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

File No. * SR 2022 - * 46

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"/>	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 Pricing Schedule at Options 7, Section 5

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 * Sun Last Name * Kim
Title * Associate General Counsel
E-mail * sun.kim@nasdaq.com
Telephone * (646) 420-7816 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 11/01/2022 (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.

 Date: 2022.11.01 11:04:56 -04'00'

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 *

Add Remove View

SR-Phlx-2022-46 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 *

Add Remove View

SR-Phlx-2022-46 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

Add Remove View

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-2022-46 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

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 the Exchange’s Pricing Schedule at Options 7, Section 5.D.

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”). 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:

Sun Kim
Associate General Counsel
Nasdaq, Inc.
646-420-7816

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

The Exchange proposes to amend the pricing for its singly-listed U.S. dollar-settled foreign currency options (“FX options” or “FCOs”)³ in Options 7, Section 5.D. Today, the Exchange assesses fees and rebates for executions that add or remove liquidity in simple and complex FX options orders. For simple FX options, Part A of Section 5.D outlines the following rebates for adding liquidity and fees for removing liquidity:

	Customer	Lead Market Maker	Market Maker	Firm	Broker-Dealer	Professional
Rebate for Adding Liquidity	\$0.00	\$0.20	\$0.20	\$0.00	\$0.00	\$0.00
Fee for Removing Liquidity	\$0.40	\$0.40	\$0.40	\$0.40	\$0.40	\$0.40

For complex FX options, Part B of Section 5.D outlines the following fees for removing liquidity:

	Customer	Lead Market Maker	Market Maker	Firm	Broker-Dealer	Professional
Fee for Adding Liquidity	\$0.40	\$0.40	\$0.40	\$0.40	\$0.40	\$0.40
Fee for Removing Liquidity	\$0.40	\$0.40	\$0.40	\$0.40	\$0.40	\$0.40

³ The Exchange will add the term “FCOs” in the Options 7, Section 5.D header. FCOs include XDB, XDE, XDN, XDS, XDA, XDZ and XDC, and trade pursuant to Options 4C.

Simple FX options orders that are executed against the individual components of complex FX options orders are assessed the fees and paid the rebates in Part A. However, the individual components of complex FX options orders are assessed the fees in Part B. Transactions in FX options originating on the Exchange floor are subject to the fees for removing liquidity described above. However, if one side of the transaction originates on the Exchange floor and any other side of the trade was the result of an electronically submitted order or a quote, then the fees for removing liquidity apply to the transactions which originated on the Exchange floor, and the contracts that are executed electronically are subject to the rebates and fees, as applicable, for simple and complex orders.

The fees for FX options executions in all electronic auctions including, but not limited to, the Quote Exhaust auction,⁴ the opening process and complex electronic auction, including the Complex Order Live Auction (“COLA”),⁵ are \$0.40 per contract for Customer,⁶ Professional,⁷ Firm,⁸ Broker-Dealer,⁹ Lead Market Maker¹⁰ and Market

⁴ A Quote Exhaust occurs when the Exchange's disseminated market at a particular price level includes a quote, and such market is exhausted by an inbound contra-side quote or order ("initiating quote or order"), and following such exhaustion, contracts remain to be executed from the initiating quote or order through the initial execution price. See Options 3, Section 6(a)(2)(B)(2).

⁵ Complex orders on the complex order book may be subject to an automated auction process pursuant to Options 3, Section 14(e).

⁶ 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)).

⁷ The term "Professional" applies to transactions for the accounts of Professionals, as defined in Options 1, Section 1(b)(45) means any person or entity that (i) is not

Maker.¹¹ Furthermore, PIXL¹² executions in FX options are charged as follows: \$0.20 per contract for Initiating Orders,¹³ and \$0.40 per contract for all other participants.

The Exchange now proposes to replace the pricing described above for simple and complex FCOs with a streamlined pricing schedule that would remove the maker/taker model as well as the current auction, floor/electronic, and simple/complex segmentations.

-
- a broker or dealer in securities, and (ii) places more than 390 orders in listed options per day on average during a calendar month for its own beneficial account(s).
- ⁸ The term "Firm" applies to any transaction that is identified by a member or member organization for clearing in the Firm range at OCC.
- ⁹ The term "Broker-Dealer" applies to any transaction which is not subject to any of the other transaction fees applicable within a particular category.
- ¹⁰ The term "Lead Market Maker" applies to transactions for the account of a Lead Market Maker (as defined in Options 2, Section 12(a)). A Lead Market Maker is an Exchange member who is registered as an options Lead Market Maker pursuant to Options 2, Section 12(a). An options Lead Market Maker includes a Remote Lead Market Maker which is defined as an options Lead Market Maker in one or more classes that does not have a physical presence on an Exchange floor and is approved by the Exchange pursuant to Options 2, Section 11.
- ¹¹ The term "Market Maker" is defined in Options 1, Section 1(b)(28) as a member of the Exchange who is registered as an options Market Maker pursuant to Options 2, Section 12(a). A Market Maker includes SQTs and RSQTs as well as Floor Market Makers.
- ¹² PIXL is the Exchange's electronic price improvement auction. See Options 3, Section 13.
- ¹³ A member may electronically submit for execution an order it represents as agent on behalf of a Public Customer, broker-dealer, or any other entity ("PIXL Order") against principal interest or against any other order (except as provided in subparagraph (a)(6) of Options 3, Section 13) it represents as agent (an "Initiating Order") provided it submits the PIXL Order for electronic execution into the PIXL Auction ("Auction") pursuant to Options 3, Section 13. See Options 3, Section 13.

As proposed, all Non-Customers¹⁴ will be assessed a uniform Options Transaction Charge of \$0.50 per contract for all transactions in FCOs while Customers will not be assessed any Options Transaction Charges. To effectuate the foregoing changes, the Exchange proposes to delete Parts A and B of Section 5.D in their entirety and replace them with the following fee schedule:

	Customer	Professional	Lead Market Maker and Market Maker	Broker- Dealer	Firm
Options Transaction Charge	\$0.00	\$0.50	\$0.50	\$0.50	\$0.50

The Exchange also proposes to assess all market participants a surcharge of \$0.25 per contract for all complex orders traded in FCOs.

b. Statutory Basis

The Exchange believes that its proposal is consistent with Section 6(b) of the Act,¹⁵ in general, and furthers the objectives of Sections 6(b)(4) and 6(b)(5) of the Act,¹⁶ in particular, in that it provides for the equitable allocation of reasonable dues, fees and

¹⁴ The term "Non-Customer" applies to transactions for the accounts of Lead Market Makers, Market Makers, Firms, Professionals, Broker-Dealers and JBOs. The term "Joint Back Office" or "JBO" applies to any transaction that is identified by a member or member organization for clearing in the Firm range at OCC and is identified with an origin code as a JBO. A JBO will be priced the same as a Broker-Dealer.

¹⁵ 15 U.S.C. 78f(b).

¹⁶ 15 U.S.C. 78f(b)(4) and (5).

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 Exchange believes that the proposed changes in Options 7, Section 5.D in connection with the standard options transaction fees and complex surcharges for singly-listed FCOs are reasonable, equitable, and not unfairly discriminatory because the proposed changes will streamline FCO pricing for all market participants, and will incentivize market participants to transact in more FCOs on Phlx. Specifically, the Exchange will simplify pricing by removing the maker/taker model as well as the current auction, floor/electronic, and simple/complex segmentations. The Exchange believes that it is reasonable to eliminate the \$0.20 per contract rebate currently offered to Lead Market Makers and Market Makers for adding liquidity in simple FCOs because this incentive has not been effective at encouraging these market participants to add increased liquidity in simple FCOs. The Exchange further believes that eliminating the differentiated pricing between maker/taker, auction, floor/electronic, and simple/complex FCO transactions is reasonable as it will simplify the fee structure in a manner that may make the fee schedule more comprehensible and administrable and thus, more appealing to, market participants.

As proposed, all Non-Customers will instead be assessed a uniform Options Transaction Charge of \$0.50 per contract for all transactions in FCOs while Customers will not be assessed any Options Transaction Charges. While Non-Customers will be charged higher Options Transaction Fees under the proposed pricing program,¹⁷ the

¹⁷ As discussed above, Non-Customers are currently charged a \$0.40 per contract fee for removing liquidity in simple and complex FCOs. For simple FCOs, Firms, Broker-Dealers, and Professionals have the opportunity to receive free executions

Exchange believes that the proposal is reasonable and would continue to incentivize these market participants to transact in singly-listed FCOs because the proposed fees generally remain lower than the fees currently charged for the Exchange's other singly-listed options.¹⁸ In addition, Customers would no longer be assessed any standard transaction charges for FCOs whereas today, they would be assessed a \$0.40 per contract fee for removing liquidity. As a result, the Exchange believes that the proposed pricing is structured in a way that continues to encourage market participants, including Customers in particular, to transact in singly-listed FCOs on Phlx.

The Exchange believes that the proposed standard Options Transaction Charges are equitable and not unfairly discriminatory because they will apply uniformly to all similarly situated market participants. With respect to the proposal to assess no Options Transaction Charges to Customers, the Exchange notes that there is a history in the options markets of providing preferential treatment to customers, and customer order flow attracts additional liquidity to the Exchange. The Exchange believes that additional Customer order flow in FCOs will provide all market participants with more trading opportunities and encourage an increase in Lead Market Maker and Market Maker activity, which facilitates tighter spreads. This may cause an additional corresponding

for adding liquidity in FCOs, while Lead Market Makers and Market Makers may receive a \$0.20 per contract rebate for adding liquidity. See Options 7, Section 5.D.

¹⁸ As set forth in Options 7, Section 5.C, the Exchange currently charges Firms, Broker-Dealers, and Professionals an Options Transaction Charge of \$0.75 per contract in singly-listed options. Lead Market Makers and Market Makers are currently charged \$0.40 per contract. Lastly, Customers are charged \$0.40 per contract for transactions in singly-listed options.

increase in order flow from other market participants, contributing overall towards a robust and well-balance market ecosystem, particularly in FCOs.

The Exchange believes that the proposed complex surcharge is reasonable as the surcharge is designed to update fees for Phlx's services to reflect their current value—rather than their value when the FCO pricing was adopted in its present form eight years ago¹⁹—based on Phlx's ability to deliver value to its customers by offering singly-listed products on its market like FCOs. Even with the complex surcharge, all market participants except Lead Market Makers and Market Makers would be assessed consistent or lower fees for their singly-listed FCO orders compared to the fees currently assessed to other singly-listed options orders.²⁰ Customer FCO transactions, in particular, will continue to get the benefit of lower pricing even with the complex surcharge. Customer orders bring valuable liquidity to the market, which liquidity benefits other market participants through more trading opportunities. This, in turn, attracts Lead Market Maker and Market Maker activity, which facilitates tighter spreads, which may cause an additional corresponding increase in order flow from other market participants. Further, the Exchange believes that applying the complex surcharge consistently across all market participants, in conjunction with the uniform pricing

¹⁹ The Exchange has not amended pricing for FCOs since 2014. See Securities Exchange Act Release No. 72806 (August 11, 2014), 79 FR 48269 (August 15, 2014) (SR-Phlx-2014-51).

²⁰ Aggregating the proposed complex surcharge and options transaction charges, all Non-Customers would be assessed \$0.75 per contract for complex trades in singly-listed FCOs while Customers would be assessed \$0.25 per contract. In contrast, under the singly-listed options pricing schedule in Options 7, Section 5.C, Firms, Broker-Dealers, and Professionals would be assessed \$0.75 per contract, and Lead Market Makers, Market Makers, and Customers would be charged \$0.40 per contract.

described above, will streamline the fee structure in a manner that may make the fee schedule may be more comprehensible and administrable to the benefit of all market participants. Lastly, the Exchange believes that the proposed complex surcharge is equitable and not unfairly discriminatory as the surcharge will apply uniformly to all market participants.

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

The Exchange does not believe that the proposed rule change will impose any burden on competition not necessary or appropriate in furtherance of the purposes of the Act. In terms of intra-market competition, the proposed pricing for singly-listed FCOs will apply uniformly to all similarly situated market participants. Specifically, all Non-Priority Customers will be assessed a uniform Options Transaction Charge while Customers will not be assessed any Options Transaction Charges. In addition, all market participants will be assessed a uniform surcharge on their complex FCO transactions. Even with the complex surcharge, Customers will continue to be charged lower fees for FCO trades. Accordingly, the proposed FCO pricing is designed to incentivize Customer order flow in particular, which the Exchange believes will benefit all market participants by providing more trading opportunities, which attracts other market participants, thus facilitating tighter spreads and increased order flow.

In terms of inter-market competition, the Exchange notes that it operates in a highly competitive market in which market participants can readily favor competing venues if they deem fee levels at a particular venue to be excessive, or rebate opportunities available at other venues to be more favorable. In such an environment, the Exchange must continually adjust its fees to remain competitive with other exchanges and with alternative trading systems that have been exempted from compliance with the

statutory standards applicable to exchanges. Because competitors are free to modify their own fees in response, and because market participants may readily adjust their order routing practices, the Exchange believes that the degree to which fee changes in this market may impose any burden on competition is extremely limited. In sum, if the changes proposed herein are unattractive to market participants, it is likely that the Exchange will lose market share as a result. Accordingly, the Exchange does not believe that the proposed changes will impair the ability of members or competing order execution venues to maintain their competitive standing in the financial markets.

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,²¹ 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

²¹ 15 U.S.C. 78s(b)(3)(A)(ii).

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-2022-46)

November __, 2022

Self-Regulatory Organizations; Nasdaq PHLX LLC; Notice of Filing and Immediate Effectiveness of Proposed Rule Change to Amend the Pricing Schedule at Options 7, Section 5

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 November 1, 2022, 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 the Exchange’s Pricing Schedule at Options 7, Section 5.D.

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.

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

In its filing with the Commission, the Exchange included statements concerning the purpose of and basis for the proposed rule change and discussed any comments it

¹ 15 U.S.C. 78s(b)(1).

² 17 CFR 240.19b-4.

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

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

1. Purpose

The Exchange proposes to amend the pricing for its singly-listed U.S. dollar-settled foreign currency options (“FX options” or “FCOs”)³ in Options 7, Section 5.D. Today, the Exchange assesses fees and rebates for executions that add or remove liquidity in simple and complex FX options orders. For simple FX options, Part A of Section 5.D outlines the following rebates for adding liquidity and fees for removing liquidity:

	Customer	Lead Market Maker	Market Maker	Firm	Broker- Dealer	Professional
Rebate for Adding Liquidity	\$0.00	\$0.20	\$0.20	\$0.00	\$0.00	\$0.00
Fee for Removing Liquidity	\$0.40	\$0.40	\$0.40	\$0.40	\$0.40	\$0.40

For complex FX options, Part B of Section 5.D outlines the following fees for removing liquidity:

	Customer	Lead Market Maker	Market Maker	Firm	Broker- Dealer	Professional
Fee for Adding Liquidity	\$0.40	\$0.40	\$0.40	\$0.40	\$0.40	\$0.40
Fee for	\$0.40	\$0.40	\$0.40	\$0.40	\$0.40	\$0.40

³ The Exchange will add the term “FCOs” in the Options 7, Section 5.D header. FCOs include XDB, XDE, XDN, XDS, XDA, XDZ and XDC, and trade pursuant to Options 4C.

Removing Liquidity

Simple FX options orders that are executed against the individual components of complex FX options orders are assessed the fees and paid the rebates in Part A. However, the individual components of complex FX options orders are assessed the fees in Part B. Transactions in FX options originating on the Exchange floor are subject to the fees for removing liquidity described above. However, if one side of the transaction originates on the Exchange floor and any other side of the trade was the result of an electronically submitted order or a quote, then the fees for removing liquidity apply to the transactions which originated on the Exchange floor, and the contracts that are executed electronically are subject to the rebates and fees, as applicable, for simple and complex orders.

The fees for FX options executions in all electronic auctions including, but not limited to, the Quote Exhaust auction,⁴ the opening process and complex electronic auction, including the Complex Order Live Auction (“COLA”),⁵ are \$0.40 per contract for Customer,⁶ Professional,⁷ Firm,⁸ Broker-Dealer,⁹ Lead Market Maker¹⁰ and Market

⁴ A Quote Exhaust occurs when the Exchange's disseminated market at a particular price level includes a quote, and such market is exhausted by an inbound contra-side quote or order ("initiating quote or order"), and following such exhaustion, contracts remain to be executed from the initiating quote or order through the initial execution price. See Options 3, Section 6(a)(2)(B)(2).

⁵ Complex orders on the complex order book may be subject to an automated auction process pursuant to Options 3, Section 14(e).

⁶ 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

Maker.¹¹ Furthermore, PIXL¹² executions in FX options are charged as follows: \$0.20 per contract for Initiating Orders,¹³ and \$0.40 per contract for all other participants.

The Exchange now proposes to replace the pricing described above for simple and complex FCOs with a streamlined pricing schedule that would remove the maker/taker

account of a "Professional" (as that term is defined in Options 1, Section 1(b)(45)).

⁷ The term "Professional" applies to transactions for the accounts of Professionals, as defined in Options 1, Section 1(b)(45) means any person or entity that (i) is not a broker or dealer in securities, and (ii) places more than 390 orders in listed options per day on average during a calendar month for its own beneficial account(s).

⁸ The term "Firm" applies to any transaction that is identified by a member or member organization for clearing in the Firm range at OCC.

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

¹⁰ The term "Lead Market Maker" applies to transactions for the account of a Lead Market Maker (as defined in Options 2, Section 12(a)). A Lead Market Maker is an Exchange member who is registered as an options Lead Market Maker pursuant to Options 2, Section 12(a). An options Lead Market Maker includes a Remote Lead Market Maker which is defined as an options Lead Market Maker in one or more classes that does not have a physical presence on an Exchange floor and is approved by the Exchange pursuant to Options 2, Section 11.

¹¹ The term "Market Maker" is defined in Options 1, Section 1(b)(28) as a member of the Exchange who is registered as an options Market Maker pursuant to Options 2, Section 12(a). A Market Maker includes SQTs and RSQTs as well as Floor Market Makers.

¹² PIXL is the Exchange's electronic price improvement auction. See Options 3, Section 13.

¹³ A member may electronically submit for execution an order it represents as agent on behalf of a Public Customer, broker-dealer, or any other entity ("PIXL Order") against principal interest or against any other order (except as provided in subparagraph (a)(6) of Options 3, Section 13) it represents as agent (an "Initiating Order") provided it submits the PIXL Order for electronic execution into the PIXL Auction ("Auction") pursuant to Options 3, Section 13. See Options 3, Section 13.

model as well as the current auction, floor/electronic, and simple/complex segmentations. As proposed, all Non-Customers¹⁴ will be assessed a uniform Options Transaction Charge of \$0.50 per contract for all transactions in FCOs while Customers will not be assessed any Options Transaction Charges. To effectuate the foregoing changes, the Exchange proposes to delete Parts A and B of Section 5.D in their entirety and replace them with the following fee schedule:

	Customer	Professional	Lead Market Maker and Market Maker	Broker- Dealer	Firm
Options Transaction Charge	\$0.00	\$0.50	\$0.50	\$0.50	\$0.50

The Exchange also proposes to assess all market participants a surcharge of \$0.25 per contract for all complex orders traded in FCOs.

2. Statutory Basis

The Exchange believes that its proposal is consistent with Section 6(b) of the Act,¹⁵ in general, and furthers the objectives of Sections 6(b)(4) and 6(b)(5) of the Act,¹⁶ in particular, in that it provides for the equitable allocation of reasonable dues, fees and

¹⁴ The term "Non-Customer" applies to transactions for the accounts of Lead Market Makers, Market Makers, Firms, Professionals, Broker-Dealers and JBOs. The term "Joint Back Office" or "JBO" applies to any transaction that is identified by a member or member organization for clearing in the Firm range at OCC and is identified with an origin code as a JBO. A JBO will be priced the same as a Broker-Dealer.

¹⁵ 15 U.S.C. 78f(b).

¹⁶ 15 U.S.C. 78f(b)(4) and (5).

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 Exchange believes that the proposed changes in Options 7, Section 5.D in connection with the standard options transaction fees and complex surcharges for singly-listed FCOs are reasonable, equitable, and not unfairly discriminatory because the proposed changes will streamline FCO pricing for all market participants, and will incentivize market participants to transact in more FCOs on Phlx. Specifically, the Exchange will simplify pricing by removing the maker/taker model as well as the current auction, floor/electronic, and simple/complex segmentations. The Exchange believes that it is reasonable to eliminate the \$0.20 per contract rebate currently offered to Lead Market Makers and Market Makers for adding liquidity in simple FCOs because this incentive has not been effective at encouraging these market participants to add increased liquidity in simple FCOs. The Exchange further believes that eliminating the differentiated pricing between maker/taker, auction, floor/electronic, and simple/complex FCO transactions is reasonable as it will simplify the fee structure in a manner that may make the fee schedule more comprehensible and administrable and thus, more appealing to, market participants.

As proposed, all Non-Customers will instead be assessed a uniform Options Transaction Charge of \$0.50 per contract for all transactions in FCOs while Customers will not be assessed any Options Transaction Charges. While Non-Customers will be charged higher Options Transaction Fees under the proposed pricing program,¹⁷ the

¹⁷ As discussed above, Non-Customers are currently charged a \$0.40 per contract fee for removing liquidity in simple and complex FCOs. For simple FCOs, Firms, Broker-Dealers, and Professionals have the opportunity to receive free executions

Exchange believes that the proposal is reasonable and would continue to incentivize these market participants to transact in singly-listed FCOs because the proposed fees generally remain lower than the fees currently charged for the Exchange's other singly-listed options.¹⁸ In addition, Customers would no longer be assessed any standard transaction charges for FCOs whereas today, they would be assessed a \$0.40 per contract fee for removing liquidity. As a result, the Exchange believes that the proposed pricing is structured in a way that continues to encourage market participants, including Customers in particular, to transact in singly-listed FCOs on Phlx.

The Exchange believes that the proposed standard Options Transaction Charges are equitable and not unfairly discriminatory because they will apply uniformly to all similarly situated market participants. With respect to the proposal to assess no Options Transaction Charges to Customers, the Exchange notes that there is a history in the options markets of providing preferential treatment to customers, and customer order flow attracts additional liquidity to the Exchange. The Exchange believes that additional Customer order flow in FCOs will provide all market participants with more trading opportunities and encourage an increase in Lead Market Maker and Market Maker activity, which facilitates tighter spreads. This may cause an additional corresponding

for adding liquidity in FCOs, while Lead Market Makers and Market Makers may receive a \$0.20 per contract rebate for adding liquidity. See Options 7, Section 5.D.

¹⁸ As set forth in Options 7, Section 5.C, the Exchange currently charges Firms, Broker-Dealers, and Professionals an Options Transaction Charge of \$0.75 per contract in singly-listed options. Lead Market Makers and Market Makers are currently charged \$0.40 per contract. Lastly, Customers are charged \$0.40 per contract for transactions in singly-listed options.

increase in order flow from other market participants, contributing overall towards a robust and well-balance market ecosystem, particularly in FCOs.

The Exchange believes that the proposed complex surcharge is reasonable as the surcharge is designed to update fees for Phlx's services to reflect their current value—rather than their value when the FCO pricing was adopted in its present form eight years ago¹⁹—based on Phlx's ability to deliver value to its customers by offering singly-listed products on its market like FCOs. Even with the complex surcharge, all market participants except Lead Market Makers and Market Makers would be assessed consistent or lower fees for their singly-listed FCO orders compared to the fees currently assessed to other singly-listed options orders.²⁰ Customer FCO transactions, in particular, will continue to get the benefit of lower pricing even with the complex surcharge. Customer orders bring valuable liquidity to the market, which liquidity benefits other market participants through more trading opportunities. This, in turn, attracts Lead Market Maker and Market Maker activity, which facilitates tighter spreads, which may cause an additional corresponding increase in order flow from other market participants. Further, the Exchange believes that applying the complex surcharge consistently across all market participants, in conjunction with the uniform pricing

¹⁹ The Exchange has not amended pricing for FCOs since 2014. See Securities Exchange Act Release No. 72806 (August 11, 2014), 79 FR 48269 (August 15, 2014) (SR-Phlx-2014-51).

²⁰ Aggregating the proposed complex surcharge and options transaction charges, all Non-Customers would be assessed \$0.75 per contract for complex trades in singly-listed FCOs while Customers would be assessed \$0.25 per contract. In contrast, under the singly-listed options pricing schedule in Options 7, Section 5.C, Firms, Broker-Dealers, and Professionals would be assessed \$0.75 per contract, and Lead Market Makers, Market Makers, and Customers would be charged \$0.40 per contract.

described above, will streamline the fee structure in a manner that may make the fee schedule may be more comprehensible and administrable to the benefit of all market participants. Lastly, the Exchange believes that the proposed complex surcharge is equitable and not unfairly discriminatory as the surcharge will apply uniformly to all market participants.

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

The Exchange does not believe that the proposed rule change will impose any burden on competition not necessary or appropriate in furtherance of the purposes of the Act. In terms of intra-market competition, the proposed pricing for singly-listed FCOs will apply uniformly to all similarly situated market participants. Specifically, all Non-Priority Customers will be assessed a uniform Options Transaction Charge while Customers will not be assessed any Options Transaction Charges. In addition, all market participants will be assessed a uniform surcharge on their complex FCO transactions. Even with the complex surcharge, Customers will continue to be charged lower fees for FCO trades. Accordingly, the proposed FCO pricing is designed to incentivize Customer order flow in particular, which the Exchange believes will benefit all market participants by providing more trading opportunities, which attracts other market participants, thus facilitating tighter spreads and increased order flow.

In terms of inter-market competition, the Exchange notes that it operates in a highly competitive market in which market participants can readily favor competing venues if they deem fee levels at a particular venue to be excessive, or rebate opportunities available at other venues to be more favorable. In such an environment, the Exchange must continually adjust its fees to remain competitive with other exchanges

and with alternative trading systems that have been exempted from compliance with the statutory standards applicable to exchanges. Because competitors are free to modify their own fees in response, and because market participants may readily adjust their order routing practices, the Exchange believes that the degree to which fee changes in this market may impose any burden on competition is extremely limited. In sum, if the changes proposed herein are unattractive to market participants, it is likely that the Exchange will lose market share as a result. Accordingly, the Exchange does not believe that the proposed changes will impair the ability of members or competing order execution venues to maintain their competitive standing in the financial markets.

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.²¹

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.

²¹ 15 U.S.C. 78s(b)(3)(A)(ii).

IV. Solicitation of Comments

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

Electronic comments:

- Use the Commission's Internet comment form (<http://www.sec.gov/rules/sro.shtml>); or
- Send an e-mail to rule-comments@sec.gov. Please include File Number SR-Phlx-2022-46 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-2022-46. 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-2022-46 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.²²

J. Matthew DeLesDernier
Assistant Secretary

²² 17 CFR 200.30-3(a)(12).

Part B. Complex Order

	Customer	Lead Market Maker	Market Maker	Firm	Broker- Dealer	Professional
Fee for Adding Liquidity	\$0.40	\$0.40	\$0.40	\$0.40	\$0.40	\$0.40
Fee for Removing Liquidity	\$0.40	\$0.40	\$0.40	\$0.40	\$0.40	\$0.40

- These fees are per contract.
- Simple FX Options Orders that are executed against the individual components of Complex FX Options Orders will be assessed the fees and paid the rebates in Part A. However, the individual components of Complex FX Options Orders will be assessed the fees in Part B.
- Transactions in FX Options originating on the Exchange floor will be subject to the Fees for Removing Liquidity defined above. However, if one side of the transaction originates on the Exchange floor and any other side of the trade was the result of an electronically submitted order or a quote, then the Fees for Removing Liquidity will apply to the transactions which originated on the Exchange floor and the contracts that are executed electronically will be subject to the rebates and fees, as applicable, for Simple and Complex Orders

The fees for FX Options executions in all electronic auctions including, but not limited to, the Quote Exhaust auction, the opening process and Complex electronic auction, including the Complex Order Live Auction ("COLA"), will be \$0.40 per contract for Customer, Professional, Firm, Broker-Dealer, Lead Market Maker and Market Maker.

PIXL Executions in FX Options:

- Initiating Order: \$0.20 per contract.
- All other participants: \$0.40 per contract.]

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