

Required fields are shown with yellow backgrounds and asterisks.

Page 1 of * 34	SECURITIES AND EXCHANGE COMMISSION WASHINGTON, D.C. 20549 Form 19b-4	File No.* SR - 2020 - * 33 Amendment No. (req. for Amendments *)
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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"/>
Pilot <input type="checkbox"/>			Rule		
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 checked="" type="checkbox"/>	Exhibit 3 Sent As Paper Document <input checked="" 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 Pricing Schedule at Options 7

Contact Information

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

First Name * Angela Last Name * Dunn
 Title * Principal Associate General Counsel
 E-mail * angela.dunn@nasdaq.com
 Telephone * (215) 496-5692 Fax

Signature

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

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

(Title *)
 Date 06/25/2020
 By John Zecca (Name *)
 EVP and Chief Legal Counsel
 john.zecca@nasdaq.com

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 EFFS website.

Form 19b-4 Information *

Add Remove View

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

Exhibit 1 - Notice of Proposed Rule Change *

Add Remove View

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

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

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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

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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

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 is filing with the Securities and Exchange Commission (“SEC” or “Commission”) a proposal to amend Phlx’s Pricing Schedule at Options 7, Section 8, “Membership Fees” and Options 7, Section 9, “Other Member Fees.” Phlx also proposes other technical amendments to various sections of Options 7.

While the changes proposed herein are effective upon filing, the Exchange has designated the amendments become operative on July 1, 2020.

A notice of the proposed rule change for publication in the Federal Register is attached as Exhibit 1. The text of the proposed rule change is attached as Exhibit 5.

(b) Not applicable.

(c) Not applicable.

2. Procedures of the Self-Regulatory Organization

The proposed rule change was approved by senior management of the Exchange pursuant to authority delegated by the Board of Directors (the “Board”) on September 25, 2019. Exchange staff will advise the Board of any action taken pursuant to delegated authority. No other action is necessary for the filing of the rule change.

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

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

¹ 15 U.S.C. 78s(b)(1).

² 17 CFR 240.19b-4.

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

a. Purpose

Phlx proposes to amend its pricing within Options 7, Section 8, “Membership Fees” and Options 7, Section 9, “Other Member Fees.” Phlx also proposes to update the name of the “Penny Pilot Program” within Options 7. Each change will be described below.

Options 7, Section 8

Phlx proposes to amend Options 7, Section 8, “Membership Fees,” at Part A, “Permit and Registration Fees,” to waive the Floor Lead Market Maker and Floor Market Maker³ Permit Fee of \$6,000, for the months of July and August 2020, for those members and member organizations who paid the Floor Lead Market Maker and Floor Market Maker Permit Fee in March 2020 and were not otherwise registered as a Streaming Quote Trader⁴ or Remote Streaming Quote Trader⁵ in March 2020.

³ A “Floor Market Maker” is a Market Maker who is neither an SQT or an RSQT.

⁴ A “Streaming Quote Trader” or “SQT” means a Market Maker who has received permission from the Exchange to generate and submit option quotations electronically in options to which such SQT is assigned. An SQT may only submit such quotations while such SQT is physically present on the trading floor of the Exchange. An SQT may only submit quotes in classes of options in which the SQT is assigned. See Options 1, Section 1(b)(54).

⁵ A “Remote Streaming Quote Trader” or “RSQT” means a Market Maker that is a member affiliated with an Remote Streaming Quote Trader 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. A qualified RSQT may function as a Remote Lead Market Maker upon Exchange approval. An RSQT is also known as a Remote Market Maker (“RMM”) pursuant to Options 2, Section 11. A Remote Streaming Quote Organization (“RSQTO”) or Remote Market Maker Organization (“RMO”)

Open outcry on the Exchange's Trading Floor was closed on March 17, 2020⁶ and did not re-open until June 3, 2020.⁷ At the time that open outcry trading became unavailable in March 2020, Floor Lead Market Makers and Floor Market Makers were unable to transact business on the Phlx Trading Floor. The Exchange assessed these members and member organizations the monthly Floor Lead Market Maker and Floor Market Maker Fee of \$6,000 during the time period when open outcry trading was unavailable. The Exchange seeks to waive the Floor Lead Market Maker and Floor Market Maker Permit Fee, for the months of July and August 2020, for those members and member organizations that paid the Floor Lead Market Maker and Floor Market Maker Permit Fee in March 2020, and were not otherwise registered as a Streaming Quote Trader or as a Remote Streaming Quote Trader in March 2020. This waiver of the Floor Lead Market Maker and Floor Market Maker Permit Fee, for the months of July and August 2020, is intended to relieve Floor Lead Market Makers and Floor Market Makers, who do not otherwise stream quotes, of these fees for two months to ensure that these market makers continue to provide liquidity to the Trading Floor.

The Exchange proposes to remove obsolete rule text, which was relevant in June 2020, regarding fee waivers for the Floor Broker Permit Fee, the Clerk Fee and the Streaming Quote Trader ("SQT") Fees, which are no longer available. The Exchange also proposes to remove obsolete rule text related to an electronic Permit Fee credit that was offered in June 2020 and is no longer available.

are Exchange member organizations that have qualified pursuant to Options 2, Section 1. See Options 1, Section 1(b)(49).

⁶ See Options Trader Alert #2020 – 07.

⁷ See Options Trader Alert #2020 – 08.

Options 7, Section 9

The Exchange proposes to remove obsolete rule text, which was relevant in June 2020, regarding a fee waiver for the Floor Facility Fee, which is no longer available.

Penny Pilot

The Exchange proposes to amend the description of Penny Symbols to replace the term “Penny Pilot Program” with “Penny Interval Program,” and replace the terms “Penny Pilot Options” and “Penny Pilot” with “Penny Symbol.” On April 1, 2020, the Commission approved the amendment to the OLPP to make permanent the Pilot Program (the “OLPP Program”).⁸ The Exchange recently filed a proposal to amend Phlx Options 3, Section 3 to conform the rule to Section 3.1 of the Plan for the Purpose of Developing and Implementing Procedures Designed to Facilitate the Listing and Trading of Standardized Options (the “OLPP”).⁹ The Exchange’s proposal amended Phlx Options 3, Section 3 to refer to a Penny Interval Program instead of a Penny Pilot Program. The proposed amendments conform the name of the program and also amend other references by removing the term “pilot options” and instead referring to Penny or Non-Penny Symbols. Specifically, the Exchange proposes to amend Options 7, Section 1; Options 7, Section 4; and Options 7, Section 6.

b. Statutory Basis

The Exchange believes that its 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

⁸ See Securities Exchange Act Release No. 88532 (April 1, 2020), 85 FR 19545 (April 7, 2020) (File No. 4-443) (“Approval Order”).

⁹ See SR-Phlx-2020-32 (not yet published).

¹⁰ 15 U.S.C. 78f(b).

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

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

Likewise, in NetCoalition v. Securities and Exchange Commission¹³ (“NetCoalition”) the D.C. Circuit upheld the Commission’s use of a market-based approach in evaluating the fairness of market data fees against a challenge claiming that Congress mandated a cost-based approach.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

¹¹ 15 U.S.C. 78f(b)(4) and (5).

¹² Securities Exchange Act Release No. 51808 (June 9, 2005), 70 FR 37496, 37499 (June 29, 2005) (“Regulation NMS Adopting Release”).

¹³ NetCoalition v. SEC, 615 F.3d 525 (D.C. Cir. 2010).

¹⁴ See NetCoalition, at 534 - 535.

¹⁵ Id. at 537.

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.

Options 7, Section 8

Phlx’s proposal to amend Options 7, Section 8, “Membership Fees,” at Part A, “Permit and Registration Fees,” to waive the Floor Lead Market Maker and Floor Market Maker Permit Fee,¹⁷ for the months of July and August 2020, provided a member or member organization (1) paid the Floor Lead Market Maker or Floor Market Maker Permit Fee in March 2020; and (2) was not otherwise registered as a Streaming Quote Trader or as a Remote Streaming Quote Trader in March 2020, is reasonable. Open outcry on the Exchange’s Trading Floor was closed on March 17, 2020¹⁸ and did not re-open until June 3, 2020.¹⁹ At the time that open outcry trading became unavailable in March 2020, certain Floor Lead Market Makers and Floor Market Makers were unable to

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

¹⁷ Phlx assesses a Floor Lead Market Maker and Floor Market Maker Permit Fee of \$6,000.

¹⁸ See Options Trader Alert #2020 – 07.

¹⁹ See Options Trader Alert #2020 – 08.

transact business on the Phlx Trading Floor. The Exchange assessed these members and member organizations the monthly Floor Lead Market Maker and Floor Market Maker Fee of \$6,000 during the time period that open outcry was unavailable for trading. The Exchange seeks to waive the Floor Lead Market Maker and Floor Market Maker Permit Fee, for the months of July and August 2020, for those members and member organizations that paid the Floor Lead Market Maker and Floor Market Maker Permit Fee in March 2020, and were not otherwise registered as a Streaming Quote Trader or as a Remote Streaming Quote Trader in March 2020. This waiver of the Floor Lead Market Maker and Floor Market Maker Permit Fee, for the months of July and August 2020, is intended to relieve Floor Lead Market Makers and Floor Market Makers, who do not otherwise stream quotes, of these fees for two months to ensure that these market makers continue to provide liquidity to the Trading Floor.

Phlx's proposal to amend Options 7, Section 8, "Membership Fees," at Part A, "Permit and Registration Fees," to waive the Floor Lead Market Maker and Floor Market Maker Permit Fee,²⁰ for the months of July and August 2020, provided a member or member organization (1) paid the Floor Lead Market Maker or Floor Market Maker Permit Fee in March 2020; and (2) was not otherwise registered as a Streaming Quote Trader or as a Remote Streaming Quote Trader in March 2020, is equitable and not unfairly discriminatory. The Exchange is proposing to waive fees for members and member organizations that solely conducted a business within open outcry trading and did not otherwise conduct an electronic business during the time period that open outcry trading was unavailable. Floor Lead Market Makers and Floor Market Makers are by

²⁰ Phlx assesses a Floor Lead Market Maker and Floor Market Maker Permit Fee of \$6,000.

definition not Streaming Quote Traders²¹ or Remote Streaming Quote Traders. Some members and member organizations are registered to transact a market making business both on the Trading Floor and also electronically. The Exchange proposes to compensate members and member organizations who conducted a market making business on the Trading Floor in March 2020, and did not conduct an electronic business, because these members and member organizations were not able to transact any business on Phlx from March 17, 2020 through June 3, 2020, when open outcry trading was unavailable. Floor Lead Market Makers and Floor Market Maker have certain trading obligations, pursuant to Options 8, Section 27,²² and incur certain infrastructure costs to provide liquidity on the Exchange's Trading Floor. The Exchange will uniformly apply the waiver to all members and member organizations who only conducted a market making business on Phlx's Trading Floor in March 2020 as a Floor Lead Market Maker or Floor Market Maker, and did not otherwise act in a market making capacity electronically on Phlx.

The Exchange's proposal to remove obsolete rule text, which was relevant in June 2020, regarding fee waivers for the Floor Broker Permit Fee, the Clerk Fee and the SQT Fees, as well as an electronic Permit Fee credit, which fee waivers and credit are no longer available, is reasonable, equitable and not unfairly discriminatory.

²¹ The Exchange notes that Streaming Quote Traders were able to register as Remote Market Makers, pursuant to Options 2, Section 11, during the period of time that the Trading Floor was unavailable. In addition, the Exchange waived Streaming Quote Trader Fees from April 2020 through June 2020. See Securities Exchange Act Release Nos. 88525 (March 31, 2020), 85 FR 19185 (April 6, 2020) (SR-Phlx-2020-12); and 89041 (June 10, 2020), 85 FR 36438 (June 16, 2020) (SR-Phlx-2020-28).

²² Phlx Options 8, Section 27(f) provides, "(f) A Floor Market Maker is required to trade either (a) 1,000 contracts and 300 transactions, or (b) 10,000 contracts and 100 transactions, on the Exchange each quarter. Transactions executed in the trading crowd where the contra-side is an ROT are not included."

Options 7, Section 9

The Exchange's proposal to remove obsolete rule text, which was relevant in June 2020, regarding a fee waiver for the Floor Facility Fee, which is no longer available, is reasonable, equitable and not unfairly discriminatory.

Penny Pilot

The Exchange's proposal to amend rule text relating to the Penny Pilot Program to replace the term "Penny Pilot Program" with "Penny Interval Program," and replace the terms "Penny Pilot Options" and "Penny Pilot" with "Penny Symbol" is reasonable, equitable and not unfairly discriminatory. The proposed amendments conform the name of the program and also amend other references by removing the term "pilot options" and instead referring to Penny or Non-Penny Symbols. Specifically, the Exchange proposes to amend Options 7, Section 1; Options 7, Section 4; and Options 7, Section 6.

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.

Inter-market Competition

The proposal does not impose an undue burden on inter-market competition. The Exchange believes its proposal remains competitive with other options markets and will offer market participants with another choice of where to transact options. The Exchange notes that it operates in a highly competitive market in which market participants can readily favor competing venues if they deem fee levels at a particular venue to be excessive, or rebate opportunities available at other venues to be more favorable. In such

an environment, the Exchange must continually adjust its fees to remain competitive with other exchanges 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, the Exchange believes that the degree to which fee changes in this market may impose any burden on competition is extremely limited.

Intra-market Competition

Options 7, Section 8

Phlx's proposal to amend Options 7, Section 8, "Membership Fees," at Part A, "Permit and Registration Fees," to waive the Floor Lead Market Maker and Floor Market Maker Permit Fee,²³ for the months of July and August 2020, provided a member or member organization (1) paid the Floor Lead Market Maker or Floor Market Maker Permit Fee in March 2020; and (2) was not otherwise registered as a Streaming Quote Trader or as a Remote Streaming Quote Trader in March 2020, does not impose an undue burden on competition. The Exchange is proposing to waive fees for members and member organizations that solely conducted a business within open outcry trading and did not otherwise conduct an electronic business during the time period that open outcry trading was unavailable. Floor Lead Market Makers and Floor Market Makers are by definition not Streaming Quote Traders²⁴ or Remote Streaming Quote Traders. Some

²³ Phlx assesses a Floor Lead Market Maker and Floor Market Maker Permit Fee of \$6,000.

²⁴ The Exchange notes that Streaming Quote Traders were able to register as Remote Market Makers, pursuant to Options 2, Section 11, during the period of time that the Trading Floor was unavailable. In addition, the Exchange waived Streaming Quote Trader Fees from April 2020 through June 2020. See Securities Exchange Act Release Nos. 88525 (March 31, 2020), 85 FR 19185 (April 6,

members and member organizations are registered to transact a market making business both on the Trading Floor and also electronically. The Exchange proposes to compensate members and member organizations who conducted a market making business on the Trading Floor in March 2020, and did not conduct an electronic business, because these members and member organizations were not able to transact any business on Phlx from March 17, 2020 through June 3, 2020, when open outcry trading was unavailable. Floor Lead Market Makers and Floor Market Maker have certain trading obligations, pursuant to Options 8, Section 27,²⁵ and incur certain infrastructure costs to provide liquidity on the Exchange's Trading Floor. The Exchange will uniformly apply the waiver to all members and member organizations who only conducted a market making business on Phlx's Trading Floor in March 2020 as a Floor Lead Market Maker or Floor Market Maker, and did not otherwise act in a market making capacity electronically on Phlx.

The Exchange's proposal to remove obsolete rule text, which was relevant in June 2020, regarding fee waivers for the Floor Broker Permit Fee, the Clerk Fee and the SQT Fees, as well as an electronic Permit Fee credit, which fee waivers and credit are no longer available, does not impose an undue burden on competition.

Options 7, Section 9

The Exchange's proposal to remove obsolete rule text, which was relevant in June 2020, regarding a fee waiver for the Floor Facility Fee, which is no longer available, does

2020) (SR-Phlx-2020-12); and 89041 (June 10, 2020), 85 FR 36438 (June 16, 2020) (SR-Phlx-2020-28).

²⁵ Phlx Options 8, Section 27(f) provides, "(f) A Floor Market Maker is required to trade either (a) 1,000 contracts and 300 transactions, or (b) 10,000 contracts and 100 transactions, on the Exchange each quarter. Transactions executed in the trading crowd where the contra-side is an ROT are not included."

not impose an undue burden on competition.

Penny Pilot

The Exchange's proposal to amend rule text relating to the Penny Pilot Program to replace the term "Penny Pilot Program" with "Penny Interval Program," and replace the terms "Penny Pilot Options" and "Penny Pilot" with "Penny Symbol" does not impose an undue burden on competition. The proposed amendments conform the name of the program and also amend other references by removing the term "pilot options" and instead referring to Penny or Non-Penny Symbols. Specifically, the Exchange proposes to amend Options 7, Section 1; Options 7, Section 4; and Options 7, Section 6.

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,²⁶ the Exchange has designated this proposal as establishing or changing a due, fee, or other charge imposed by the self-regulatory organization 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.

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

²⁶ 15 U.S.C. 78s(b)(3)(A)(ii).

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.

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

Not applicable.

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

Not applicable.

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

Not applicable.

11. Exhibits

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

EXHIBIT 1

SECURITIES AND EXCHANGE COMMISSION
(Release No. _____ ; File No. SR-Phlx-2020-33)

June __, 2020

Self-Regulatory Organizations; Nasdaq PHLX LLC; Notice of Filing and Immediate Effectiveness of Proposed Rule Change to Amend Phlx's Pricing Schedule to Waive Certain Fees

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 June 25, 2020, Nasdaq PHLX LLC ("Phlx" or "Exchange") filed with the Securities and Exchange Commission ("SEC" or "Commission") the proposed rule change as described in Items I, II, and III, below, which Items have been prepared by the Exchange. The Commission is publishing this notice to solicit comments on the proposed rule change from interested persons.

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

The Exchange proposes to amend Phlx's Pricing Schedule at Options 7, Section 8, "Membership Fees" and Options 7, Section 9, "Other Member Fees." Phlx also proposes other technical amendments to various sections of Options 7.

While the changes proposed herein are effective upon filing, the Exchange has designated the amendments become operative on July 1, 2020.

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

¹ 15 U.S.C. 78s(b)(1).

² 17 CFR 240.19b-4.

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

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

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

1. Purpose

Phlx proposes to amend its pricing within Options 7, Section 8, “Membership Fees” and Options 7, Section 9, “Other Member Fees.” Phlx also proposes to update the name of the “Penny Pilot Program” within Options 7. Each change will be described below.

Options 7, Section 8

Phlx proposes to amend Options 7, Section 8, “Membership Fees,” at Part A, “Permit and Registration Fees,” to waive the Floor Lead Market Maker and Floor Market Maker³ Permit Fee of \$6,000, for the months of July and August 2020, for those members and member organizations who paid the Floor Lead Market Maker and Floor Market Maker Permit Fee in March 2020 and were not otherwise registered as a Streaming Quote Trader⁴ or Remote Streaming Quote Trader⁵ in March 2020.

³ A “Floor Market Maker” is a Market Maker who is neither an SQT or an RSQT.

⁴ A “Streaming Quote Trader” or “SQT” means a Market Maker who has received permission from the Exchange to generate and submit option quotations electronically in options to which such SQT is assigned. An SQT may only submit such quotations while such SQT is physically present on the trading floor

Open outcry on the Exchange's Trading Floor was closed on March 17, 2020⁶ and did not re-open until June 3, 2020.⁷ At the time that open outcry trading became unavailable in March 2020, Floor Lead Market Makers and Floor Market Makers were unable to transact business on the Phlx Trading Floor. The Exchange assessed these members and member organizations the monthly Floor Lead Market Maker and Floor Market Maker Fee of \$6,000 during the time period when open outcry trading was unavailable. The Exchange seeks to waive the Floor Lead Market Maker and Floor Market Maker Permit Fee, for the months of July and August 2020, for those members and member organizations that paid the Floor Lead Market Maker and Floor Market Maker Permit Fee in March 2020, and were not otherwise registered as a Streaming Quote Trader or as a Remote Streaming Quote Trader in March 2020. This waiver of the Floor Lead Market Maker and Floor Market Maker Permit Fee, for the months of July and August 2020, is intended to relieve Floor Lead Market Makers and Floor Market

of the Exchange. An SQT may only submit quotes in classes of options in which the SQT is assigned. See Options 1, Section 1(b)(54).

⁵ A "Remote Streaming Quote Trader" or "RSQT" means a Market Maker that is a member affiliated with an Remote Streaming Quote Trader 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. A qualified RSQT may function as a Remote Lead Market Maker upon Exchange approval. An RSQT is also known as a Remote Market Maker ("RMM") pursuant to Options 2, Section 11. A Remote Streaming Quote Organization ("RSQTO") or Remote Market Maker Organization ("RMO") are Exchange member organizations that have qualified pursuant to Options 2, Section 1. See Options 1, Section 1(b)(49).

⁶ See Options Trader Alert #2020 – 07.

⁷ See Options Trader Alert #2020 – 08.

Makers, who do not otherwise stream quotes, of these fees for two months to ensure that these market makers continue to provide liquidity to the Trading Floor.

The Exchange proposes to remove obsolete rule text, which was relevant in June 2020, regarding fee waivers for the Floor Broker Permit Fee, the Clerk Fee and the Streaming Quote Trader (“SQT”) Fees, which are no longer available. The Exchange also proposes to remove obsolete rule text related to an electronic Permit Fee credit that was offered in June 2020 and is no longer available.

Options 7, Section 9

The Exchange proposes to remove obsolete rule text, which was relevant in June 2020, regarding a fee waiver for the Floor Facility Fee, which is no longer available.

Penny Pilot

The Exchange proposes to amend the description of Penny Symbols to replace the term “Penny Pilot Program” with “Penny Interval Program,” and replace the terms “Penny Pilot Options” and “Penny Pilot” with “Penny Symbol.” On April 1, 2020, the Commission approved the amendment to the OLPP to make permanent the Pilot Program (the “OLPP Program”).⁸ The Exchange recently filed a proposal to amend Phlx Options 3, Section 3 to conform the rule to Section 3.1 of the Plan for the Purpose of Developing and Implementing Procedures Designed to Facilitate the Listing and Trading of Standardized Options (the “OLPP”).⁹ The Exchange’s proposal amended Phlx Options 3, Section 3 to refer to a Penny Interval Program instead of a Penny Pilot Program. The proposed amendments conform the name of the program and also amend other references

⁸ See Securities Exchange Act Release No. 88532 (April 1, 2020), 85 FR 19545 (April 7, 2020) (File No. 4-443) (“Approval Order”).

⁹ See SR-Phlx-2020-32 (not yet published).

by removing the term “pilot options” and instead referring to Penny or Non-Penny Symbols. Specifically, the Exchange proposes to amend Options 7, Section 1; Options 7, Section 4; and Options 7, Section 6.

2. Statutory Basis

The Exchange believes that its 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, 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 (“NetCoalition”) the D.C. Circuit upheld the Commission’s use of a market-based approach in evaluating the fairness of market data fees against a challenge claiming that

¹⁰ 15 U.S.C. 78f(b).

¹¹ 15 U.S.C. 78f(b)(4) and (5).

¹² Securities Exchange Act Release No. 51808 (June 9, 2005), 70 FR 37496, 37499 (June 29, 2005) (“Regulation NMS Adopting Release”).

¹³ NetCoalition v. SEC, 615 F.3d 525 (D.C. Cir. 2010).

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.

Options 7, Section 8

Phlx’s proposal to amend Options 7, Section 8, “Membership Fees,” at Part A, “Permit and Registration Fees,” to waive the Floor Lead Market Maker and Floor Market Maker Permit Fee,¹⁷ for the months of July and August 2020, provided a member or member organization (1) paid the Floor Lead Market Maker or Floor Market Maker Permit Fee in March 2020; and (2) was not otherwise registered as a Streaming Quote

¹⁴ See NetCoalition, at 534 - 535.

¹⁵ Id. at 537.

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

¹⁷ Phlx assesses a Floor Lead Market Maker and Floor Market Maker Permit Fee of \$6,000.

Trader or as a Remote Streaming Quote Trader in March 2020, is reasonable. Open outcry on the Exchange's Trading Floor was closed on March 17, 2020¹⁸ and did not re-open until June 3, 2020.¹⁹ At the time that open outcry trading became unavailable in March 2020, certain Floor Lead Market Makers and Floor Market Makers were unable to transact business on the Phlx Trading Floor. The Exchange assessed these members and member organizations the monthly Floor Lead Market Maker and Floor Market Maker Fee of \$6,000 during the time period that open outcry was unavailable for trading. The Exchange seeks to waive the Floor Lead Market Maker and Floor Market Maker Permit Fee, for the months of July and August 2020, for those members and member organizations that paid the Floor Lead Market Maker and Floor Market Maker Permit Fee in March 2020, and were not otherwise registered as a Streaming Quote Trader or as a Remote Streaming Quote Trader in March 2020. This waiver of the Floor Lead Market Maker and Floor Market Maker Permit Fee, for the months of July and August 2020, is intended to relieve Floor Lead Market Makers and Floor Market Makers, who do not otherwise stream quotes, of these fees for two months to ensure that these market makers continue to provide liquidity to the Trading Floor.

Phlx's proposal to amend Options 7, Section 8, "Membership Fees," at Part A, "Permit and Registration Fees," to waive the Floor Lead Market Maker and Floor Market Maker Permit Fee,²⁰ for the months of July and August 2020, provided a member or member organization (1) paid the Floor Lead Market Maker or Floor Market Maker

¹⁸ See Options Trader Alert #2020 – 07.

¹⁹ See Options Trader Alert #2020 – 08.

²⁰ Phlx assesses a Floor Lead Market Maker and Floor Market Maker Permit Fee of \$6,000.

Permit Fee in March 2020; and (2) was not otherwise registered as a Streaming Quote Trader or as a Remote Streaming Quote Trader in March 2020, is equitable and not unfairly discriminatory. The Exchange is proposing to waive fees for members and member organizations that solely conducted a business within open outcry trading and did not otherwise conduct an electronic business during the time period that open outcry trading was unavailable. Floor Lead Market Makers and Floor Market Makers are by definition not Streaming Quote Traders²¹ or Remote Streaming Quote Traders. Some members and member organizations are registered to transact a market making business both on the Trading Floor and also electronically. The Exchange proposes to compensate members and member organizations who conducted a market making business on the Trading Floor in March 2020, and did not conduct an electronic business, because these members and member organizations were not able to transact any business on Phlx from March 17, 2020 through June 3, 2020, when open outcry trading was unavailable. Floor Lead Market Makers and Floor Market Maker have certain trading obligations, pursuant to Options 8, Section 27,²² and incur certain infrastructure costs to provide liquidity on the Exchange's Trading Floor. The Exchange will uniformly apply the waiver to all members and member organizations who only conducted a market making business on

²¹ The Exchange notes that Streaming Quote Traders were able to register as Remote Market Makers, pursuant to Options 2, Section 11, during the period of time that the Trading Floor was unavailable. In addition, the Exchange waived Streaming Quote Trader Fees from April 2020 through June 2020. See Securities Exchange Act Release Nos. 88525 (March 31, 2020), 85 FR 19185 (April 6, 2020) (SR-Phlx-2020-12); and 89041 (June 10, 2020), 85 FR 36438 (June 16, 2020) (SR-Phlx-2020-28).

²² Phlx Options 8, Section 27(f) provides, “(f) A Floor Market Maker is required to trade either (a) 1,000 contracts and 300 transactions, or (b) 10,000 contracts and 100 transactions, on the Exchange each quarter. Transactions executed in the trading crowd where the contra-side is an ROT are not included.”

Phlx's Trading Floor in March 2020 as a Floor Lead Market Maker or Floor Market Maker, and did not otherwise act in a market making capacity electronically on Phlx.

The Exchange's proposal to remove obsolete rule text, which was relevant in June 2020, regarding fee waivers for the Floor Broker Permit Fee, the Clerk Fee and the SQT Fees, as well as an electronic Permit Fee credit, which fee waivers and credit are no longer available, is reasonable, equitable and not unfairly discriminatory.

Options 7, Section 9

The Exchange's proposal to remove obsolete rule text, which was relevant in June 2020, regarding a fee waiver for the Floor Facility Fee, which is no longer available, is reasonable, equitable and not unfairly discriminatory.

Penny Pilot

The Exchange's proposal to amend rule text relating to the Penny Pilot Program to replace the term "Penny Pilot Program" with "Penny Interval Program," and replace the terms "Penny Pilot Options" and "Penny Pilot" with "Penny Symbol" is reasonable, equitable and not unfairly discriminatory. The proposed amendments conform the name of the program and also amend other references by removing the term "pilot options" and instead referring to Penny or Non-Penny Symbols. Specifically, the Exchange proposes to amend Options 7, Section 1; Options 7, Section 4; and Options 7, Section 6.

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

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

Inter-market Competition

The proposal does not impose an undue burden on inter-market competition. The Exchange believes its proposal remains competitive with other options markets and will offer market participants with another choice of where to transact options. The Exchange notes that it operates in a highly competitive market in which market participants can readily favor competing venues if they deem fee levels at a particular venue to be excessive, or rebate opportunities available at other venues to be more favorable. In such an environment, the Exchange must continually adjust its fees to remain competitive with other exchanges 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, the Exchange believes that the degree to which fee changes in this market may impose any burden on competition is extremely limited.

Intra-market Competition

Options 7, Section 8

Phlx's proposal to amend Options 7, Section 8, "Membership Fees," at Part A, "Permit and Registration Fees," to waive the Floor Lead Market Maker and Floor Market Maker Permit Fee,²³ for the months of July and August 2020, provided a member or member organization (1) paid the Floor Lead Market Maker or Floor Market Maker Permit Fee in March 2020; and (2) was not otherwise registered as a Streaming Quote Trader or as a Remote Streaming Quote Trader in March 2020, does not impose an undue burden on competition. The Exchange is proposing to waive fees for members and

²³ Phlx assesses a Floor Lead Market Maker and Floor Market Maker Permit Fee of \$6,000.

member organizations that solely conducted a business within open outcry trading and did not otherwise conduct an electronic business during the time period that open outcry trading was unavailable. Floor Lead Market Makers and Floor Market Makers are by definition not Streaming Quote Traders²⁴ or Remote Streaming Quote Traders. Some members and member organizations are registered to transact a market making business both on the Trading Floor and also electronically. The Exchange proposes to compensate members and member organizations who conducted a market making business on the Trading Floor in March 2020, and did not conduct an electronic business, because these members and member organizations were not able to transact any business on Phlx from March 17, 2020 through June 3, 2020, when open outcry trading was unavailable. Floor Lead Market Makers and Floor Market Maker have certain trading obligations, pursuant to Options 8, Section 27,²⁵ and incur certain infrastructure costs to provide liquidity on the Exchange's Trading Floor. The Exchange will uniformly apply the waiver to all members and member organizations who only conducted a market making business on Phlx's Trading Floor in March 2020 as a Floor Lead Market Maker or Floor Market Maker, and did not otherwise act in a market making capacity electronically on Phlx.

The Exchange's proposal to remove obsolete rule text, which was relevant in June

²⁴ The Exchange notes that Streaming Quote Traders were able to register as Remote Market Makers, pursuant to Options 2, Section 11, during the period of time that the Trading Floor was unavailable. In addition, the Exchange waived Streaming Quote Trader Fees from April 2020 through June 2020. See Securities Exchange Act Release Nos. 88525 (March 31, 2020), 85 FR 19185 (April 6, 2020) (SR-Phlx-2020-12); and 89041 (June 10, 2020), 85 FR 36438 (June 16, 2020) (SR-Phlx-2020-28).

²⁵ Phlx Options 8, Section 27(f) provides, "(f) A Floor Market Maker is required to trade either (a) 1,000 contracts and 300 transactions, or (b) 10,000 contracts and 100 transactions, on the Exchange each quarter. Transactions executed in the trading crowd where the contra-side is an ROT are not included."

2020, regarding fee waivers for the Floor Broker Permit Fee, the Clerk Fee and the SQT Fees, as well as an electronic Permit Fee credit, which fee waivers and credit are no longer available, does not impose an undue burden on competition.

Options 7, Section 9

The Exchange's proposal to remove obsolete rule text, which was relevant in June 2020, regarding a fee waiver for the Floor Facility Fee, which is no longer available, does not impose an undue burden on competition.

Penny Pilot

The Exchange's proposal to amend rule text relating to the Penny Pilot Program to replace the term "Penny Pilot Program" with "Penny Interval Program," and replace the terms "Penny Pilot Options" and "Penny Pilot" with "Penny Symbol" does not impose an undue burden on competition. The proposed amendments conform the name of the program and also amend other references by removing the term "pilot options" and instead referring to Penny or Non-Penny Symbols. Specifically, the Exchange proposes to amend Options 7, Section 1; Options 7, Section 4; and Options 7, Section 6.

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.²⁶

²⁶ 15 U.S.C. 78s(b)(3)(A)(ii).

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

IV. Solicitation of Comments

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

Electronic comments:

- Use the Commission's Internet comment form (<http://www.sec.gov/rules/sro.shtml>); or
- Send an e-mail to rule-comments@sec.gov. Please include File Number SR-Phlx-2020-33 on the subject line.

Paper comments:

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

All submissions should refer to File Number SR-Phlx-2020-33. 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-2020-33 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.²⁷

J. Matthew DeLesDernier
Assistant Secretary

²⁷ 17 CFR 200.30-3(a)(12).

EXHIBIT 5

New text is underlined; deleted text is in brackets.

Nasdaq PHLX LLC Rules

* * * * *

Options 7 Pricing Schedule**Section 1 General Provisions**

* * * * *

B. Customer Rebate Program

* * * * *

Category A: Rebate will be paid to members executing electronically-delivered Customer Simple Orders in Penny Symbols[Pilot Options] and Customer Simple Orders in Non-Penny Symbols[Pilot Options] in Options 7, Section 4 symbols.

Category B: Rebate will be paid on Customer PIXL Orders in Options 7, Section 4 symbols that execute against non-Initiating Order interest. In the instance where member organizations qualify for Tier 4 or higher in the Customer Rebate Program, Customer PIXL Orders that execute against a PIXL Initiating Order will be paid a rebate of \$0.14 per contract. Rebates on Customer PIXL Orders will be capped at 4,000 contracts per order for Simple PIXL Orders.

Category C: Rebate will be paid to members executing electronically-delivered Customer Complex Orders in Penny Symbols[Pilot Options] in Options 7, Section 4 symbols. Rebate will be paid on Customer PIXL Complex Orders in Options 7, Section 4 symbols that execute against non-Initiating Order interest. Customer Complex PIXL Orders that execute against a Complex PIXL Initiating Order will not be paid a rebate under any circumstances. The Category C Rebate will not be paid when an electronically-delivered Customer Complex Order, including Customer Complex PIXL Order, executes against another electronically-delivered Customer Complex Order.

Category D: Rebate will be paid to members executing electronically-delivered Customer Complex Orders in Non-Penny Symbols[Pilot Options] in Options 7, Section 4 symbols. Rebate will be paid on Customer PIXL Complex Orders in Options 7, Section 4 symbols that execute against non-Initiating Order interest. Customer Complex PIXL Orders that execute against a Complex PIXL Initiating Order will not be paid a rebate under any circumstances. The Category D Rebate will not be paid when an electronically-delivered Customer Complex Order, including Customer Complex PIXL Order, executes against another electronically-delivered Customer Complex Order

* * * * *

Section 4. Multiply Listed Options Fees (Includes options overlying equities, ETFs, ETNs and indexes which are Multiply Listed)

	Customer	Professional		Lead Market Maker and Market Maker		Broker-Dealer		Firm	
		Electronic	Floor	Electronic	Floor	Electronic	Floor	Electronic	Floor
Options Transaction Charge (Penny [Pilot]Symbol)⁶	\$0.00	\$0.48 ²	\$0.25 ₈	\$0.22	\$0.35 ₈	\$0.48 ²	\$0.25 ₈	\$0.48 ^{1, 2}	\$0.25 ₈
Options Transaction Charge (non-Penny [Pilot]Symbol)⁷, excluding NDX and NDXP	\$0.00	\$0.75 ³	\$0.25 ₈	\$0.25 ⁴	\$0.35 ₈	\$0.75 ³	\$0.25 ₈	\$0.75 ^{1, 3}	\$0.25 ₈
Options Transactions Charge NDX and NDXP⁵	\$0.00	\$0.75	\$0.75 ₈	\$0.75	\$0.75 ₈	\$0.75	\$0.75 ₈	\$0.75	\$0.75 ₈
Options Surcharge in BKX	N/A	\$0.10	\$0.10 ₈	\$0.10	\$0.10 ₈	\$0.10	\$0.10 ₈	\$0.10	\$0.10 ₈
Cabinet Options	\$0.00	N/A	\$0.10 ₈	N/A	\$0.10 ₈	N/A	\$0.10 ₈	N/A	\$0.10 ₈

* * * * *

⁶ A \$0.03 per contract surcharge will be assessed to electronic Complex Orders that remove liquidity from the Complex Order Book and auctions, excluding PIXL, in Penny Symbols[Pilot Options] (excluding SPY). An order that is received by the trading system first in time shall be considered an order adding liquidity and an order that trades against that order shall be considered an order removing liquidity.

⁷ A \$0.12 per contract surcharge will be assessed to Non-Customer electronic Complex Orders that remove liquidity from the Complex Order Book and auctions, excluding PIXL, in Non-Penny Symbols[Pilot Options] (excluding NDX and NDXP). An order that is received by the trading system first in time shall be considered an order adding liquidity and an order that trades against that order shall be considered an order removing liquidity.

* * * * *

• Lead Market Makers and Market Makers are subject to a "Monthly Market Maker Cap" of \$500,000 for: (i) electronic Option Transaction Charges, excluding surcharges and excluding options overlying NDX and NDXP; and (ii) QCC Transaction Fees (as defined in Exchange Options 3, Section 12 and Floor QCC Orders, as defined in Options 8, Section 30(e)). The trading activity of separate Lead Market Maker and Market Maker member organizations will be aggregated in calculating the Monthly Market Maker Cap if there is Common Ownership between the member organizations. All dividend, merger, short stock interest, reversal and conversion, jelly roll and box spread strategy executions (as defined in this Options 7, Section 4) will be excluded from the Monthly Market Maker Cap. Lead Market Makers or Market Makers that (i) are on the contra-side of an electronically-delivered and executed Customer order, excluding responses to a PIXL auction; and (ii) have reached the Monthly Market Maker Cap will be assessed fees as follows:

Fee per contract

\$0.05 per contract Fee for Adding Liquidity in Penny Symbols[Pilot Options]

\$0.18 per contract Fee for Removing Liquidity in Penny Symbols[Pilot Options]

\$0.18 per contract in Non-Penny Symbols[Pilot Options]

* * * * *

Marketing Fees

Options that are trading in the Penny [Pilot]Interval Program \$0.25 per contract

Remaining Equity Options \$0.70 per contract

- For trades resulting from either Directed or non-Directed Orders that are delivered electronically and executed on the Exchange, the above fees will be assessed on Lead Market Makers, Market Makers and Directed Market Makers on those trades when the Lead Market Maker unit or Directed Market Maker elects to participate in the Marketing program.
- No Marketing Fees will be assessed on transactions in NDX or NDXP.
- No Marketing Fees will be assessed on trades that are not delivered electronically.
- No Marketing Fees will be assessed on Professional orders.
- No Marketing Fees will be assessed on transactions which execute against an order for which the Exchange broadcast an order exposure alert in Penny Symbols[Pilot Options].

* * * * *

Section 6. Other Transaction Fees

A. PIXL Pricing*

*Options overlying NDX and NDXP are not subject to Options 7, Section 6., A. PIXL Pricing. NDX and NDXP transactions in PIXL will be subject to Options 7, Section 4 pricing.

Initiating Order \$0.07 per contract. If the member or member organization qualifies for the Tier 3, 4 or 5 Customer Rebate in Section B the member or (Options 7, member organization will be assessed \$0.05 per contract. If the Section 4) member or member organization executes 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 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 in Section B, or executes 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 will receive one of the PIXL Initiating Order discounts as described above. Members or member organizations that qualify for Customer Rebate Tiers 2 through 6 or qualify for the Monthly Firm Fee Cap are eligible for a rebate of \$0.12 per contract for all Complex PIXL Orders (excluding SPY Options) greater than 499 contracts, provided the member executes an average of 2,500 contracts per day of SPY Complex PIXL Orders in a month.

PIXL Order Executions in Options 7, Section 4 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 Symbols[Pilot Options] or \$0.38 per contract in Non-Penny Symbols[Pilot Options]. A Responder that is a Lead Market Maker or a Market Maker will be assessed \$0.25 per contract in Penny Symbols[Pilot Options] or \$0.40 per contract in Non-Penny Symbols[Pilot Options]. Other Non-Customer Responders will be assessed \$0.48 per contract in Penny Symbols[Pilot Options] or \$0.70 per contract in Non-Penny Symbols[Pilot Options] when contra to a PIXL Order. A Responder that is a Customer will be assessed \$0.00 per contract in Penny Symbols[Pilot Options] and Non-Penny Symbols[Pilot Options].

* * * * *

Section 8. Membership Fees

[Phlx waives the Floor Broker Permit Fee, the Clerk Fee and the Streaming Quote Trader ("SQT") Fees for the month of June 2020.] Phlx waives the Floor Lead Market Maker and Floor Market Maker Permit Fee, for the months of July and August 2020, provided a member or member organization (1) paid the Floor Lead Market Maker or Floor Market Maker Permit Fee in March 2020; and (2) was not otherwise registered as a Streaming Quote Trader or as a Remote Streaming Quote Trader in March 2020.

A. Permit and Registration Fees

Permit Fees for Phlx Members (per month)

Phlx Permit Fees

Floor Broker Permit Fee	\$4,000
Floor Lead Market Maker and Floor Market Maker	\$6,000

Permit Fees for all other member and member organizations, including Remote Lead Market Makers and Remote Market Makers: \$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 \$2,300 for that month. [Only for the month of June 2020, the Exchange will issue a \$3,400 credit to any member or member organization on the Trading Floor, if that member or member organization was eligible for the \$2,300 reduced Permit Fee as a result of having executed at least 100 options in a Phlx house account for the months of February and March 2020, and paid the Permit Fee in April and May 2020. This credit does not apply to Floor Brokers, Floor Lead Market Makers, or Floor Market Makers. This credit does not apply to members accessing Phlx electronically, including Remote Lead Market Makers and Remote Market Makers.]

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.

* * * * *

Section 9. Other Member Fees

[Phlx waives the Floor Facility Fees for the month of June 2020.]

* * * * *