

SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-103889; File No. SR-Phlx-2025-40]

Self-Regulatory Organizations; Nasdaq PHLX LLC; Notice of Filing and Immediate Effectiveness of Proposed Rule Change to Amend Phlx Options 7, Section 9

September 5, 2025.

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 August 26, 2025, Nasdaq PHLX LLC (“Phlx” or “Exchange”) filed with the Securities and Exchange Commission (“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 its Specialized Quote Feed³ or “SQF” Port and SQF Purge Port pricing at Options 7, Section 9, B, “Port Fees.”

While the changes proposed herein are effective upon filing, the Exchange has designated the amendments become operative on January 1, 2026.

¹ 15 U.S.C. 78s(b)(1).

² 17 CFR 240.19b-4.

³ “Specialized Quote Feed” or “SQF” is an interface that allows Lead Market Makers, Streaming Quote Traders (“SQTs”) and Remote Streaming Quote Traders (“RSQTs”) to connect, send, and receive messages related to quotes, Immediate-or-Cancel Orders, and auction responses into and from the Exchange. Features include the following: (1) options symbol directory messages (e.g., underlying and complex instruments); (2) system event messages (e.g., start of trading hours messages and start of opening); (3) trading action messages (e.g., halts and resumes); (4) execution messages; (5) quote messages; (6) Immediate-or-Cancel Order messages; (7) risk protection triggers and purge notifications; (8) opening imbalance messages; (9) auction notifications; and (10) auction responses. The SQF Purge Interface only receives and notifies of purge requests from the Lead Market Maker, SQT or RSQT. Lead Market Makers, SQTs and RSQTs may only enter interest into SQF in their assigned options series. Immediate-or-Cancel Orders entered into SQF are not subject to the Order Price Protection, the Market Order Spread Protection, or Size Limitation in Options 3, Section 15(a)(1), (a)(2) and (b)(2), respectively. See Options 3, Section 7(a)(i)(B).

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

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 SQF Port and SQF Purge Port pricing at Options 7, Section 9, B, "Port Fees."

Phlx currently assesses an SQF Port fee of \$1,375 per port, per month, for active ports,⁴ up to a maximum of \$46,200 per month. Additionally, Phlx currently assesses an SQF Purge Port fee of \$550 per port, per month for each of the first 5 SQF Purge Ports, and \$110 per port, per month for each port thereafter to \$1,185 per port, per month.

Phlx proposes to amend its SQF Port fee to \$1,185 per port, per month. Additionally, Phlx proposes to amend its SQF Purge Port fee to \$1,185 per port, per month. The proposed

⁴ An active port means that the port was utilized to submit a quote to the System during a given month. Today, Market Makers are not assessed an active SQF Port fee for additional ports acquired for ten business days for the purpose of transitioning technology. The member organization is required to provide the Exchange with written notification of the transition and all additional ports, provided at no cost, will be removed at the end of the ten business days. See Options 7, Section 9, B.

Phlx SQF Port fee and SQF Purge Port fee are identical to ISE's SQF Purge Port fee and ISE's SQF Purge Port fee.⁵ With this proposal, Phlx would no longer cap the SQF Port fee and SQF Purge Port fee.

Only Market Makers⁶ utilize SQF Ports and SQF Purge Ports for quoting purposes. A Phlx Market Maker requires only one SQF Port to submit quotes in its assigned options series into Phlx. A Phlx Market Maker may submit all quotes through one SQF Port. While a Phlx Market Maker may elect to obtain multiple SQF Ports to organize its business,⁷ only one SQF Port is necessary for a Phlx Market Maker to fulfill its regulatory quoting obligations.⁸

2. Statutory Basis

The Exchange believes that its proposal is consistent with Section 6(b) of the Act,⁹ in general, and furthers the objectives of Section 6(b)(5) of the Act,¹⁰ in particular, in that it is designed to promote just and equitable principles of trade, to remove impediments to and perfect the mechanism of a free and open market and a national market system, and, in general to protect investors and the public interest. Additionally, the Exchange believes that its proposal furthers

⁵ See Options 7, Section 7C.

⁶ 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. See Options 7, Section 1(c). The term "Floor Market Maker" is a Market Maker who is neither an SQT or an RSQT. A Floor Market Maker may provide a quote in open outcry. See Options 8, Section 2(a)(4).

⁷ For example, a Phlx Market Maker may desire to utilize multiple SQF Ports for accounting purposes, to measure performance, for regulatory reasons or other determinations that are specific to that member organization.

⁸ Phlx Market Makers have various regulatory requirements as provided for in Options 2, Section 4. Additionally, Phlx Market Makers have certain quoting requirements with respect to their assigned options series as provided in Options 2, Section 5. SQF Ports are the only quoting protocol available on Phlx and only Market Makers may utilize SQF Ports.

⁹ 15 U.S.C. 78f(b).

¹⁰ 15 U.S.C. 78f(b)(5).

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

Pricing

Proposed Port Fees Are Reasonable, Equitable and Not Unfairly Discriminatory

The Exchange believes that its proposal furthers the objectives of Sections 6(b)(4) and 6(b)(5) of the Act,¹² 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. This belief is based on comparability, the proposed fees are comparable to, and in some cases less than, those of similarly situated exchanges.

The proposed fees for Phlx SQF Ports and Phlx SQF Purge Ports are identical to ISE SQF Ports and ISE SQF Purge Ports Fees.¹³ Further, ISE has identical SQF Port and SQF Purge Port protocols.¹⁴ Additionally, the proposed fees for Phlx SQF Ports and Phlx SQF Purge Ports are comparable to those of its closest competitors, BOX Exchange, LLC (“BOX”);¹⁵ Miami

¹¹ See 15 U.S.C. 78f(b)(4) and (5).

¹² See 15 U.S.C. 78f(b)(4) and (5).

¹³ ISE assesses an SQF Port fee and an SQF Purge Port fee of \$1,185 per port, per month. See Options 7, Section 7C.

¹⁴ See Options 3, Section 7(a)(i)(B).

¹⁵ SOLA® Access Information Language or “SAIL” Market Making Ports are connections to BOX systems that enable Market Makers to continuously quote on BOX. For quote submission, BOX assesses a fee of \$1,000 per month for all ports. BOX will assess monthly SAIL Port Fees on all Participants in each month the Participant is credentialed to use a SAIL Port in the production environment and based upon the number of credentialed SAIL Ports. See BOX’s Pricing Schedule.

International Securities Exchange, LLC (“MIAX”);¹⁶ NYSE Arca, Inc. (“Arca”);¹⁷ NYSE American LLC (“Amex”);¹⁸ and Cboe EDGX Exchange, Inc. (“EDGX”);¹⁹ based on market share.

Below is a chart comparing Phlx’s proposed SQF Port and SQF Purge Port fees to those of ISE, an affiliated Nasdaq options exchange that has identical SQF Ports and SQF Purge Ports.

Exchange	Market Share	SQF Port	SQF Purge Port
Phlx	9.7%	\$1,185 per port, per month for each port	\$1,185 per port, per month for each port
ISE	6.9%	\$1,185 per port, per month for each port	\$1,185 per port, per month for each port

¹⁶ MIAX Express Interface or “MEI” is a connection to MIAX systems that enables Market Makers to submit simple and complex electronic quotes to MIAX. MIAX assesses monthly MEI Port Fees based on the number of options classes and the percentage of national average daily volume. The applicable fee rate is the lesser of either the per class basis or percentage of total national average daily volume measurement as follows: (1) \$5,000.00 for up to 5 classes and up to 10% of classes by volume; (2) 10,000.00 for up to 10 classes and up to 20% of classes by volume; (3) 14,000.00 for up to 40 classes and up to 35% of classes by volume; (4) 17,500.00 for up to 100 classes and up to 50% of classes by volume; and (5) 20,500.00 for over 100 classes and over 50% of classes by volume up to all classes listed on MIAX. For these Monthly MIAX MEI Fees levels, if the Market Maker’s total monthly executed volume during the relevant month is less than 0.060% of the total monthly executed volume reported by OCC in the market maker account type for MIAX-listed option classes for that month, then the fee will be \$14,500 instead of the fee otherwise applicable to such level. Purge Ports provide Market Makers with the ability to send quote purge messages to the MIAX System. Purge Ports are not capable of sending or receiving any other type of messages or information. Further, a MIAX Market Maker may request and be allocated two (2) Purge Ports per matching engine to which it connects via a Full Service MEI Port and will be charged the below monthly fee per Matching Engine. Purge Ports are \$300 per matching engine. MIAX has multiple matching engines. See MIAX’s Fee Schedule.

¹⁷ For quote submission, Arca assesses quote entry port fees of \$510 per port, per month for 1 through 40 ports and \$170 per port per month for 41 ports or greater. For purpose of calculating the number of order/quote entry ports, ARCA aggregates the ports of Affiliates. See NYSE Arca Options Fees and Charges.

¹⁸ For quote submission Amex assesses order/quote entry port fees of \$510 per port, per month for 1 through 40 ports and \$170 per port per month for 41 ports or greater. For purpose of calculating the number of order/quote entry ports, Amex aggregates the ports of Affiliates. See NYSE American Options Fee Schedule.

¹⁹ For quote submission, EDGX assesses logical ports \$750 per port, per month and purge ports of \$850 per port, per month. See Cboe EDGX Options Fee Schedule.

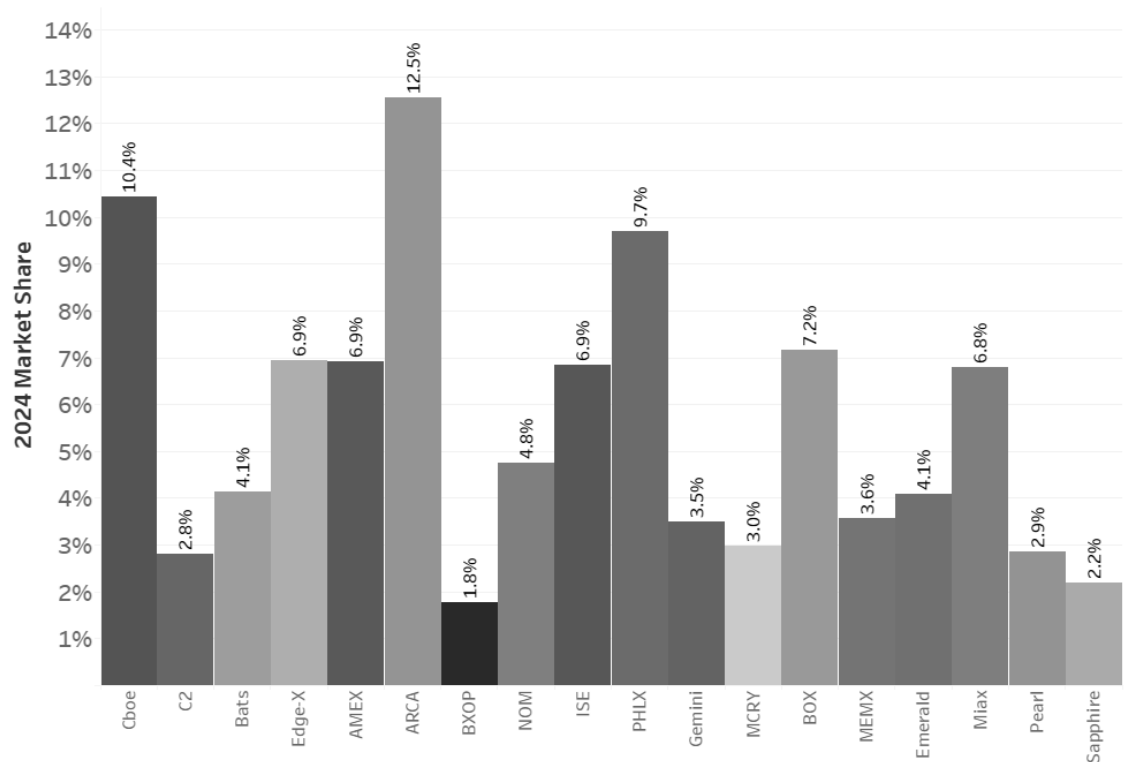
The below chart compares Phlx proposed fees to the fees of various unaffiliated options exchanges with comparable logical ports. Only Phlx assesses a maximum fee for quoting protocols among the below options exchanges.

Exchange	Market Share	Quoting Port	Quoting Purge Port
Phlx	9.7%	\$1,185 per port, per month for each port	\$1,185 per port, per month for each port
BOX	7.2%	BOX assesses a fee of \$1,000 per month for all ports	no purge port fee
MIAX	6.8%	The lesser of either the per class basis or percentage of total national average daily volume measurement as follows: (1) \$5,000.00 for up to 5 classes and up to 10% of classes by volume; (2) 10,000.00 for up to 10 classes and up to 20% of classes by volume; (3) 14,000.00 for up to 40 classes and up to 35% of classes by volume; (4) 17,500.00 for up to 100 classes and up to 50% of classes by volume; and (5) 20,500.00 for over 100 classes and over 50% of classes by volume up to all classes listed on MIAX. For these Monthly MIAX MEI Fees levels, if the Market Maker's total monthly executed volume during the relevant month is less than 0.060% of the total monthly executed volume reported by OCC in the market maker account type for MIAX-listed option classes for that month, then the fee will be \$14,500 instead of the fee otherwise applicable to such level.	\$300 per matching engine
Arca	12.5%	\$510 per port, per month for 1 through 40 ports and \$170 per port per month for 41 ports or greater	no quote purge port fee
Amex	6.9%	\$510 per port, per month for 1 through 40 ports and \$170 per port per month for 41 ports or greater	no quote purge port fee
EDGX	6.9%	\$750 per port, per month	\$850 per port, per month

The Exchange’s analysis utilized the below graph representing the market share²⁰ for each of the eighteen options markets based on total options contracts traded from August 1, 2024 through August 1, 2025.

US Options Market Share

Data using total equity options contracts traded from 8/1/24 - 8/1/25.



Source: OCC, Nasdaq Economic Research

ISE

ISE has a market share of 6.9% which is comparable to Phlx’s market share of 9.7%.

The Phlx SQF Port and SQF Purge Port fees are identical to the ISE SQF Port and SQF Purge Port fees in Options 7, Section 7C, namely \$1,185 per port, per month for each of these ports.

BOX

²⁰

Market share is the percentage of volume on a particular exchange relative to the total volume across all exchanges, and indicates the amount of order flow directed to that exchange. High levels of market share enhance the value of trading and ports. Total contracts include both multi-list options and proprietary options products. Proprietary options products are products with intellectual property rights that are not multi-listed. Phlx lists proprietary products.

BOX has a market share of 7.2% which is comparable to Phlx's market share of 9.7%. BOX offers a SAIL SOLA® Access Information Language (SAIL) native protocol for SOLA®, that offers functionalities required for order and quote submission.²¹ Unlike SAIL, SQF is only for quote submission. For SAIL Ports, BOX assesses a fee of \$1,000 per month for all ports. BOX's SAIL Port fee is lower than the proposed Phlx SQF Port fee. Unlike Phlx, BOX does not appear to assess a quote purge fee.

MIAX

MIAX has a market share of 6.8% which is comparable to Phlx's market share of 9.7%. MIAX Express Interface or "MEI" is a connection to MIAX systems that enables Market Makers to submit simple and complex electronic quotes to MIAX.²² MIAX assesses monthly MEI Port Fees based on the number of options classes and the percentage of national average daily volume. The applicable fee rate is the lesser of either the per class basis or percentage of total national average daily volume measurement as follows: (1) \$5,000.00 for up to 5 classes and up to 10% of classes by volume; (2) 10,000.00 for up to 10 classes and up to 20% of classes by volume; (3) 14,000.00 for up to 40 classes and up to 35% of classes by volume; (4) 17,500.00 for up to 100 classes and up to 50% of classes by volume; and (5) 20,500.00 for over 100 classes and over 50% of classes by volume up to all classes listed on MIAX.²³ For these Monthly MIAX MEI Fees levels, if the Market Maker's total monthly executed volume during the relevant month is less than 0.060% of the total monthly executed volume reported by OCC in the

²¹ See <https://boxoptions.com/assets/BOX-SAIL-Specifications-Guide-v2.24.pdf>.

²² See <https://www.miaxglobal.com/markets/us-options/miax-options/interface-specifications>.

²³ For these Monthly MIAX MEI Fees levels, if the Market Maker's total monthly executed volume during the relevant month is less than 0.060% of the total monthly executed volume reported by OCC in the market maker account type for MIAX-listed option classes for that month, then the fee will be \$14,500 instead of the fee otherwise applicable to such level.

market maker account type for MIAX-listed option classes for that month, then the fee will be \$14,500 instead of the fee otherwise applicable to such level. MIAX Purge Ports provide Market Makers with the ability to send quote purge messages to the MIAX System.²⁴ Further, a MIAX Market Maker may request and be allocated two (2) Purge Ports per matching engine to which it connects via a Full Service MEI Port and will be charged the below monthly fee per Matching Engine. Purge Ports are \$300 per matching engine. Phlx's proposed SQF Port fees are less than MIAX's SQF Port fees. However, Phlx's proposed SQF Purge Port fee are higher than MIAX's purge port fee.

Arca

Arca has a market share of 12.5% which is comparable to Phlx's market share of 9.7%.²⁵ For quote submission, Arca assesses quote entry port fees of \$510 per port, per month for 1 through 40 ports and \$170 per port per month for 41 ports or greater. For purpose of calculating the number of order/quote entry ports, ARCA aggregates the ports of Affiliates. The proposed Phlx SQF Port fee is higher than Arca's port fees, which are tiered. Additionally, Arca assesses no fee for purge ports.

Amex

Amex has market share of 6.9% which is comparable to Phlx's market share of 9.7%. Amex offers a proprietary, binary protocol.²⁶ For purpose of calculating the number of order/quote entry ports, Amex aggregates the ports of Affiliates. The proposed Phlx SQF Port

²⁴ Purge Ports are not capable of sending or receiving any other type of messages or information.

²⁵ See https://www.nyse.com/publicdocs/nyse/NYSE_Pillar_Options_Gateway_Binary_Protocol_Specification.pdf.

²⁶ See https://www.nyse.com/publicdocs/nyse/NYSE_Pillar_Options_Gateway_Binary_Protocol_Specification.pdf.

fee is higher than Amex's port fees, which are tiered. Additionally, Amex assesses no fee for purge ports.

EDGX

EDGX has market share of 6.9% which is comparable to Phlx's market share of 9.7%. EDGX assesses \$750 per port, per month for its Binary Order Entry ("BOE") Logical Port, a Cboe proprietary order entry protocol.²⁷ BOE provides users the ability to enter order/quotes. Unlike BOE, SQF is only for quote submission. EDGX does not cap its fees. The proposed Phlx SQF Port fee is higher than EDGX's port fee. Additionally, EDGX assesses a purge port fee of \$850 per port, per month. EDGX's purge port fee is lower than Phlx's SQF Purge Port fee.

In summary, the proposed SQF Port fee is (i) identical to ISE; (ii) lower than MIAX's fee; and (iii) higher than BOX, Arca, Amex and EDGX. In summary, the proposed SQF Purge Port fee is (i) identical to ISE; and (ii) higher than BOX, MIAX, Arca, Amex, and EDGX.

The Proposal is equitable as the proposed fees would apply to all Phlx Market Maker in a uniform manner. The proposed Phlx SQF Port fees and SQF Purge Port fees would be assessed uniformly to each Phlx Market Maker. The Proposal is not unfairly discriminatory. Phlx SQF Port fees and SQF Purge Port fees are available to all Market Makers on a non-discriminatory basis. Unlike other market participants, Market Makers are required to provide continuous two-sided quotes on a daily basis,²⁸ and are subject to various obligations associated with providing liquidity.²⁹

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

²⁷ https://cdn.cboe.com/resources/membership/US_Options_BOE_Specification.pdf.

²⁸ See Phlx Options 2, Section 5.

²⁹ See Phlx Options 2, Section 4.

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.

Nothing in the proposal burdens inter-market competition (the competition among self-regulatory organizations) because approval of the Proposal does not impose any burden on the ability of other options exchanges to compete. Phlx SQF Port fees and SQF Purge Port fees are comparable to, and in some cases less than, those of other exchanges, as discussed above.

Nothing in the Proposal burdens intra-market competition (the competition among consumers of exchange data) because Phlx SQF Port fees and SQF Purge Port fees is available to all Market Makers. Unlike other market participants, Market Makers are required to provide continuous two-sided quotes on a daily basis,³⁰ and are subject to various obligations associated with providing liquidity.³¹

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.³² 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,

³⁰ See Phlx Options 2, Section 5.

³¹ See Phlx Options 2, Section 4.

³² 15 U.S.C. 78s(b)(3)(A)(ii).

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 (<https://www.sec.gov/rules/sro.shtml>); or
- Send an email to rule-comments@sec.gov. Please include file number SR-Phlx-2025-40 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-2025-40. This file number should be included on the subject line if email 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 website (<https://www.sec.gov/rules/sro.shtml>). Copies of the filing will be available for inspection and copying at the principal office of the Exchange. Do not include personal identifiable information in submissions; you should submit only information that you wish to make available publicly. We may redact in part or withhold entirely from publication submitted material that is obscene or subject to copyright

protection. All submissions should refer to file number SR-Phlx-2025-40 and should be submitted on or before [INSERT DATE 21 DAYS AFTER DATE OF PUBLICATION IN THE *FEDERAL REGISTER*].

For the Commission, by the Division of Trading and Markets, pursuant to delegated authority.³³

Sherry R. Haywood,
Assistant Secretary.

³³ 17 CFR 200.30-3(a)(12).