴⁰ For example, where the fixed Active SQF Port Fee for one port per month would be \$1,250, the variable Active SQF Port Fee (as applicable to Specialists and Market Makers) would be \$2,500; and where the fixed Active SQF Port Fee for 3 ports per month would be \$3,750, the variable Active SQF Port Fee would be \$4,000 per port.

because all Specialists and Market Makers would be subject to the same Active SQF Port Fee.

Because of the technology refresh, the Exchange added refresh accommodation language into Section VII B. of the Pricing Schedule to avoid double charging and to enable firms to get through the refresh transition period.⁴¹ Because the refresh is now completed and the refresh accommodation language is no longer needed, the Exchange believes that it is reasonable to delete the refresh accommodation language. The Exchange believes that just as it was reasonable to allow Specialists and Market Makers to utilize new ports at no cost for a period of time to transition their current SQF ports to the new ports that were offered as a result of the technology refresh, so it is reasonable to delete such provisions when no longer needed. In order to ease the transition during the refresh from the old SQF ports to new SQF ports, Specialists and Market Makers were given an extended period to test functionality and connectivity and resolve any issues that may arise during the testing phase with the new ports. With the refresh completed, and because of the time periods in the refresh accommodation language as discussed, there is no longer any need for the language and the Exchange believes that it is reasonable to delete it.

⁴¹ The refresh accommodation language in Section VII B. of the Pricing Schedule states that Specialists and Market Makers that are subject to the Active SQF Port Fee as of December 1, 2014 will be subject to an Active SQF Port Fee that reflects the average of fees assessed to them for the months of August, September and October 2014. This Fixed Active SQF Port Fee will be assessed to these Specialists and Market Makers from December 1, 2014 through March 31, 2015. Specialists and Market Makers will not be assessed a fee for their use of the new version of the Active SQF Port through March 31, 2015. In addition, a Specialist or Market Maker who was not subject to Fixed Active SQF Port Fees prior to December 1, 2014 will be provided new ports and assessed the above Active SQF Port Fees as of December 1, 2014. See also prior SQF filing.

The Exchange believes that deletion of the refresh accommodation language is equitable and not unfairly discriminatory because with the deleted refresh accommodation language, the Exchange will assess all current users of Active SQF Ports a fee based on the same criteria.

Currently, per note 26 to Section VII of the Pricing Schedule, the Active SQF Port Fee is capped at \$42,000, but includes language that the fee is capped at \$41,000 per month through March 31, 2015. The Exchange proposes to delete the unnecessary language referring to March 31, 2015. The Exchange believes that this is reasonable because the \$42,000 Active SQF Port Fee Cap is currently in effect and the Exchange is just taking the unneeded language out the Active SQF Port Fee Cap provision.

The Exchange believes that deleting the unnecessary language referring to March 31, 2015 is equitable and not unfairly discriminatory because the Exchange is simply cleaning up the language and will apply the Active SQF Port Fee Cap to all Specialists and Market Makers uniformly.

Finally, the Exchange proposes two technical housekeeping changes. First, the Exchange proposes to delete a bullet point in note 26 to Section VII of the Pricing Schedule, which is applicable to the Active SQF Port Fee section; the bullet point is not necessary. Second, the Exchange proposes to fix a typographical error by adding an “l” in the word “wil” in note 26; the word is misspelled. The Exchange believes that the changes are reasonable because they will delete unneeded language and clarify it.

The Exchange believes that the technical housekeeping changes are equitable and not unfairly discriminatory because the Exchange will apply them equally per the Pricing Schedule.

B. Self-Regulatory Organization's Statement on Burden on Competition

The Exchange does not believe that the proposed rule change will impose an undue burden on competition not necessary or appropriate in furtherance of the purposes of the Act.

The Exchange believes that offering Specialists and Market Makers the opportunity to utilize certain Active SQF ports, during this transition with XL, at no cost ensured that the transition was done smoothly. Specialists and Market Makers continued to be assessed the Active SQF Port Fees for current ports at a rate that is representative of their typical usage. The Exchange allowed these market participants to utilize new ports at no cost without limit. As discussed, the Exchange used certain refresh accommodation language to help the refresh go forward. The Exchange believes that deletion of these unneeded provisions will not impose an undue burden on competition. Similarly, the modest proposed increases in fees and establishing that all are liable for the proposed Active SQF Port Fee will not impose an undue burden on competition. Moreover, deleting the unnecessary language that the Active SQF Port Fee is capped at \$41,000 per month through March 31, 2015 will not impose an undue burden on competition because the Active SQF Port Fee is already capped at \$42,000 per month and the Exchange is merely taking out the unneeded language; moreover, the Active SQF Port Fee Cap would be applied uniformly to all market participants. Finally, the CTI Port Fee and the Order Entry Port Fee reflect a portion of the costs that the Exchange bears with respect to offering and maintaining the Order Entry Ports. Such fees allow the Exchange to keep pace with increasing technology costs, and will not impose an undue burden on competition because the fees would be applied uniformly to all market participants.

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 above-described fees that are assessed by the Exchange (as also the rebates paid by the Exchange) are influenced by these robust market forces and therefore must remain competitive with fees charged and rebates paid 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.⁴² At any time within 60 days of the filing of the proposed rule change, the Commission summarily may temporarily suspend such rule change if it appears to the Commission that such action is necessary or appropriate in the public interest, for the protection of investors, or otherwise in furtherance of the purposes of the Act. If the Commission takes such action, the Commission shall institute proceedings to determine whether the proposed rule should be approved or disapproved.

⁴² 15 U.S.C. 78s(b)(3)(A)(ii).

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-2015-36 on the subject line.

Paper comments:

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

All submissions should refer to File Number SR-Phlx-2015-36. 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-2015-36 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.⁴³

Kevin M. O'Neill
Deputy Secretary

⁴³ 17 CFR 200.30-3(a)(12).

EXHIBIT 5

New text is underlined; deleted text is in [brackets].

NASDAQ OMX PHLX LLC¹ 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.

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

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VI. MEMBERSHIP FEES**A. Permit and Registration Fees**

Permit Fees for Phlx Members (per month)

Phlx Permit Fees¹⁶

Floor Broker Permit Fee	\$2,[150] <u>300</u>
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Specialist and Market Maker	\$2,[150] <u>300</u>
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Permit Fees for all other member and member organizations: \$4,000 in a given month, unless the member or member organization or member organizations under Common Ownership, executes at least 100 options in a Phlx house account that is assigned to one of the member organizations in a given month, in which case the Permit Fee will be \$2,[150]300 for that month.

PSX Only Permit Fees:

Members and member organizations: \$4,000 in a given month, unless the member or member organization averages at least 1,000 shares executed per day in a given month, in which case the Permit Fee will be \$0.00.

¹⁶A member or member organization will pay an additional Permit Fee for each sponsored options participant, which fee will be the Permit Fee that is assessed to the member or member organization sponsoring the options participant.

Application Fee^{14, 18, #}

¹⁸An applicant will be assessed the Application Fee each time an applicant applies for membership, notwithstanding the fact that the applicant may have been a former permit holder.

\$350

Application Fee for Lapsed Applications¹⁴

\$350

Transfer of Affiliation Fee¹⁹

\$350

¹⁹The Exchange will not assess the Initiation Fee on a permit holder who applies to transfer affiliation from one member organization to another member organization if the permit holder continuously held his or her permit without any lapse in membership.

Account Fee¹⁴

\$50.00 monthly

Initiation Fee^{14, #}

\$1,500

Inactive Nominee Fee

\$600 for 6 months^{20, 21}

²⁰The member organization will be assessed \$100 per month for the applicable six month period unless the member organization provides proper notice of its intent to terminate an inactive nominee prior to the first day of the next billing month.

²¹An inactive nominee's status expires after six months unless it has been reaffirmed in writing by the member organization or is sooner terminated. A member organization will be assessed the Inactive Nominee Fee every time the status is reaffirmed. An inactive nominee is also assessed Application and Initiation Fees when such person applies to be an inactive nominee. Such fees are reassessed if there is a lapse in their inactive nominee status. However, an inactive nominee would not be assessed Application and Initiation Fees if such inactive nominee applied for membership without any lapse in that individual's association with a particular member organization. An Inactive Nominee is also assessed the Trading Floor Personnel Registration Fee.

¹⁴ Applicants that apply for membership solely to participate in the NASDAQ OMX PSX equities market are not assessed an Application Fee, Initiation Fee, or Account Fee. Should such approved member or member organization subsequently elect to engage in business on Phlx XL II, the Exchange's options platform, the Initiation Fee and Account Fee will apply.

- Permit Fees: The Exchange has established the date of notification of termination of a permit as the date that permit fee billing will cease. Additionally, a permit holder will be billed only one monthly permit fee if the holder transfers from one member organization

to another previously unrelated member organization as a result of a merger, partial sale or other business combination during a monthly permit fee period in order to avoid double billing in the month the merger or business combination occurred.

- The Initiation Fee is imposed on a new member upon the issuance of a permit, notwithstanding the fact that the new member may have been a former permit holder.

Clerk Fee \$100 per month

- This Clerk Fee is imposed on any registered on-floor person employed by or associated with a member or member organization pursuant to Rule 1090, including Inactive Nominees pursuant to Rule 925. This fee is not imposed on permit holders.

B. - C. No Change.

VII. OTHER MEMBER FEES

A. No Change.

B. Port Fees

Order Entry Port Fee \$6[0]50 per month per mnemonic²⁵

²⁵The Order Entry Port Fee will be waived for mnemonics that are used exclusively for complex orders where one of the components of the complex order is the underlying security.

Member organizations will not be assessed an Order Entry Port Fee for additional ports acquired for ten business days for the purpose of transitioning technology. The member organization is required to provide the Exchange with written notification of the transition and all additional ports, provided at no cost, will be removed at the end of the ten business days.

Active SQF Port Fee²⁶ \$1,250 per port per month

[Specialists and Market Makers that are subject to the Active SQF Port Fee as of December 1, 2014 will be subject to an Active SQF Port Fee that reflects the average of fees assessed to them for the months of August, September and October 2014 ("Fixed Active SQF Port Fee"). This Fixed Active SQF Port Fee will be assessed to these Specialists and Market Makers from December 1, 2014 through March 31, 2015. Specialists and Market Makers will not be assessed a fee for their use of the new version of the Active SQF Port through March 31, 2015.]

[All Specialists and Market Makers are subject to the following Active SQF Port Fees as of April 1, 2015:]

[Number of Active SQF Port]

[Monthly Fee Per Port]

[1]	[\$2,500]
[2 – 6]	[\$4,000]
[7 and over]	[\$15,000]

[A Specialist or Market Maker who was not subject to Fixed Active SQF Port Fees prior to December 1, 2014 will be provided new ports and assessed the above Active SQF Port Fees as of December 1, 2014.]

²⁶Active SQF Port Fees will be capped at [\$41,000 per month through March 31, 2015 and thereafter at]\$42,000 per month.

[•]Active SQF ports refer to ports that receive inbound quotes at any time within that month.

Member organizations will not be assessed an Active SQF Port Fee for additional ports acquired for ten business days for the purpose of transitioning technology. The member organization is required to provide the Exchange with written notification of the transition and all additional ports, provided at no cost, will be removed at the end of the ten business days.

CTI Port Fee \$6[0]50 per port per month for each of the first 5 CTI ports, and \$100 per port for each port thereafter.

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