

SECURITIES AND EXCHANGE COMMISSION
(Release No. 34-63619; File No. SR-Phlx-2010-181)

December 29, 2010

Self-Regulatory Organizations; Notice of Filing and Immediate Effectiveness of
Proposed Rule Change as modified by Amendment No. 1 Thereto by NASDAQ OMX
PHLX LLC Relating to Active SQF Port Fee

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 16, 2010, NASDAQ OMX 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 Exchange submitted an amendment to the proposed rule change on December 29, 2010 ("Amendment No. 1") to clarify the purpose of the proposed fee change. The Commission is publishing this notice to solicit comments on the proposed rule change, as amended, 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 Active Specialized Quote Feed ("SQF") Port Fee to create a tiered schedule of fees.

While changes to the Exchange's Fee Schedule pursuant to this proposal are effective upon filing, the Exchange has designated this proposal to be operative for trades occurring on and after January 3, 2011.

¹ 15 U.S.C. 78s(b)(1).

² 17 CFR 240.19b-4.

The text of the proposed rule change is available on the Exchange's website at <http://nasdaqtrader.com/micro.aspx?id=PHLXfilings>, 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 received on the proposed rule change. The text of these statements may be examined at the places specified in Item IV below. The Exchange has prepared summaries, set forth in sections A, B, and C below, of the most significant aspects of such statements.

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

1. Purpose

The purpose of the proposed rule change is to amend the Active SQF Port Fees to establish a tiered schedule of fees.³ SQF is an interface that enables specialists, Streaming Quote Traders ("SQTs") and Remote Streaming Quote Traders ("RSQTs") to connect and send quotes into Phlx XL. The Exchange released SQF 6.0 on October 11, 2010.⁴ The Exchange anticipates that member organizations will utilize both SQF 5.0 and SQF 6.0 for a period of time.

Currently, the Exchange assesses an Active SQF Port Fee of \$500 per month per port. The Exchange would propose to eliminate the \$500 Active Port Fee and instead assess members an Active Port Fee as follows:

³ Active SQF ports refer to ports that receive inbound quotes at any time within that month.

⁴ See Securities Exchange Act Release No. 63034 (October 4, 2010), 75 FR 62441 (October 8, 2010) (SR-Phlx-2010-124).

Number of Active SQF Ports	Cost Per Port Per Month
0 – 4	\$350
5 – 18	\$1,250
19 – 40	\$2,350
40 and over	\$3,000

The Exchange proposes to cap the Active SQF Port Fees at \$40,000 per month through March 31, 2011 (“Cap”). On April 1, 2011, there will no longer be a Cap in effect for the Active SQF Port Fee. The purpose of the Cap is to ensure member organizations are not assessed fees in excess of the Active SQF Port fees, which fees would have been charged under the fixed rate of \$500 per month per port, during the transition from SQF 5.0 to SQF 6.0.⁵ The Exchange believes that member organizations will utilize less SQF 6.0 ports than SQF 5.0 ports and that all member organizations should have transitioned to SQF 6.0 by March 31, 2011. The Exchange believes that the proposed tiered Active SQF Port Fees will create a more efficient use of Exchange resources by providing members an incentive to utilize the minimum number of ports necessary for their business. The Exchange believes that all members will benefit from a faster and more efficient system if ports are efficiently utilized by members.⁶

The Exchange will continue to account for the number of SQF interfaces in order that member organizations are not assessed port fees for use of the prior version of the interface (SQF 5.0) while transitioning to (and paying for) the new version (SQF 6.0).⁷

⁵ See Securities Exchange Act Release No. 63034 (October 4, 2010), 75 FR 62441 (October 8, 2010) (SR-Phlx-2010-124).

⁶ See Amendment No. 1 (adding the preceding two sentences).

⁷ See Securities Exchange Act Release No. 63145 (October 21, 2010), 75 FR 66168 (October 21, 2010) (SR-Phlx-2010-143) (a proposal to amend the Active SQF Port Fee so that member organizations are not assessed a fee for use of SQF 5.0 active ports to the extent the member is paying for the same (or greater) number of SQF 6.0 active ports).

While changes to the Exchange's Fee Schedule pursuant to this proposal are effective upon filing, the Exchange has designated this proposal to be operative on January 3, 2011.

2. Statutory Basis

The Exchange believes that its proposal to amend its Fee Schedule is consistent with Section 6(b) of the Act⁸ in general, and furthers the objectives of Section 6(b)(4) of the Act⁹ in particular, in that it is an equitable allocation of reasonable fees and other charges among Exchange members and other persons using its facilities. The Exchange believes that assessing fees at the aforementioned rates is equitable because the fee would be applied equally to all members. The Exchange also believes that the proposal is reasonable because through the transition period the Exchange is proposing a Cap to ensure members are not burdened by proposed tiered schedule of fees.

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.

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

⁸ 15 U.S.C. 78f(b).

⁹ 15 U.S.C. 78f(b)(4).

The foregoing rule change has become effective pursuant to Section 19(b)(3)(A)(ii) of the Act¹⁰ and paragraph (f)(2) of Rule 19b-4¹¹ thereunder. 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 necessary or appropriate in the public interest, for the protection of investors, or otherwise in furtherance of the purposes of the Act.

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-2010-181 on the subject line.

Paper comments:

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

All submissions should refer to File Number SR-Phlx-2010-181. 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

¹⁰ 15 U.S.C. 78s(b)(3)(A)(ii).

¹¹ 17 CFR 240.19b-4(f)(2).

will post all comments on the Commission's Internet website (<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-2010-181 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.¹²

Florence E. Harmon
Deputy Secretary

¹² 17 CFR 200.30-3(a)(12).