

Required fields are shown with yellow backgrounds and asterisks.

Page 1 of * 33		SECURITIES AND EXCHANGE COMMISSION WASHINGTON, D.C. 20549 Form 19b-4		File No.* SR - 2016 - * 56		Amendment No. (req. for Amendments *)	
Filing by NASDAQ PHLX LLC Pursuant to Rule 19b-4 under the Securities Exchange Act of 1934							
Initial * <input checked="" type="checkbox"/>		Amendment * <input type="checkbox"/>		Withdrawal <input type="checkbox"/>		Section 19(b)(2) * <input type="checkbox"/>	
						Section 19(b)(3)(A) * <input checked="" type="checkbox"/>	
						Section 19(b)(3)(B) * <input type="checkbox"/>	
						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"/>					
Description							
Provide a brief description of the action (limit 250 characters, required when Initial is checked *).							
<input type="text" value="PIXL Pricing"/>							
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="Angela"/>		Last Name * <input type="text" value="Dunn"/>					
Title * <input type="text" value="Associate General Counsel"/>							
E-mail * <input type="text" value="angela.dunn@nasdaq.com"/>							
Telephone * <input type="text" value="(215) 496-5692"/>		Fax <input type="text"/>					
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="05/02/2016"/>		<input type="text" value="Executive Vice President and General Counsel"/>					
By <input type="text" value="Edward S. Knight"/>		<input type="text" value="edward.knight@nasdaq.com"/>					
(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 *

Add Remove View

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

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

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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

Add Remove View

Exhibit Sent As Paper Document

Copies of notices, written comments, transcripts, other communications. If such documents cannot be filed electronically in accordance with Instruction F, they shall be filed in accordance with Instruction G.

Exhibit 3 - Form, Report, or Questionnaire

Add Remove View

Exhibit Sent As Paper Document

Copies of any form, report, or questionnaire that the self-regulatory organization proposes to use to help implement or operate the proposed rule change, or that is referred to by the proposed rule change.

Exhibit 4 - Marked Copies

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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

Add Remove View

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

Partial Amendment

Add Remove View

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

1. Text of the Proposed Rule Change

(a) NASDAQ PHLX LLC (“Phlx” or “Exchange”), pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 (“Act”)¹ and Rule 19b-4 thereunder,² proposes to amend Section IV, Part A of the Pricing Schedule entitled “PIXL Pricing.”

A notice of the proposed rule change for publication in the Federal Register is at Exhibit 1 and the text of the amended Exchange Rule is at Exhibit 5.

(b) Not applicable.

(c) Not applicable.

2. Procedures of the Self-Regulatory Organization

The proposed rule change was approved by senior management of the Exchange pursuant to authority delegated by the Board of Directors (the “Board”) on July 1, 2015. Exchange staff will advise the Board of any action taken pursuant to delegated authority. No other action is necessary for the filing of the rule change.

Questions and comments on the proposed rule change may be directed to:

Angela Saccomandi Dunn
Associate General Counsel
Nasdaq, Inc.
215-496-5692.

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

a. Purpose

The purpose of this rule change is to amend the PIXL³ pricing located in the

¹ 15 U.S.C. 78s(b)(1).

² 17 CFR 240.19b-4.

³ PIXLSM is the Exchange’s price improvement mechanism known as Price Improvement XL or PIXL. A member may electronically submit for execution an

Pricing Schedule at Section IV, Part A. The Exchange amends the PIXL Pricing to incentivize market participants to direct more PIXL Orders to Phlx.

Today, the Exchange assesses a \$0.07 per contract Initiating Order Fee. If the member or member organization qualifies for the Tier 4 or 5 Customer Rebate⁴ in Section B, the member or member organization will be assessed an Initiating Order Fee of \$0.05 per contract for Simple PIXL Orders and \$0.03 per contract for Complex⁵ PIXL Orders. The Exchange is proposing to make three changes to the PIXL Pricing.

Pricing Change Number 1

The Exchange proposes to assess a \$0.05 per contract Initiating Order Fee to members and member organizations that qualify for the Tier 4 or 5 Customer Rebate in Section B, regardless of whether the order is a Simple or Complex PIXL Order. The

order it represents as agent on behalf of a public customer, broker-dealer, or any other entity (“PIXL Order”) against principal interest or against any other order (except as provided in Rule 1080(n)(i)(E)) it represents as agent (“Initiating Order”), provided it submits the PIXL order for electronic execution into the PIXL Auction pursuant to Rule 1080. See Exchange Rule 1080(n).

⁴ Currently, the Exchange has a Customer Rebate Program consisting of five tiers that pay Customer rebates on three Categories, A, B and C of transactions. A Phlx member qualifies for a certain rebate tier based on the percentage of total national customer volume in multiply-listed options that it transacts monthly on Phlx. The Exchange calculates Customer volume in Multiply Listed Options by totaling electronically-delivered and executed volume, excluding volume associated with electronic Qualified Contingent Cross (“QCC”) Orders, as defined in Exchange Rule 1080(o). See Section B of the Pricing Schedule.

⁵ 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 ETF coupled with the purchase or sale of options contract(s). See Exchange Rule 1080, Commentary .07.

Initiating Order Fee for Simple PIXL Orders would therefore be assessed the same lower rate when the member or member organization would qualify for this reduced fee. The Exchange proposes to increase the Complex PIXL Initiating Order Fee from \$0.03 to \$0.05 per contract provided the member or member organization qualifies for Tier 4 or 5 of the Customer Rebate in Section B.

Pricing Change Number 2

Additionally, the Exchange proposes a new incentive for members or member organizations that deliver equal to or greater than 3.00% of National Customer Volume in Multiply-Listed equity and exchange-traded fund (“ETF”) option classes, excluding SPY options,⁶ in a given month to lower their Initiating Order Fee to \$0.00 per contract for Complex PIXL Orders. This proposal will offer members submitting Complex PIXL Orders the opportunity to pay no Initiating Order Fee instead of a \$0.05 per contract⁷ Complex PIXL Initiating Order Fee if the member qualifies for the incentive.

Pricing Change Number 3

The Exchange also proposes to offer this new incentive to members or member organizations under Common Ownership.⁸ Today, any member or member organization under Common Ownership with another member or member organization that qualifies

⁶ Options overlying Standard and Poor’s Depository Receipts/SPDRs (“SPY”) are based on the SPDR exchange-traded fund, which is designed to track the performance of the S&P 500 Index.

⁷ Today the Complex PIXL Initiating Order Fee for members and member organizations that qualify for the Tier 4 or 5 Customer Rebate in Section B is \$0.03 per contract. This proposal increases that fee to \$0.05 per contract.

⁸ The term “Common Ownership” shall mean members or member organizations under 75% common ownership or control.

for a Tier 4 or 5 Customer Rebate in Section B will be assessed the PIXL Initiating Order Fee of \$0.05 per contract for Simple PIXL Orders and \$0.03 per contract for Complex PIXL Orders. The Exchange proposes that any member or member organization under Common Ownership⁹ with another member or member organization that delivers equal to/greater than 3.00% National Customer Volume in Multiply-Listed equity and ETF options classes, excluding SPY options, in a given month will be assessed the PIXL Initiating Order Fee of \$0.05 for Simple PIXL Orders and \$0.00 for Complex PIXL Orders. The Exchange also proposes to increase the Complex PIXL Initiating Order Fee for members or member organizations under Common Ownership that qualify for Customer Rebate Tier 4 or 5 in Section B. With this proposal, any member or member organization under Common Ownership with another member or member organization that qualifies for a Customer Rebate Tier 4 or 5 in Section B will be assessed a Complex PIXL Initiating Order Fee of \$0.05 per contract.

Despite the increase to the Complex PIXL Initiating Order Fee for members and member organizations that qualify for a Customer Rebate Tier 4 or 5 in Section B, the Exchange believes that this incentive will encourage members to direct more Complex PIXL Orders to the Exchange.

b. Statutory Basis

This proposal is consistent with Section 6(b) of the Act,¹⁰ in general, and furthers

⁹ The term “Common Ownership” shall mean members or member organizations under 75% common ownership or control.

¹⁰ 15 U.S.C. 78f(b).

the objectives of Sections 6(b)(4) and 6(b)(5) of the Act,¹¹ in particular, in that it provides for the equitable allocation of reasonable dues, fees and other charges among members and issuers and other persons using any facility or system which the Exchange operates or controls, and is not designed to permit unfair discrimination between customers, issuers, brokers, or dealers.

The Commission and the courts have repeatedly expressed their preference for competition over regulatory intervention in determining prices, products, and services in the securities markets. In Regulation NMS, while adopting a series of steps to improve the current market model, the Commission highlighted the importance of market forces in determining prices and SRO revenues and, also, recognized that current regulation of the market system “has been remarkably successful in promoting market competition in its broader forms that are most important to investors and listed companies.”¹²

Likewise, in NetCoalition v. Securities and Exchange Commission¹³ the D.C. Circuit upheld the Commission’s use of a market-based approach in evaluating the fairness of market data fees against a challenge claiming that Congress mandated a cost-based approach.¹⁴ As the court emphasized, the Commission “intended in Regulation NMS that ‘market forces, rather than regulatory requirements’ play a role in determining

¹¹ 15 U.S.C. 78f(b)(4) and (5).

¹² See Securities Exchange Act Release No. 51808 (June 9, 2005), 70 FR 37497, 37499 (June 29, 2005) (“Regulation NMS Adopting Release”).

¹³ See Securities Exchange Act Release No. 51808 (June 9, 2005) at 534-535.

¹⁴ See Securities Exchange Act Release No. 51808 (June 9, 2005) at 534.

the market data . . . to be made available to investors and at what cost.”¹⁵

Further, “[n]o one disputes that competition for order flow is ‘fierce.’ . . . As the SEC explained, ‘[i]n the U.S. national market system, buyers and sellers of securities, and the broker-dealers that act as their order-routing agents, have a wide range of choices of where to route orders for execution’; [and] ‘no exchange can afford to take its market share percentages for granted’ because ‘no exchange possesses a monopoly, regulatory or otherwise, in the execution of order flow from broker dealers’”¹⁶ Although the court and the SEC were discussing the cash equities markets, the Exchange believes that these views apply with equal force to the options markets.

Pricing Change Number 1

The Exchange’s proposal to increase the Complex PIXL Initiating Order Fee for members and member organizations that qualify for Tier 4 or 5 of the Customer Rebate in Section B from \$0.03 to \$0.05 per contract is reasonable because the Exchange assesses this same rate for the Simple PIXL Initiating Order Fee. Furthermore, the Exchange believes that this fee is reasonable because it continues to be lower than the \$0.07 per contract Initiating Order Fee for members and member organizations that do not qualify for Tier 4 or 5 of the Customer Rebate in Section B. Finally, the Exchange is offering members and member organizations an opportunity to lower the Complex PIXL Initiating Order Fee to \$0.00 per contract provided the member or member organization delivers equal to or greater than 3.00% of national customer volume in multiply-listed

¹⁵ See Securities Exchange Act Release No. 51808 (June 9, 2005) at 537.

¹⁶ See Securities Exchange Act Release No. 51808 (June 9, 2005) at 539 (quoting Securities Exchange Act Release No. 59039 (December 2, 2008), 73 FR 74770, 74782-83 (December 9, 2008) (SR-NYSEArca-2006-21)).

equity and ETF options classes, excluding SPY options, in a given month.

The Exchange's proposal to increase the Complex PIXL Initiating Order Fee for members and member organizations that qualify for Tier 4 or 5 of the Customer Rebate in Section B from \$0.03 to \$0.05 per contract is equitable and not unfairly discriminatory because the Exchange will uniformly assess its PIXL Initiating Order Fees to all market participants. Further, all market participants are eligible to earn Customer Rebates, transact Complex PIXL Orders and participate in a PIXL Auction.

Pricing Change Number 2

The Exchange's proposal to offer member and member organizations an opportunity to transact equal to or greater than 3.00% of national customer volume in multiply-listed equity and ETF options classes, excluding SPY options, in a given month and pay no Complex PIXL Initiating Order Fee is reasonable because it will encourage market participants to transact Customer volume as well as a greater number of Complex PIXL Orders on the Exchange. Today, members and member organizations may lower their Complex PIXL Order Initiating Order Fees by qualifying for Tiers 4¹⁷ or 5¹⁸ of the Customer Rebate in Section B. In order to qualify for Section B Customer Rebate Tiers 4 or 5 a member or member organization is required to transact a certain percentage of total national customer volume (above 1.60%) in multiply-listed options in a month on Phlx to

¹⁷ Tier 4 requires member and member organizations to transact above 1.60% - 2.50% of National Customer Volume in Multiply-Listed Equity and ETF Options.

¹⁸ Tier 5 requires member and member organizations to transact above 2.50% of National Customer Volume in Multiply-Listed Equity and ETF Options.

receive a lower Complex PIXL Initiating Order Fee of \$0.05¹⁹ as compared to the Initiating Order Fee of \$0.07 per contract. With this proposal the Exchange offers members and member organizations an opportunity to pay no Initiating Order Fee for Complex PIXL Orders provided at least 3.00% of national customer volume in multiply-listed equity and ETF options classes, excluding SPY options, in a given month is transacted on Phlx. The Exchange seeks to encourage market participants to increase the amount of Customer order flow that is directed to Phlx in order to pay no Complex PIXL Initiating Order Fee. In order to qualify for this new incentive, a greater amount of Customer volume is necessary to be transacted than the volume currently required to qualify for the Customer Rebate Tiers 4 and 5 in Section B.

The Exchange believes that members and member organizations will direct a greater amount of Customer liquidity to Phlx to qualify for a Complex PIXL Initiating Order Fee of \$0.00 per contract. Customer liquidity benefits all market participants by providing more trading opportunities, which attracts Specialists and Market Makers. An increase in the activity of these market participants in turn facilitates tighter spreads, which may cause an additional corresponding increase in order flow from other market participants. The Exchange's proposal to offer member and member organizations an opportunity to transact equal to or greater than 3.00% of national customer volume in multiply-listed equity and ETF options classes, excluding SPY options, in a given month and pay no Complex PIXL Initiating Order Fee is equitable and not unfairly discriminatory because the offer to pay no Complex PIXL Initiating Order Fee is

¹⁹ Today the Complex PIXL Initiating Order Fee for members and member organizations that qualify for the Tier 4 or 5 Customer Rebate in Section B is \$0.03 per contract. This proposal increases that fee to \$0.05 per contract.

available to all market participants. In addition, all market participants are eligible to earn Customer Rebates, transact Complex PIXL Orders and participate in a PIXL Auction.

Pricing Change Number 3

The Exchange's proposal to increase the Complex PIXL Initiating Order Fee for members and member organizations under Common Ownership that qualify for Tier 4 or 5 of the Customer Rebate in Section B from \$0.03 to \$0.05 per contract is reasonable for the same reasons explained herein. It is also reasonable to offer member and member organizations under Common Ownership an opportunity to pay no Complex PIXL Order Initiating Order Fee provided the member or member organization delivers equal to or greater than 3.00% of national customer volume in multiply-listed equity and ETF options classes, excluding SPY options, in a given month for the same reasons explained herein. The Exchange believes that applying the same pricing to members under Common Ownership avoids disparate treatment of members that have divided their various business activities between separate corporate entities as compared to members that operate those business activities within a single corporate entity.

The Exchange's proposal to increase the Complex PIXL Initiating Order Fee for members and member organizations under Common Ownership that qualify for Tier 4 or 5 of the Customer Rebate in Section B from \$0.03 to \$0.05 per contract is equitable and not unfairly discriminatory for the same reasons explained herein. It is also equitable and not unfairly discriminatory to offer member and member organizations under Common Ownership an opportunity to pay no Complex PIXL Initiating Order Fee provided the member or member organization delivers equal to or greater than 3.00% of national

customer volume in multiply-listed equity and ETF options classes, excluding SPY options, in a given month for the same reasons explained herein. The Exchange believes that its proposed pricing is equitable and not unfairly discriminatory because it permits both wholly owned and common control to be subject to the same pricing for PIXL.

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

The Exchange does not believe that the proposed rule change will impose any burden on competition not necessary or appropriate in furtherance of the purposes of the Act. In terms of inter-market competition, the Exchange notes that it operates in a highly competitive market in which market participants can readily favor competing venues if they deem fee levels at a particular venue to be excessive, or rebate opportunities available at other venues to be more favorable. In such an environment, the Exchange must continually adjust its fees to remain competitive with other exchanges and with alternative trading systems that have been exempted from compliance with the statutory standards applicable to exchanges. Because competitors are free to modify their own fees in response, and because market participants may readily adjust their order routing practices, that the degree to which fee changes in this market may impose any burden on inter-market competition is extremely limited.

Pricing Change Number 1

The Exchange believes that increasing the Complex PIXL Initiating Order Fee for members and member organizations that qualify for Tier 4 or 5 of the Customer Rebate in Section B from \$0.03 to \$0.05 per contract does not create an undue burden on intra-market competition because the Exchange will apply the pricing in a uniform manner to all market participants. All market participants are eligible to earn Customer Rebates, transact Complex

PIXL Orders and participate in a PIXL auction. Also, encouraging Customer liquidity benefits all market participants by providing more trading opportunities, which attract Specialists and Market Makers. An increase in the activity of these market participants in turn facilitates tighter spreads, which may cause an additional corresponding increase in order flow from other market participants.

Pricing Change Number 2

The Exchange believes that it does not create an undue burden on intra-market competition to offer member and member organizations an opportunity to lower the Complex PIXL Initiating Order Fee to \$0.00 per contract provided the member or member organization delivers equal to or greater than 3.00% of national customer volume in multiply-listed equity and ETF options classes, excluding SPY options, in a given month because all market participants are eligible to earn Customer Rebates, transact Complex PIXL Orders and participate in a PIXL auction. Also, encouraging Customer liquidity benefits all market participants by providing more trading opportunities, which attract Specialists and Market Makers. An increase in the activity of these market participants in turn facilitates tighter spreads, which may cause an additional corresponding increase in order flow from other market participants.

Pricing Change Number 3

The Exchange's proposal to increase the Complex PIXL Initiating Order Fee for members and member organizations under Common Ownership that qualify for Tier 4 or 5 of the Customer Rebate in Section B from \$0.03 to \$0.05 per contract and the proposal to lower the Complex PIXL Initiating Order Fee to \$0.00 per contract provided the member or member organization delivers equal to or greater than 3.00% of national

customer volume in multiply-listed equity and ETF options classes, excluding SPY options, in a given month do not create an undue burden on intra-market competition because the pricing subjects both wholly owned and common control to the same pricing for PIXL.

The Exchange does not believe that the proposed rule changes to increase the Complex PIXL Initiating Order Fee for members and member organizations, including those under Common Ownership, that qualify for Tier 4 or 5 of the Customer Rebate in Section B from \$0.03 to \$0.05 per contract and offer a new incentive to reduce the Complex PIXL Initiating Order Fee to \$0.00 per contract, including those members under Common Ownership, will impose any burden on intra-market competition not necessary or appropriate in furtherance of the purposes of the Act because all market participants are eligible to earn Customer Rebates, transact Complex PIXL Orders and participate in a PIXL auction. Also, encouraging Customer liquidity benefits all market participants by providing more trading opportunities, which attract Specialists and Market Makers. An increase in the activity of these market participants in turn facilitates tighter spreads, which may cause an additional corresponding increase in order flow from other market participants.

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,²⁰ the Exchange has designated this proposal as establishing or changing a due, fee, or other charge imposed on any person, whether or not the person is a member of the self-regulatory organization, which renders the proposed rule change effective upon filing.

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

The proposed rule change is not based on the rules of another self-regulatory organization or of the Commission.

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

Not applicable.

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

Not applicable.

11. Exhibits

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

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

²⁰ 15 U.S.C. 78s(b)(3)(A)(ii).

EXHIBIT 1

SECURITIES AND EXCHANGE COMMISSION
(Release No. _____ ; File No. SR-Phlx-2016-56)

May __, 2016

Self-Regulatory Organizations; NASDAQ PHLX LLC; Notice of Filing and Immediate Effectiveness of Proposed Rule Change to PIXL Pricing
56

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 May 2, 2016, NASDAQ PHLX LLC (“Exchange”) filed with the Securities and Exchange Commission (“SEC” or “Commission”) the proposed rule change as described in Items I, II, and III, below, which Items have been prepared by the Exchange. The Commission is publishing this notice to solicit comments on the proposed rule change from interested persons.

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

The Exchange proposes to amend Section IV, Part A of the Pricing Schedule entitled “PIXL Pricing.”

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

¹ 15 U.S.C. 78s(b)(1).

² 17 CFR 240.19b-4.

received on the proposed rule change. The text of these statements may be examined at the places specified in Item IV below. The Exchange has prepared summaries, set forth in sections A, B, and C below, of the most significant aspects of such statements.

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

1. Purpose

The purpose of this rule change is to amend the PIXL³ pricing located in the Pricing Schedule at Section IV, Part A. The Exchange amends the PIXL Pricing to incentivize market participants to direct more PIXL Orders to Phlx.

Today, the Exchange assesses a \$0.07 per contract Initiating Order Fee. If the member or member organization qualifies for the Tier 4 or 5 Customer Rebate⁴ in Section B, the member or member organization will be assessed an Initiating Order Fee of \$0.05 per contract for Simple PIXL Orders and \$0.03 per contract for Complex⁵ PIXL Orders. The Exchange is proposing to make three changes to the PIXL Pricing.

³ PIXLSM is the Exchange's price improvement mechanism known as Price Improvement XL or PIXL. A member may electronically submit for execution an order it represents as agent on behalf of a public customer, broker-dealer, or any other entity ("PIXL Order") against principal interest or against any other order (except as provided in Rule 1080(n)(i)(E)) it represents as agent ("Initiating Order"), provided it submits the PIXL order for electronic execution into the PIXL Auction pursuant to Rule 1080. See Exchange Rule 1080(n).

⁴ Currently, the Exchange has a Customer Rebate Program consisting of five tiers that pay Customer rebates on three Categories, A, B and C of transactions. A Phlx member qualifies for a certain rebate tier based on the percentage of total national customer volume in multiply-listed options that it transacts monthly on Phlx. The Exchange calculates Customer volume in Multiply Listed Options by totaling electronically-delivered and executed volume, excluding volume associated with electronic Qualified Contingent Cross ("QCC") Orders, as defined in Exchange Rule 1080(o). See Section B of the Pricing Schedule.

⁵ 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

Pricing Change Number 1

The Exchange proposes to assess a \$0.05 per contract Initiating Order Fee to members and member organizations that qualify for the Tier 4 or 5 Customer Rebate in Section B, regardless of whether the order is a Simple or Complex PIXL Order. The Initiating Order Fee for Simple PIXL Orders would therefore be assessed the same lower rate when the member or member organization would qualify for this reduced fee. The Exchange proposes to increase the Complex PIXL Initiating Order Fee from \$0.03 to \$0.05 per contract provided the member or member organization qualifies for Tier 4 or 5 of the Customer Rebate in Section B.

Pricing Change Number 2

Additionally, the Exchange proposes a new incentive for members or member organizations that deliver equal to or greater than 3.00% of National Customer Volume in Multiply-Listed equity and exchange-traded fund (“ETF”) option classes, excluding SPY options,⁶ in a given month to lower their Initiating Order Fee to \$0.00 per contract for Complex PIXL Orders. This proposal will offer members submitting Complex PIXL

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 ETF coupled with the purchase or sale of options contract(s). See Exchange Rule 1080, Commentary .07.

⁶ Options overlying Standard and Poor's Depository Receipts/SPDRs (“SPY”) are based on the SPDR exchange-traded fund, which is designed to track the performance of the S&P 500 Index.

Orders the opportunity to pay no Initiating Order Fee instead of a \$0.05 per contract⁷
Complex PIXL Initiating Order Fee if the member qualifies for the incentive.

Pricing Change Number 3

The Exchange also proposes to offer this new incentive to members or member organizations under Common Ownership.⁸ Today, any member or member organization under Common Ownership with another member or member organization that qualifies for a Tier 4 or 5 Customer Rebate in Section B will be assessed the PIXL Initiating Order Fee of \$0.05 per contract for Simple PIXL Orders and \$0.03 per contract for Complex PIXL Orders. The Exchange proposes that any member or member organization under Common Ownership⁹ with another member or member organization that delivers equal to/greater than 3.00% National Customer Volume in Multiply-Listed equity and ETF options classes, excluding SPY options, in a given month will be assessed the PIXL Initiating Order Fee of \$0.05 for Simple PIXL Orders and \$0.00 for Complex PIXL Orders. The Exchange also proposes to increase the Complex PIXL Initiating Order Fee for members or member organizations under Common Ownership that qualify for Customer Rebate Tier 4 or 5 in Section B. With this proposal, any member or member organization under Common Ownership with another member or member organization

⁷ Today the Complex PIXL Initiating Order Fee for members and member organizations that qualify for the Tier 4 or 5 Customer Rebate in Section B is \$0.03 per contract. This proposal increases that fee to \$0.05 per contract.

⁸ The term “Common Ownership” shall mean members or member organizations under 75% common ownership or control.

⁹ The term “Common Ownership” shall mean members or member organizations under 75% common ownership or control.

that qualifies for a Customer Rebate Tier 4 or 5 in Section B will be assessed a Complex PIXL Initiating Order Fee of \$0.05 per contract.

Despite the increase to the Complex PIXL Initiating Order Fee for members and member organizations that qualify for a Customer Rebate Tier 4 or 5 in Section B, the Exchange believes that this incentive will encourage members to direct more Complex PIXL Orders to the Exchange.

2. Statutory Basis

The proposal is consistent with Section 6(b) of the Act,¹⁰ in general, and furthers the objectives of Sections 6(b)(4) and 6(b)(5) of the Act,¹¹ in particular, in that it provides for the equitable allocation of reasonable dues, fees and other charges among members and issuers and other persons using any facility or system which the Exchange operates or controls, and is not designed to permit unfair discrimination between customers, issuers, brokers, or dealers.

The Commission and the courts have repeatedly expressed their preference for competition over regulatory intervention in determining prices, products, and services in the securities markets. In Regulation NMS, while adopting a series of steps to improve the current market model, the Commission highlighted the importance of market forces in determining prices and SRO revenues and, also, recognized that current regulation of the market system “has been remarkably successful in promoting market competition in its broader forms that are most important to investors and listed companies.”¹²

¹⁰ 15 U.S.C. 78f(b).

¹¹ 15 U.S.C. 78f(b)(4) and (5).

¹² See Securities Exchange Act Release No. 51808 (June 9, 2005), 70 FR 37497,

Likewise, in NetCoalition v. Securities and Exchange Commission¹³ the D.C. Circuit upheld the Commission’s use of a market-based approach in evaluating the fairness of market data fees against a challenge claiming that Congress mandated a cost-based approach.¹⁴ As the court emphasized, the Commission “intended in Regulation NMS that ‘market forces, rather than regulatory requirements’ play a role in determining the market data . . . to be made available to investors and at what cost.”¹⁵

Further, “[n]o one disputes that competition for order flow is ‘fierce.’ . . . As the SEC explained, ‘[i]n the U.S. national market system, buyers and sellers of securities, and the broker-dealers that act as their order-routing agents, have a wide range of choices of where to route orders for execution’; [and] ‘no exchange can afford to take its market share percentages for granted’ because ‘no exchange possesses a monopoly, regulatory or otherwise, in the execution of order flow from broker dealers’ . . .”¹⁶ Although the court and the SEC were discussing the cash equities markets, the Exchange believes that these views apply with equal force to the options markets.

Pricing Change Number 1

The Exchange’s proposal to increase the Complex PIXL Initiating Order Fee for members and member organizations that qualify for Tier 4 or 5 of the Customer Rebate

37499 (June 29, 2005) (“Regulation NMS Adopting Release”).

¹³ See Securities Exchange Act Release No. 51808 (June 9, 2005) at 534-535.

¹⁴ See Securities Exchange Act Release No. 51808 (June 9, 2005) at 534.

¹⁵ See Securities Exchange Act Release No. 51808 (June 9, 2005) at 537.

¹⁶ See Securities Exchange Act Release No. 51808 (June 9, 2005) at 539 (quoting Securities Exchange Act Release No. 59039 (December 2, 2008), 73 FR 74770, 74782-83 (December 9, 2008) (SR-NYSEArca-2006-21)).

in Section B from \$0.03 to \$0.05 per contract is reasonable because the Exchange assesses this same rate for the Simple PIXL Initiating Order Fee. Furthermore, the Exchange believes that this fee is reasonable because it continues to be lower than the \$0.07 per contract Initiating Order Fee for members and member organizations that do not qualify for Tier 4 or 5 of the Customer Rebate in Section B. Finally, the Exchange is offering members and member organizations an opportunity to lower the Complex PIXL Initiating Order Fee to \$0.00 per contract provided the member or member organization delivers equal to or greater than 3.00% of national customer volume in multiply-listed equity and ETF options classes, excluding SPY options, in a given month.

The Exchange's proposal to increase the Complex PIXL Initiating Order Fee for members and member organizations that qualify for Tier 4 or 5 of the Customer Rebate in Section B from \$0.03 to \$0.05 per contract is equitable and not unfairly discriminatory because the Exchange will uniformly assess its PIXL Initiating Order Fees to all market participants. Further, all market participants are eligible to earn Customer Rebates, transact Complex PIXL Orders and participate in a PIXL Auction.

Pricing Change Number 2

The Exchange's proposal to offer member and member organizations an opportunity to transact equal to or greater than 3.00% of national customer volume in multiply-listed equity and ETF options classes, excluding SPY options, in a given month and pay no Complex PIXL Initiating Order Fee is reasonable because it will encourage market participants to transact Customer volume as well as a greater number of Complex PIXL Orders on the Exchange. Today, members and member organizations may lower

their Complex PIXL Order Initiating Order Fees by qualifying for Tiers 4¹⁷ or 5¹⁸ of the Customer Rebate in Section B. In order to qualify for Section B Customer Rebate Tiers 4 or 5 a member or member organization is required to transact a certain percentage of total national customer volume (above 1.60%) in multiply-listed options in a month on Phlx to receive a lower Complex PIXL Initiating Order Fee of \$0.05¹⁹ as compared to the Initiating Order Fee of \$0.07 per contract. With this proposal the Exchange offers members and member organizations an opportunity to pay no Initiating Order Fee for Complex PIXL Orders provided at least 3.00% of national customer volume in multiply-listed equity and ETF options classes, excluding SPY options, in a given month is transacted on Phlx. The Exchange seeks to encourage market participants to increase the amount of Customer order flow that is directed to Phlx in order to pay no Complex PIXL Initiating Order Fee. In order to qualify for this new incentive, a greater amount of Customer volume is necessary to be transacted than the volume currently required to qualify for the Customer Rebate Tiers 4 and 5 in Section B.

The Exchange believes that members and member organizations will direct a greater amount of Customer liquidity to Phlx to qualify for a Complex PIXL Initiating Order Fee of \$0.00 per contract. Customer liquidity benefits all market participants by providing more trading opportunities, which attracts Specialists and Market Makers. An

¹⁷ Tier 4 requires member and member organizations to transact above 1.60% - 2.50% of National Customer Volume in Multiply-Listed Equity and ETF Options.

¹⁸ Tier 5 requires member and member organizations to transact above 2.50% of National Customer Volume in Multiply-Listed Equity and ETF Options.

¹⁹ Today the Complex PIXL Initiating Order Fee for members and member organizations that qualify for the Tier 4 or 5 Customer Rebate in Section B is \$0.03 per contract. This proposal increases that fee to \$0.05 per contract.

increase in the activity of these market participants in turn facilitates tighter spreads, which may cause an additional corresponding increase in order flow from other market participants. The Exchange's proposal to offer member and member organizations an opportunity to transact equal to or greater than 3.00% of national customer volume in multiply-listed equity and ETF options classes, excluding SPY options, in a given month and pay no Complex PIXL Initiating Order Fee is equitable and not unfairly discriminatory because the offer to pay no Complex PIXL Initiating Order Fee is available to all market participants. In addition, all market participants are eligible to earn Customer Rebates, transact Complex PIXL Orders and participate in a PIXL Auction.

Pricing Change Number 3

The Exchange's proposal to increase the Complex PIXL Initiating Order Fee for members and member organizations under Common Ownership that qualify for Tier 4 or 5 of the Customer Rebate in Section B from \$0.03 to \$0.05 per contract is reasonable for the same reasons explained herein. It is also reasonable to offer member and member organizations under Common Ownership an opportunity to pay no Complex PIXL Order Initiating Order Fee provided the member or member organization delivers equal to or greater than 3.00% of national customer volume in multiply-listed equity and ETF options classes, excluding SPY options, in a given month for the same reasons explained herein. The Exchange believes that applying the same pricing to members under Common Ownership avoids disparate treatment of members that have divided their various business activities between separate corporate entities as compared to members that operate those business activities within a single corporate entity.

The Exchange's proposal to increase the Complex PIXL Initiating Order Fee for members and member organizations under Common Ownership that qualify for Tier 4 or 5 of the Customer Rebate in Section B from \$0.03 to \$0.05 per contract is equitable and not unfairly discriminatory for the same reasons explained herein. It is also equitable and not unfairly discriminatory to offer member and member organizations under Common Ownership an opportunity to pay no Complex PIXL Initiating Order Fee provided the member or member organization delivers equal to or greater than 3.00% of national customer volume in multiply-listed equity and ETF options classes, excluding SPY options, in a given month for the same reasons explained herein. The Exchange believes that its proposed pricing is equitable and not unfairly discriminatory because it permits both wholly owned and common control to be subject to the same pricing for PIXL.

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

The Exchange does not believe that the proposed rule change will impose any burden on competition not necessary or appropriate in furtherance of the purposes of the Act. In terms of inter-market competition, the Exchange notes that it operates in a highly competitive market in which market participants can readily favor competing venues if they deem fee levels at a particular venue to be excessive, or rebate opportunities available at other venues to be more favorable. In such an environment, the Exchange must continually adjust its fees to remain competitive with other exchanges and with alternative trading systems that have been exempted from compliance with the statutory standards applicable to exchanges. Because competitors are free to modify their own fees in response, and because market participants may readily adjust their order routing practices, that the degree to which fee

changes in this market may impose any burden on inter-market competition is extremely limited.

Pricing Change Number 1

The Exchange believes that increasing the Complex PIXL Initiating Order Fee for members and member organizations that qualify for Tier 4 or 5 of the Customer Rebate in Section B from \$0.03 to \$0.05 per contract does not create an undue burden on intra-market competition because the Exchange will apply the pricing in a uniform manner to all market participants. All market participants are eligible to earn Customer Rebates, transact Complex PIXL Orders and participate in a PIXL auction. Also, encouraging Customer liquidity benefits all market participants by providing more trading opportunities, which attract Specialists and Market Makers. An increase in the activity of these market participants in turn facilitates tighter spreads, which may cause an additional corresponding increase in order flow from other market participants.

Pricing Change Number 2

The Exchange believes that it does not create an undue burden on intra-market competition to offer member and member organizations an opportunity to lower the Complex PIXL Initiating Order Fee to \$0.00 per contract provided the member or member organization delivers equal to or greater than 3.00% of national customer volume in multiply-listed equity and ETF options classes, excluding SPY options, in a given month because all market participants are eligible to earn Customer Rebates, transact Complex PIXL Orders and participate in a PIXL auction. Also, encouraging Customer liquidity benefits all market participants by providing more trading opportunities, which attract Specialists and Market Makers. An increase in the activity of these market participants in turn facilitates tighter

spreads, which may cause an additional corresponding increase in order flow from other market participants.

Pricing Change Number 3

The Exchange's proposal to increase the Complex PIXL Initiating Order Fee for members and member organizations under Common Ownership that qualify for Tier 4 or 5 of the Customer Rebate in Section B from \$0.03 to \$0.05 per contract and the proposal to lower the Complex PIXL Initiating Order Fee to \$0.00 per contract provided the member or member organization delivers equal to or greater than 3.00% of national customer volume in multiply-listed equity and ETF options classes, excluding SPY options, in a given month do not create an undue burden on intra-market competition because the pricing subjects both wholly owned and common control to the same pricing for PIXL.

The Exchange does not believe that the proposed rule changes to increase the Complex PIXL Initiating Order Fee for members and member organizations, including those under Common Ownership, that qualify for Tier 4 or 5 of the Customer Rebate in Section B from \$0.03 to \$0.05 per contract and offer a new incentive to reduce the Complex PIXL Initiating Order Fee to \$0.00 per contract, including those members under Common Ownership, will impose any burden on intra-market competition not necessary or appropriate in furtherance of the purposes of the Act because all market participants are eligible to earn Customer Rebates, transact Complex PIXL Orders and participate in a PIXL auction. Also, encouraging Customer liquidity benefits all market participants by providing more trading opportunities, which attract Specialists and Market Makers. An increase in the activity of

these market participants in turn facilitates tighter spreads, which may cause an additional corresponding increase in order flow from other market participants.

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.²⁰

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

IV. Solicitation of Comments

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

Electronic comments:

- Use the Commission's Internet comment form

(<http://www.sec.gov/rules/sro.shtml>); or

²⁰ 15 U.S.C. 78s(b)(3)(A)(ii).

- Send an e-mail to rule-comments@sec.gov. Please include File Number SR-Phlx-2016-56 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-2016-56. 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-2016-56 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.²¹

Robert W. Errett
Deputy Secretary

²¹ 17 CFR 200.30-3(a)(12).

EXHIBIT 5

New text is underlined and deleted text is in brackets.

NASDAQ PHLX Rules

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Rules of the Exchange

**NASDAQ PHLX LLC PRICING SCHEDULE
THE EXCHANGE CALCULATES FEES ON A TRADE DATE BASIS.**

POLICY FOR AMENDING BILLING INFORMATION: CORRECTIONS SUBMITTED AFTER TRADE DATE AND PRIOR TO THE ISSUANCE OF AN INVOICE BY THE EXCHANGE MUST BE SUBMITTED TO THE EXCHANGE IN WRITING AND MUST BE ACCOMPANIED BY SUPPORTING DOCUMENTATION. ONLY MEMBERS MAY SUBMIT TRADE CORRECTIONS.

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 PSX FEES, PROPRIETARY DATA FEED FEES AND CO-LOCATION SERVICES FEES. THE EXCHANGE CALCULATES FEES ON A TRADE DATE BASIS. ONLY MEMBERS MAY SUBMIT BILLING DISPUTES.

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IV. Other Transaction Fees

A. PIXL Pricing

Initiating Order (Section II)	\$0.07 per contract. If the member or member organization qualifies for the Tier 4 or 5 Customer Rebate in Section B the member or member organization will be assessed \$0.05 per contract[for Simple PIXL Orders and \$0.03 per contract for Complex PIXL Orders-]. <u>If the member or member organization delivers equal to or greater than 3.00% of National Customer Volume in Multiply-Listed</u>
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Equity and ETF Options Classes (excluding SPY Options) in a given month, the member or member organization will be assessed \$0.00 per contract for Complex PIXL Orders. Any member or member organization under Common Ownership with another member or member organization that qualifies for a Customer Rebate Tier 4 or 5 discount, or equal to or greater than 3.00% National Customer Volume in Multiply-Listed Equity and ETF Options Classes (excluding SPY Options) in a given month in Section B will receive the PIXL Initiating Order discount as described above. The Initiating Order Fee for Professional, Firm, Broker-Dealer, Specialist and Market Maker orders that are contra to a Customer PIXL Order will be reduced to \$0.00 if the Customer PIXL Order is greater than 399 contracts.

PIXL Order Executions in Section II Multiply Listed Options (including ETFs, ETNs and indexes which are Multiply Listed):

- When the PIXL Order is contra to the Initiating Order a Customer PIXL Order will be assessed \$0.00 per contract and Non-Customer PIXL Orders will be assessed \$0.30 per contract.
- When a PIXL Order is contra to a PIXL Auction Responder, a Customer PIXL Order will be assessed \$0.00 per contract, other Non-Customer PIXL Orders will be assessed \$0.30 per contract in Penny Pilot Options or \$0.38 per contract in Non-Penny Pilot Options. A Responder that is a Specialist or a Market Maker will be assessed \$0.30 per contract in Penny Pilot Options or \$0.40 per contract in Non-Penny Pilot Options. Other Non-Customer Responders will be assessed \$0.48 per contract in Penny Pilot Options or \$0.70 per contract in Non-Penny Pilot Options when contra to a PIXL Order. A Responder that is a Customer will be assessed \$0.00 per contract in Penny Pilot Options and Non-Penny Pilot Options.
- When a PIXL Order is contra to a resting order or quote a Customer PIXL Order will be assessed \$0.00 per contract, other Non-Customer will be assessed \$0.30 per contract and the resting order or quote will be assessed the appropriate Options Transaction Charge in Section II.

All other fees discussed in Section II, including Marketing Fees and surcharges, will also apply as appropriate.

Executions in Singly Listed Options in Section III (Includes options overlying currencies, equities, ETFs, ETNs and indexes not listed on another exchange):

- The fees described in Section III will apply in all instances.

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