

Required fields are shown with yellow backgrounds and asterisks.

Page 1 of * 31

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

File No. * SR 2021 - * 71

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"/>
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Pilot <input type="checkbox"/>	Extension of Time Period for Commission Action * <input type="checkbox"/>	Date Expires * <input type="text"/>
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Rule

<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
Section 806(e)(1) *

Section 806(e)(2) *

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

Exhibit 2 Sent As Paper Document

Exhibit 3 Sent As Paper Document

Description

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

Proposal to Amend the Exchanges Affiliated Entity Program and Relocate Certain Rules

Contact Information

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

First Name * Angela Last Name * Dunn

Title * Principal Associate General Counsel

E-mail * angela.dunn@nasdaq.com

Telephone * (215) 496-5692 Fax

Signature

Pursuant to the requirements of the Securities Exchange of 1934, Nasdaq PHLX LLC has duty caused this filing to be signed on its behalf by the undersigned thereunto duty authorized.

Date 12/01/2021


(Title *)

By John Zecca

EVP and Chief Legal Officer

(Name *)

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

 DN:
email=john.zecca@nasdaq.com
Date: 2021.12.01 10:51:54
-05'00'

Required fields are shown with yellow backgrounds and astericks.

SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

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

Form 19b-4 Information *

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SR-Phlx-2021-71 19b-4.doc

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

Exhibit 1 - Notice of Proposed Rule Change *

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SR-Phlx2021-71 Exhibit 1.doc

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

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

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

Exhibit 2- Notices, Written Comments, Transcripts, Other Communications

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

Exhibit Sent As Paper Document

Exhibit 3 - Form, Report, or Questionnaire

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

Exhibit Sent As Paper Document

Exhibit 4 - Marked Copies

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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

SR-Phlx-2021-71 Exhibit 5.doc

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

Partial Amendment

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

1. Text of the Proposed Rule Change

(a) Nasdaq 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 1, General Provisions, and Section 2, Collection of Exchange Fees and Other Claims.

While the changes proposed herein are effective upon filing, the Exchange has designated the amendments become operative on December 1, 2021.

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 November 5, 2020. 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 Schedule at Options 7, Section 1, General Provisions. Specifically, Phlx proposes to amend the way it administers its Affiliated Entity program.

The Exchange also proposes to relocate rule text within Options 7, Section 1 and Section 2, Collection of Exchange Fees and Other Claims. As a result of these rule text relocations, the Exchange also proposes to update citations within Options 7, Section 3, Rebates and Fees for Adding and Removing Liquidity in SPY; Options 7, Section 4, Multiply Listed Options Fees (Includes options overlying equities, ETFs, ETNs and indexes which are Multiply Listed) (Excludes SPY); Options 7, Section 6, Other Transaction Fees; and Options 7, Section 7, Routing Fees. Each change will be described below.

Affiliated Entity

The Exchange proposes to amend the way Exchange member organizations indicate their participation in the Affiliated Entity Program. Specifically, the Exchange proposes to amend the description of "Affiliated Entity" within Options 7, Section 1, General Provisions. Currently, the term "Affiliated Entity" is described as,

a relationship between an Appointed MM and an Appointed OFP for purposes of qualifying for certain pricing specified in the Pricing Schedule. Market Makers or Lead Market Makers, and OFPs are required to send an email to the Exchange to appoint their counterpart, at least 3 business days prior to the last day of the month to qualify for the next month. The Exchange will acknowledge receipt of the emails and specify the date the Affiliated Entity is eligible for applicable pricing, as specified in the Pricing Schedule. Each Affiliated Entity relationship will commence on the 1st of a month and may not be terminated prior to the end of any month. An Affiliated Entity relationship will terminate after a one (1) year

period, unless either party terminates earlier in writing by sending an email to the Exchange at least 3 business days prior to the last day of the month to terminate for the next month. Affiliated Entity relationships must be renewed annually. Members and member organizations under Common Ownership may not qualify as a counterparty comprising an Affiliated Entity. Each member or member organization may qualify for only one (1) Affiliated Entity relationship at any given time.

Today, member organizations are required to annually renew their Affiliate Entity relationship at the end of one year if they desire to continue the relationship. The parties must both send an email to the Exchange to avoid termination of the relationship, provided the relationship was not terminated earlier in the year. The Exchange believes that this process is burdensome for member organizations that desire to remain in the program. The consequence of not renewing is termination. The Exchange desires to remove the administrative burden associated with the requirement to annually renew and instead provide that the Affiliated Entity relationship will automatically renew each month, unless otherwise terminated. The proposed new rule text would provide,

The term “**Affiliated Entity**” is a relationship between an Appointed MM and an Appointed OFP for purposes of qualifying for certain pricing specified in the Pricing Schedule. Market Makers or Lead Market Makers, and OFPs are required to send an email to the Exchange to appoint their counterpart, at least 3 business days prior to the last day of the month to qualify for the next month. The Exchange will acknowledge receipt of the emails and specify the date the Affiliated Entity is eligible for applicable pricing, as specified in the Pricing Schedule. Each Affiliated Entity relationship will commence on the 1st of a month and may not be terminated prior to the end of any month. An Affiliated Entity relationship will automatically renew each month until or unless either party terminates earlier in writing by sending an email to the Exchange at least 3 business days prior to the last day of the month to terminate for the next month. Members and member organizations under Common Ownership may not qualify as a counterparty comprising an Affiliated Entity. Each member or member organization may qualify for only one (1) Affiliated Entity relationship at any given time.

As is the case today, parties to the Affiliated Entity relationship may decide to terminate

the relationship during any month by sending an email to the Exchange at least 3 business days prior to the last day of the month to terminate for the next month. Cboe Exchange, Inc. (“Cboe”) has a similar automatic renewal process for its Appointed OFP and Appointed Market-Maker Program.³ The Exchange believes that this amendment will streamline the workflow for member organizations by not requiring member organizations to renew each year to continue the affiliated relationship.

Rule Text Relocations

The Exchange proposes to relocate rule text to reorganize the Options 7 rules. Specifically, the Exchange proposes to relocate rule text within current Options 7, Section 2, Collection of Exchange Fees and Other Claims, into Options 7, Section 1, General Provisions, without change. The Exchange proposes to add an “(e)” and the title “Collection of Fees and Other Claims” before the relocated rule text.

Also, the Exchange proposes to add a “(c)” before the descriptions of market participants and a “(d)” before the Affiliate Entity program.⁴ The new lettering will

³ See Cboe’s Fees Schedule at footnote 23 “A Market-Maker may designate an Order Flow Provider (“OFP”) as its “Appointed OFP” and an OFP may designate a Market-Maker to be its “Appointed Market-Maker” for purposes of qualifying for credits under AVP. In order to effectuate the appointment, the parties would need to submit the Appointed Affiliate Form to the Exchange by 3:00 p.m. CST on the first business day of the month in order to be eligible to qualify for credits under AVP for that month. The Exchange will recognize only one such designation for each party once every calendar month, which designation will automatically renew each month until or unless the Exchange receives an email from either party indicating that the appointment has been terminated. A Market-Maker that has both an Affiliate OFP and Appointed OFP will only qualify based upon the volume of its Appointed OFP. The volume of an OFP that has both an Affiliate Market-Maker and Appointed Market-Maker will only count towards qualifying the Appointed Market-Maker. Volume executed in open outcry is not eligible to receive a credit under AVP.”

⁴ The Exchange also proposes to re-letter and re-number the subparagraphs in new “(d)” to align with other lettering and numbering.

make it easier to reference a specific section within Options 7, Section 1. The Exchange believes that the policy for the collection of fees should be within Options 7, Section 1 which describes other billing practices.

The Exchange proposes to delete Section A of Options 7, Section 1, which is currently reserved.

The Exchange proposes to relocate Section B, Customer Rebate Program, to Options 7, Section 2 with the title, “Customer Rebate Program,” without change. The Exchange believes that the Customer Rebates should be relocated to their own section for easy reference. As a result of that relocation, the Exchange proposes to update references to the Customer Rebate Program from “Section B” to “Options 7, Section 2” within Options 7, Section 3, Rebates and Fees for Adding and Removing Liquidity in SPY; Options 7, Section 4, Multiply Listed Options Fees (Includes options overlying equities, ETFs, ETNs and indexes which are Multiply Listed) (Excludes SPY); Options 7, Section 6, Other Transaction Fees; and Options 7, Section 7, Routing Fees.

The amendments to relocate rule text are non-substantive amendments that are intended solely to reorganize the current rule text.

b. Statutory Basis

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

⁵ 15 U.S.C. 78f(b).

⁶ 15 U.S.C. 78f(b)(4) and (5).

designed to permit unfair discrimination between customers, issuers, brokers, or dealers.

Affiliated Entity

The Exchange's proposal to amend the way Exchange member organizations indicate their participation in the Affiliated Entity Program is reasonable. Today, member organizations are required to annually renew their Affiliated Entity relationship at the end of one year if they desire to continue the relationship. The parties must both send an email to the Exchange to avoid termination of the relationship, provided the relationship was not terminated earlier in the year. The Exchange believes that this process is burdensome for member organizations that desire to remain in the program. The consequence of not renewing is termination of their participation in the program. The Exchange desires to remove the administrative burden associated with the requirement to annually renew and instead provide that the Affiliated Entity relationship will automatically renew each month, unless otherwise terminated. As is the case today, parties to the Affiliated Entity relationship may decide to terminate the relationship during any month by sending an email to the Exchange at least 3 business days prior to the last day of the month to terminate for the next month. Also, Cboe has a similar automatic renewal process for its Appointed OFP and Appointed Market-Maker Program.⁷ The Exchange believes that this amendment will streamline the workflow for

⁷ See Cboe's Fees Schedule at footnote 23 "A Market-Maker may designate an Order Flow Provider ("OFP") as its "Appointed OFP" and an OFP may designate a Market-Maker to be its "Appointed Market-Maker" for purposes of qualifying for credits under AVP. In order to effectuate the appointment, the parties would need to submit the Appointed Affiliate Form to the Exchange by 3:00 p.m. CST on the first business day of the month in order to be eligible to qualify for credits under AVP for that month. The Exchange will recognize only one such designation for each party once every calendar month, which designation will automatically renew each month until or unless the Exchange receives an email

member organizations by not requiring member organizations to renew each year to continue the affiliated relationship.

The Exchange's proposal to amend the way Exchange member organizations indicate their participation in the Affiliated Entity Program is equitable and not unfairly discriminatory. Today, any member organization may participate in the Affiliated Entity Program. The proposed changes would impact all member organizations that voluntarily elect to participate in the Affiliated Entity Program in a uniform manner.

Rule Text Relocations

The Exchange's proposal to relocate rule text to reorganize the Options 7 rules is reasonable. The relocation of rule text within current Options 7, Section 2, Collection of Exchange Fees and Other Claims, into Options 7, Section 1, General Provisions, without change, and the re-lettering of rule text does not substantively amend the current rules. Also, the proposal to delete Section A of Options 7, Section 1 is non-substantive as the section is currently reserved. Finally, the proposal to relocate Section B, Customer Rebate Program, to Options 7, Section 2, without change, does not substantively amend the current rules. These relocations and updates to citations will make the current rules easier to reference.

The Exchange's proposal to relocate rule text to reorganize the Options 7 rules is equitable and not unfairly discriminatory as the amendments are non-substantive and are intended solely to reorganize the current rule text for easy reference.

from either party indicating that the appointment has been terminated. A Market-Maker that has both an Affiliate OFP and Appointed OFP will only qualify based upon the volume of its Appointed OFP. The volume of an OFP that has both an Affiliate Market-Maker and Appointed Market-Maker will only count towards qualifying the Appointed Market-Maker. Volume executed in open outcry is not eligible to receive a credit under AVP.”

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. Cboe has a similar automatic renewal process for its Appointed OFP and Appointed Market-Maker Program⁸ as proposed herein for the Affiliated Entity Program. Also, the rule relocation amendments are non-substantive.

Intra-market Competition

The Exchange's proposal to amend the way Exchange member organizations indicate their participation in the Affiliated Entity Program does not impose an undue burden on competition. Today, any member organization may participate in an Affiliated Entity relationship. The proposed changes would impact all member organizations that voluntarily elect to participate in the Affiliated Entity Program in a uniform manner.

The Exchange's proposal to relocate rule text to reorganize the Options 7 rules does not impose an undue burden on competition as the amendments are non-substantive and are intended solely to reorganize the current rule text for easy reference.

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.

⁸ Id.

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,⁹ 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 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.

⁹ 15 U.S.C. 78s(b)(3)(A)(ii).

EXHIBIT 1

SECURITIES AND EXCHANGE COMMISSION
(Release No. _____ ; File No. SR-Phlx-2021-71)

December __, 2021

Self-Regulatory Organizations; Nasdaq PHLX LLC; Notice of Filing and Immediate Effectiveness of Proposed Rule Change to Amend the Exchange's Affiliated Entity Program and Relocate Certain Rules

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 December 1, 2021, 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 1, General Provisions, and Section 2, Collection of Exchange Fees and Other Claims.

While the changes proposed herein are effective upon filing, the Exchange has designated the amendments become operative on December 1, 2021.

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 Schedule at Options 7, Section 1, General Provisions. Specifically, Phlx proposes to amend the way it administers its Affiliated Entity program.

The Exchange also proposes to relocate rule text within Options 7, Section 1 and Section 2, Collection of Exchange Fees and Other Claims. As a result of these rule text relocations, the Exchange also proposes to update citations within Options 7, Section 3, Rebates and Fees for Adding and Removing Liquidity in SPY; Options 7, Section 4, Multiply Listed Options Fees (Includes options overlying equities, ETFs, ETNs and indexes which are Multiply Listed) (Excludes SPY); Options 7, Section 6, Other Transaction Fees; and Options 7, Section 7, Routing Fees. Each change will be described below.

Affiliated Entity

The Exchange proposes to amend the way Exchange member organizations indicate their participation in the Affiliated Entity Program. Specifically, the Exchange

proposes to amend the description of “Affiliated Entity” within Options 7, Section 1, General Provisions. Currently, the term “Affiliated Entity” is described as,

a relationship between an Appointed MM and an Appointed OFP for purposes of qualifying for certain pricing specified in the Pricing Schedule. Market Makers or Lead Market Makers, and OFPs are required to send an email to the Exchange to appoint their counterpart, at least 3 business days prior to the last day of the month to qualify for the next month. The Exchange will acknowledge receipt of the emails and specify the date the Affiliated Entity is eligible for applicable pricing, as specified in the Pricing Schedule. Each Affiliated Entity relationship will commence on the 1st of a month and may not be terminated prior to the end of any month. An Affiliated Entity relationship will terminate after a one (1) year period, unless either party terminates earlier in writing by sending an email to the Exchange at least 3 business days prior to the last day of the month to terminate for the next month. Affiliated Entity relationships must be renewed annually. Members and member organizations under Common Ownership may not qualify as a counterpart comprising an Affiliated Entity. Each member or member organization may qualify for only one (1) Affiliated Entity relationship at any given time.

Today, member organizations are required to annually renew their Affiliate Entity relationship at the end of one year if they desire to continue the relationship. The parties must both send an email to the Exchange to avoid termination of the relationship, provided the relationship was not terminated earlier in the year. The Exchange believes that this process is burdensome for member organizations that desire to remain in the program. The consequence of not renewing is termination. The Exchange desires to remove the administrative burden associated with the requirement to annually renew and instead provide that the Affiliated Entity relationship will automatically renew each month, unless otherwise terminated. The proposed new rule text would provide,

The term “**Affiliated Entity**” is a relationship between an Appointed MM and an Appointed OFP for purposes of qualifying for certain pricing specified in the Pricing Schedule. Market Makers or Lead Market Makers, and OFPs are required to send an email to the Exchange to appoint their counterpart, at least 3 business days prior to the last day of the month to

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As is the case today, parties to the Affiliated Entity relationship may decide to terminate the relationship during any month by sending an email to the Exchange at least 3 business days prior to the last day of the month to terminate for the next month. Cboe Exchange, Inc. (“Cboe”) has a similar automatic renewal process for its Appointed OFP and Appointed Market-Maker Program.³ The Exchange believes that this amendment will streamline the workflow for member organizations by not requiring member organizations to renew each year to continue the affiliated relationship.

Rule Text Relocations

The Exchange proposes to relocate rule text to reorganize the Options 7 rules.

³ See Cboe’s Fees Schedule at footnote 23 “A Market-Maker may designate an Order Flow Provider (“OFP”) as its “Appointed OFP” and an OFP may designate a Market-Maker to be its “Appointed Market-Maker” for purposes of qualifying for credits under AVP. In order to effectuate the appointment, the parties would need to submit the Appointed Affiliate Form to the Exchange by 3:00 p.m. CST on the first business day of the month in order to be eligible to qualify for credits under AVP for that month. The Exchange will recognize only one such designation for each party once every calendar month, which designation will automatically renew each month until or unless the Exchange receives an email from either party indicating that the appointment has been terminated. A Market-Maker that has both an Affiliate OFP and Appointed OFP will only qualify based upon the volume of its Appointed OFP. The volume of an OFP that has both an Affiliate Market-Maker and Appointed Market-Maker will only count towards qualifying the Appointed Market-Maker. Volume executed in open outcry is not eligible to receive a credit under AVP.”

Specifically, the Exchange proposes to relocate rule text within current Options 7, Section 2, Collection of Exchange Fees and Other Claims, into Options 7, Section 1, General Provisions, without change. The Exchange proposes to add an “(e)” and the title “Collection of Fees and Other Claims” before the relocated rule text.

Also, the Exchange proposes to add a “(c)” before the descriptions of market participants and a “(d)” before the Affiliate Entity program.⁴ The new lettering will make it easier to reference a specific section within Options 7, Section 1. The Exchange believes that the policy for the collection of fees should be within Options 7, Section 1 which describes other billing practices.

The Exchange proposes to delete Section A of Options 7, Section 1, which is currently reserved.

The Exchange proposes to relocate Section B, Customer Rebate Program, to Options 7, Section 2 with the title, “Customer Rebate Program,” without change. The Exchange believes that the Customer Rebates should be relocated to their own section for easy reference. As a result of that relocation, the Exchange proposes to update references to the Customer Rebate Program from “Section B” to “Options 7, Section 2” within Options 7, Section 3, Rebates and Fees for Adding and Removing Liquidity in SPY; Options 7, Section 4, Multiply Listed Options Fees (Includes options overlying equities, ETFs, ETNs and indexes which are Multiply Listed) (Excludes SPY); Options 7, Section 6, Other Transaction Fees; and Options 7, Section 7, Routing Fees.

The amendments to relocate rule text are non-substantive amendments that are intended solely to reorganize the current rule text.

⁴ The Exchange also proposes to re-letter and re-number the subparagraphs in new “(d)” to align with other lettering and numbering.

2. Statutory Basis

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

Affiliated Entity

The Exchange's proposal to amend the way Exchange member organizations indicate their participation in the Affiliated Entity Program is reasonable. Today, member organizations are required to annually renew their Affiliated Entity relationship at the end of one year if they desire to continue the relationship. The parties must both send an email to the Exchange to avoid termination of the relationship, provided the relationship was not terminated earlier in the year. The Exchange believes that this process is burdensome for member organizations that desire to remain in the program. The consequence of not renewing is termination of their participation in the program. The Exchange desires to remove the administrative burden associated with the requirement to annually renew and instead provide that the Affiliated Entity relationship will automatically renew each month, unless otherwise terminated. As is the case today, parties to the Affiliated Entity relationship may decide to terminate the relationship during any month by sending an email to the Exchange at least 3 business days prior to the last day of the month to terminate for the next month. Also, Cboe has a similar

⁵ 15 U.S.C. 78f(b).

⁶ 15 U.S.C. 78f(b)(4) and (5).

automatic renewal process for its Appointed OFP and Appointed Market-Maker Program.⁷ The Exchange believes that this amendment will streamline the workflow for member organizations by not requiring member organizations to renew each year to continue the affiliated relationship.

The Exchange's proposal to amend the way Exchange member organizations indicate their participation in the Affiliated Entity Program is equitable and not unfairly discriminatory. Today, any member organization may participate in the Affiliated Entity Program. The proposed changes would impact all member organizations that voluntarily elect to participate in the Affiliated Entity Program in a uniform manner.

Rule Text Relocations

The Exchange's proposal to relocate rule text to reorganize the Options 7 rules is reasonable. The relocation of rule text within current Options 7, Section 2, Collection of Exchange Fees and Other Claims, into Options 7, Section 1, General Provisions, without change, and the re-lettering of rule text does not substantively amend the current rules.

Also, the proposal to delete Section A of Options 7, Section 1 is non-substantive as the

⁷ See Cboe's Fees Schedule at footnote 23 "A Market-Maker may designate an Order Flow Provider ("OFP") as its "Appointed OFP" and an OFP may designate a Market-Maker to be its "Appointed Market-Maker" for purposes of qualifying for credits under AVP. In order to effectuate the appointment, the parties would need to submit the Appointed Affiliate Form to the Exchange by 3:00 p.m. CST on the first business day of the month in order to be eligible to qualify for credits under AVP for that month. The Exchange will recognize only one such designation for each party once every calendar month, which designation will automatically renew each month until or unless the Exchange receives an email from either party indicating that the appointment has been terminated. A Market-Maker that has both an Affiliate OFP and Appointed OFP will only qualify based upon the volume of its Appointed OFP. The volume of an OFP that has both an Affiliate Market-Maker and Appointed Market-Maker will only count towards qualifying the Appointed Market-Maker. Volume executed in open outcry is not eligible to receive a credit under AVP."

section is currently reserved. Finally, the proposal to relocate Section B, Customer Rebate Program, to Options 7, Section 2, without change, does not substantively amend the current rules. These relocations and updates to citations will make the current rules easier to reference.

The Exchange's proposal to relocate rule text to reorganize the Options 7 rules is equitable and not unfairly discriminatory as the amendments are non-substantive and are intended solely to reorganize the current rule text for easy reference.

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. Cboe has a similar automatic renewal process for its Appointed OFP and Appointed Market-Maker Program⁸ as proposed herein for the Affiliated Entity Program. Also, the rule relocation amendments are non-substantive.

Intra-market Competition

The Exchange's proposal to amend the way Exchange member organizations indicate their participation in the Affiliated Entity Program does not impose an undue burden on competition. Today, any member organization may participate in an Affiliated Entity relationship. The proposed changes would impact all member organizations that voluntarily elect to participate in the Affiliated Entity Program in a uniform manner.

⁸ Id.

The Exchange's proposal to relocate rule text to reorganize the Options 7 rules does not impose an undue burden on competition as the amendments are non-substantive and are intended solely to reorganize the current rule text for easy reference.

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.⁹

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

⁹ 15 U.S.C. 78s(b)(3)(A)(ii).

- Send an e-mail to rule-comments@sec.gov. Please include File Number SR-Phlx-2021-71 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-2021-71. 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-2021-71 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.¹⁰

J. Matthew DeLesDernier
Assistant Secretary

¹⁰ 17 CFR 200.30-3(a)(12).

EXHIBIT 5

New text is underlined; deleted text is in brackets.

Nasdaq PHLX LLC Rules

* * * * *

Options Rules

* * * * *

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

(a) 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 proprietary data feed fees. The Exchange calculates fees on a trade date basis. Only members may submit billing disputes.

(b) Removal of Days for Purposes of Pricing Tiers:

(1) (A) Any day that the Exchange announces in advance that it will not be open for trading will be excluded from the options tier calculations set forth in its Pricing Schedule; and (B) any day with a scheduled early market close ("Scheduled Early Close") may be excluded from the options tier calculations only pursuant to paragraph (3) below.

(2) The Exchange may exclude the following days ("Unanticipated Events") from the options tier calculations only pursuant to paragraph (3) below, specifically any day that: (A) the market is not open for the entire trading day, (B) the Exchange instructs members in writing to route their orders to other markets, (C) the Exchange is inaccessible to members during the 30-minute period before the opening of trade due to an Exchange system disruption, or (D) the Exchange's system experiences a disruption that lasts for more than 60 minutes during regular trading hours.

(3) If a day is to be excluded as a result of paragraph (1)(B) or (2) above, the Exchange will exclude the day from any member's monthly options tier calculations as follows:

(A) the Exchange may exclude from the ADV calculation any Scheduled Early Close or Unanticipated Event;

(B) the Exchange may exclude from the calculation based on a percentage of industry volume any Scheduled Early Close or Unanticipated Event; and

(C) the Exchange may exclude from any other applicable options tier calculation provided for in its Pricing Schedule (together with (3)(A) and (3)(B), "Tier Calculations") any Scheduled Early Close or Unanticipated Event;

provided, in each case, that the Exchange will only remove the day for members that would have a lower Tier Calculation with the day included. If a day is removed from a calculation based on a percentage of monthly industry volume, volume executed that day will be removed from both the numerator and the denominator of the calculation.

(c) For purposes of assessing options fees and paying rebates, the following references should serve as guidance.

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

* * * * *

(d) For Purposes of Common Ownership Aggregation of Activity of Affiliated Members and Member Organizations

([a]1) For purposes of applying any options transaction fee or rebate where the fee assessed, or rebate provided by the Exchange depends upon the volume of a member or member organization's activity, a member or member organization may request that the Exchange aggregate its activity with the activity of its affiliates.

([1]A) A member or member organization requesting aggregation of affiliate activity shall be required to certify to the Exchange the affiliate status of entities whose activity it seeks to aggregate prior to receiving approval for aggregation, and shall be required to inform the Exchange immediately of any event that causes an entity to cease to be an affiliate. The Exchange shall review available information regarding the entities, and reserves the right to request additional information to verify the affiliate status of an entity. The Exchange shall approve a request unless it determines that the certification is not accurate.

([2]B) If two or more members or member organizations become affiliated on or prior to the sixteenth day of a month, and submit the required request for aggregation on or prior to the twenty-second day of the month, an approval of the request by the Exchange shall be deemed to be effective as of the first day of that month. If two or more members or member organizations become affiliated after the sixteenth day of a month, or submit a request for aggregation after the twenty-second day of the month, an approval of the

request by the Exchange shall be deemed to be effective as of the first day of the next calendar month.

([b]2) For purposes of applying any option transaction fee or rebate where the fee assessed, or rebate provided by the Exchange depends upon the volume of a member or member organization's activity, references to an entity (including references to a "member" or "member organization") shall be deemed to include the entity and its affiliates that have been approved for aggregation.

([c]3) For purposes of this provision, the term "affiliate" of a member or member organization shall mean any member or member organization under 75% common ownership or control of that member or member organization.

* * * * *

The term “**Affiliated Entity**” is a relationship between an Appointed MM and an Appointed OFP for purposes of qualifying for certain pricing specified in the Pricing Schedule. Market Makers or Lead Market Makers, and OFPs are required to send an email to the Exchange to appoint their counterpart, at least 3 business days prior to the last day of the month to qualify for the next month. The Exchange will acknowledge receipt of the emails and specify the date the Affiliated Entity is eligible for applicable pricing, as specified in the Pricing Schedule. Each Affiliated Entity relationship will commence on the 1st of a month and may not be terminated prior to the end of any month. An Affiliated Entity relationship will [terminate after a one (1) year period,] automatically renew each month until or unless either party terminates earlier in writing by sending an email to the Exchange at least 3 business days prior to the last day of the month to terminate for the next month. [Affiliated Entity relationships must be renewed annually.] Members and member organizations under Common Ownership may not qualify as a counterparty comprising an Affiliated Entity. Each member or member organization may qualify for only one (1) Affiliated Entity relationship at any given time.

[A. Reserved.]

B. Customer Rebate Program

The Customer Rebate Tiers described below will be calculated by totaling Customer volume in Multiply Listed Options (including SPY) that are electronically-delivered and executed, except volume associated with electronic QCC Orders, as defined in Options 3, Section 12. Rebates will be paid on Customer Rebate Tiers according to the below categories. Members and member organizations under Common Ownership may aggregate their Customer volume for purposes of calculating the Customer Rebate Tiers and receiving rebates. Affiliated Entities may aggregate their Customer volume for purposes of calculating the Customer Rebate Tiers and receiving rebates.

Customer Rebate	Percentage Thresholds of	Category A	Category B	Category C	Category D
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Tiers	National Customer Volume in Multiply-Listed Equity and ETF Options Classes, excluding SPY Options (Monthly)				
Tier 1	0.00% - 0.60%	\$0.00	\$0.00	\$0.00	\$0.00
Tier 2 ^{&}	Above 0.60% - 1.10%	\$0.10 *	\$0.10 *	\$0.16 * #	\$0.21 * #
Tier 3	Above 1.10% - 1.60%	\$0.15	\$0.12 *	\$0.18 * #	\$0.22 * #
Tier 4	Above 1.60% - 2.50%	\$0.20	\$0.16	\$0.22 #	\$0.26 #
Tier 5	Above 2.50%	\$0.21	\$0.17	\$0.22 #	\$0.27 #

Category A: Rebate will be paid to members executing electronically-delivered Customer Simple Orders in Penny Symbols and Customer Simple Orders in Non-Penny Symbols 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 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 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.

Rebates will not be paid on NDX, NDXP, or XND contracts in any Category, however NDX, NDXP, or XND contracts will count toward the volume requirement to qualify for a Customer Rebate Tier.

* The Exchange will pay a \$0.02 per contract Category A and B rebate and a \$0.03 per contract Category C and D rebate in addition to the applicable Tier 2 and 3 rebate, provided the Lead Market Maker, Market Maker or Appointed MM has reached the Monthly Market Maker Cap as defined in Options 7, Section 4, to: (1) a Lead Market Maker or Market Maker who is not under Common Ownership or is not a party of an Affiliated Entity; or (2) an OFP member or member organization affiliate under Common Ownership; or (3) an Appointed OFP of an Affiliated Entity.

The Exchange will pay a \$0.04 per contract Category C rebate and a \$0.02 per contract Category D rebate in addition to the applicable Tier 2, 3, 4 and 5 rebates to members or member organizations or member or member organization affiliated under Common Ownership provided the member or member organization qualified for any MARS Payments in Options 7, Section 6, Part E.

& The Exchange will pay the applicable Tier 2 rebates to qualifying members or member organizations, qualifying affiliates under Common Ownership, or qualifying Affiliated Entities, provided they: (1) execute a Percentage Threshold of National Customer Volume in Multiply-Listed Equity and ETF Options Classes, excluding SPY Options (monthly), of above 0.25%; (2) reach the Monthly Firm Fee Cap as defined in Options 7, Section 4; and (3) meet the MARS System Eligibility requirements as provided in Options 7, Section 6, Part E.]

[Section 2. Collection of Exchange Fees and Other Claims]

(e) Collection of Fees and Other Claims

[(a)]Each member organization, and all applicants for registration as such shall be required to provide a clearing account number for an account at the National Securities Clearing Corporation ("NSCC") for purposes of permitting the Exchange to debit any undisputed or final fees, fines, charges and/or other monetary sanctions or other monies due and owing to the Exchange or other charges related to General 2, Section 2. If a member disputes an invoice, the Exchange will not include the disputed amount in the debit if the member has disputed the amount in writing to the Exchange's designated staff by the 15th of the month, or the following business day if the 15th is not a business day, and the amount in dispute is at least \$10,000 or greater.

Section 2. Customer Rebate Program

The Customer Rebate Tiers described below will be calculated by totaling Customer volume in Multiply Listed Options (including SPY) that are electronically-delivered and executed, except volume associated with electronic QCC Orders, as defined in Options 3, Section 12. Rebates will be paid on Customer Rebate Tiers according to the below categories. Members and member organizations under Common Ownership may aggregate their Customer volume for purposes of calculating the Customer Rebate Tiers and receiving rebates. Affiliated Entities may aggregate their Customer volume for purposes of calculating the Customer Rebate Tiers and receiving rebates.

<u>Customer</u>	<u>Percentage</u>	<u>Category</u>	<u>Category</u>	<u>Category</u>	<u>Category</u>
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<u>Rebate Tiers</u>	<u>Thresholds of National Customer Volume in Multiply-Listed Equity and ETF Options Classes, excluding SPY Options (Monthly)</u>	<u>A</u>	<u>B</u>	<u>C</u>	<u>D</u>
<u>Tier 1</u>	<u>0.00% - 0.60%</u>	<u>\$0.00</u>	<u>\$0.00</u>	<u>\$0.00</u>	<u>\$0.00</u>
<u>Tier 2^{&}</u>	<u>Above 0.60% - 1.10%</u>	<u>\$0.10[*]</u>	<u>\$0.10[*]</u>	<u>\$0.16^{*#}</u>	<u>\$0.21^{*#}</u>
<u>Tier 3</u>	<u>Above 1.10% - 1.60%</u>	<u>\$0.15</u>	<u>\$0.12[*]</u>	<u>\$0.18^{*#}</u>	<u>\$0.22^{*#}</u>
<u>Tier 4</u>	<u>Above 1.60% - 2.50%</u>	<u>\$0.20</u>	<u>\$0.16</u>	<u>\$0.22[#]</u>	<u>\$0.26[#]</u>
<u>Tier 5</u>	<u>Above 2.50%</u>	<u>\$0.21</u>	<u>\$0.17</u>	<u>\$0.22[#]</u>	<u>\$0.27[#]</u>

Category A: Rebate will be paid to members executing electronically-delivered Customer Simple Orders in Penny Symbols and Customer Simple Orders in Non-Penny Symbols 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 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 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.

Rebates will not be paid on NDX, NDXP, or XND contracts in any Category,

however NDX, NDXP, or XND contracts will count toward the volume requirement to qualify for a Customer Rebate Tier.

*The Exchange will pay a \$0.02 per contract Category A and B rebate and a \$0.03 per contract Category C and D rebate in addition to the applicable Tier 2 and 3 rebate, provided the Lead Market Maker, Market Maker or Appointed MM has reached the Monthly Market Maker Cap as defined in Options 7, Section 4, to: (1) a Lead Market Maker or Market Maker who is not under Common Ownership or is not a party of an Affiliated Entity; or (2) an OFP member or member organization affiliate under Common Ownership; or (3) an Appointed OFP of an Affiliated Entity.

#The Exchange will pay a \$0.04 per contract Category C rebate and a \$0.02 per contract Category D rebate in addition to the applicable Tier 2, 3, 4 and 5 rebates to members or member organizations or member or member organization affiliated under Common Ownership provided the member or member organization qualified for any MARS Payments in Options 7, Section 6, Part E.

&The Exchange will pay the applicable Tier 2 rebates to qualifying members or member organizations, qualifying affiliates under Common Ownership, or qualifying Affiliated Entities, provided they: (1) execute a Percentage Threshold of National Customer Volume in Multiply-Listed Equity and ETF Options Classes, excluding SPY Options (monthly), of above 0.25%; (2) reach the Monthly Firm Fee Cap as defined in Options 7, Section 4; and (3) meet the MARS System Eligibility requirements as provided in Options 7, Section 6, Part E.

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

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

* * * * *

PIXL Executions in SPY:

- Initiating Order: \$0.05 per contract. Members that qualify for [Section B]Options 7, Section 2, 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 SPY Complex PIXL Orders greater than 499 contracts, provided the member executes an average of 2,500 contracts per day of SPY Complex PIXL Orders in a month.

* * * * *

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

* * * * *

¹ Firm electronic simple orders in AAPL, BAC, EEM, FB, FXI, IWM, QQQ, TWTR, VXX and XLF will be assessed \$0.45.

² Electronic Complex Orders will be assessed \$0.40 per contract.

³ Any member or member organization under Common Ownership with another member or member organization or an Appointed OFP of an Affiliated Entity that qualifies for Customer Rebate Tiers 4 or 5 in [Section B]Options 7, Section 2 of the Pricing Schedule will be assessed \$0.65 per contract.

⁴ Any member or member organization under Common Ownership with another member or member organization or an Appointed MM of an Affiliate Entity that qualifies for Customer Rebate Tiers 4 or 5 in [Section B]Options 7, Section 2 of the Pricing Schedule will be assessed \$0.23 per contract.

* * * * *

Section 6. Other Transaction Fees

A. PIXL Pricing*

*Options overlying NDX, NDXP, and XND are not subject to Options 7, Section 6.A. PIXL Pricing. NDX, NDXP, and XND transactions in PIXL will be subject to Options 7, Section 5.A pricing.

Initiating Order (Options 7, Section 4) \$0.07 per contract. If the member or member organization qualifies for the Tier 3, 4 or 5 Customer Rebate in [Section B]Options 7, Section 2 the member or member organization will be assessed \$0.05 per contract. If the 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]Options 7, Section 2, 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.

* * * * *

Section 7. Routing Fees

- Non-Customer**
- \$0.99 per contract to any options exchange.
- Customer**
- Routing Fees to NOM: \$0.13 per contract fee ("Fixed Fee") in addition to the actual transaction fee assessed.
 - Routing Fees to BX Options: \$0.13 per contract fee ("Fixed Fee") in addition to the actual transaction fee assessed.
 - Routing Fees to all other options exchanges: \$0.23 per contract fee ("Fixed Fee") in addition to the actual transaction fee assessed. If the away market pays a rebate, the Routing Fee will be \$0.13.
 - A member organization that: (1) qualifies for a Tier 2, 3, 4 or 5 rebate in the Customer Rebate Program in [Section B]Options 7, Section 2 of the Pricing Schedule; and (2) routes away more than 5,000 Customer contracts per day in a given month to an away market is entitled to receive a credit equal to the applicable Fixed Fee plus \$0.01 per contract, unless the away market transaction fee is \$0.00 or the away market pays a rebate, in which case the member organization is entitled to receive a credit equal to the applicable Fixed Fee. Members and member organizations under Common Ownership may aggregate their Customer volume routed away for purposes of calculating discount thresholds and receiving discounted routing fees.

* * * * *