

SECURITIES AND EXCHANGE COMMISSION
(Release No. 34-75702; File No. SR-Phlx-2015-68)

August 14, 2015

Self-Regulatory Organizations; NASDAQ OMX PHLX LLC; Notice of Filing and Immediate Effectiveness of Proposed Rule Change Relating to Customer Rebate Program

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 3, 2015, 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 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 pricing in Section B, entitled “Customer Rebate Program,”³ of the Pricing Schedule. In particular, the Exchange proposes to: (i) indicate that Category A rebates for certain Customer Simple Orders in Penny Pilot⁴ and non-Penny Pilot Options will increase specifically for Tiers 3, 4, and 5; (ii) establish new Category B for rebates

¹ 15 U.S.C. 78s(b)(1).

² 17 CFR 240.19b-4.

³ 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 broker or dealer or for the account of a “Professional” (as that term is defined in Rule 1000(b)(14)).

⁴ The Penny Pilot was established in January 2007 and was last extended in 2015. See Securities Exchange Act Release Nos. 55153 (January 23, 2007), 72 FR 4553 (January 31, 2007) (SR-Phlx-2006-74) (notice of filing and approval order establishing Penny Pilot); and 75286 (June 24, 2015) (SR-Phlx-2015-54) (notice of filing and immediate effectiveness extending the Penny Pilot through June 30, 2016). Non-Penny Pilot Options are options other than Penny Pilot Options listed on the Exchange (e.g. AAPL, BAC, EEM, FB, FXI, IWM, QQQ, TWTR, VXX and XLF), which can be found at <http://www.nasdaqtrader.com/Micro.aspx?id=phlx>.

for certain electronic Customer PIXL^{SM 5} Orders; (iii) rename Category B to Category C regarding certain electronic Complex⁶ and Complex PIXL⁷ Orders; and (iv) update and clarify the explanatory notes applicable to Categories A, B, and C to match the proposed changes.

The text of the proposed rule change is available on the Exchange's website at <http://nasdaqomxphlx.cchwallstreet.com/>, 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.

⁵ PIXL is the Exchange's price improvement mechanism known as Price Improvement XL or PIXL. See Rule 1080(n).

⁶ A Complex Order is any order involving the simultaneous purchase and/or sale of two or more different options series in the same underlying security, priced at a net debit or credit based on the relative prices of the individual components, for the same account, for the purpose of executing a particular investment strategy. Furthermore, a Complex Order can also be a stock-option order, which is an order to buy or sell a stated number of units of an underlying stock or Exchange Traded Fund ("ETF") coupled with the purchase or sale of options contract(s). See Exchange Rule 1080, Commentary .07(a)(i).

⁷ A transaction resulting from an order that was electronically delivered utilizes Phlx XL. See Exchange Rules 1014 and 1080. Electronically delivered orders do not include orders transacted on the Exchange floor. A transaction resulting from an order that is non-electronically-delivered is represented on the trading floor by a floor broker. See Exchange Rule 1063. All orders are either electronically or non-electronically delivered.

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

1. Purpose

The purpose of this filing is to amend pricing in Section B, entitled “Customer Rebate Program,” of the Pricing Schedule. In particular, the Exchange proposes to: (i) indicate that Category A rebates for certain Customer Simple Orders in Penny Pilot and non-Penny Pilot Options will increase specifically for Tiers 3, 4, and 5; (ii) establish new Category B for rebates for certain electronic Customer PIXL Orders; (iii) rename Category B to Category C regarding certain electronic Complex and Complex PIXL Orders; and (iv) update and clarify the explanatory notes applicable to Categories A, B, and C to match the proposed changes. The Exchange proposes these amendments in order to more clearly delineate how rebates apply to different types of Customer orders: Customer Simple Orders (Category A), Customer PIXL Orders (Category B), and Customer Complex Orders and Customer Complex PIXL Orders (Category C).

Section B – Customer Rebate Program

Currently, the Exchange has a Customer Rebate Program consisting of five Tiers of Customer Rebates on two categories, A and B, of transactions. A Phlx member qualifies for a certain rebate Tier based on the percentage of total national customer volume in Multiply Listed equity and ETF options classes, excluding SPY⁸ options that it transacts monthly on Phlx. The Exchange calculates Customer volume in Multiply Listed Options (including SPY options) by

⁸ SPY is the SPDR[®] S&P 500[®] ETF Trust. S&P[®], S&P 500[®], SPDR[®], and Standard & Poor’s[®] are registered trademarks of Standard & Poor’s[®] Financial Services LLC.

totaling electronically-delivered and executed volume, excluding volume associated with electronic Qualified Contingent Cross (“QCC”) Orders,⁹ as defined in Exchange Rule 1080(o).¹⁰

The Exchange now has rebate categories Category A and Category B to cover all rebates pursuant to the Customer Rebate Program. The Exchange proposes to add new Category B. This allows the Exchange to more clearly delineate how rebates apply to three types of orders: Customer Simple Orders, which will be covered in Category A; Customer PIXL Orders, which will be covered in Category B; and Customer Complex Orders and Customer Complex PIXL Orders, which will be covered in Category C.

Currently, a Category A rebate is paid to members executing electronically-delivered Customer Simple Orders in Penny Pilot Options and Customer Simple Orders in non-Penny Pilot Options in Section II symbols.¹¹ Rebates are paid on Customer PIXL Orders in Section II 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 are paid a rebate of \$0.14 per contract.

⁹ A QCC Order is comprised of an order to buy or sell at least 1000 contracts that is identified as being part of a qualified contingent trade, as that term is defined in Rule 1080(o)(3), coupled with a contra-side order to buy or sell an equal number of contracts. The QCC Order must be executed at a price at or between the National Best Bid and Offer and be rejected if a Customer order is resting on the Exchange book at the same price. A QCC Order shall only be submitted electronically from off the floor to the PHLX XL II System. See Rule 1080(o). See also Securities Exchange Act Release No. 64249 (April 7, 2011), 76 FR 20773 (April 13, 2011) (SR-Phlx-2011-47) (a rule change to establish a QCC Order to facilitate the execution of stock/option Qualified Contingent Trades (“QCTs”) that satisfy the requirements of the trade through exemption in connection with Rule 611(d) of the Regulation NMS).

¹⁰ Members and member organizations under common ownership may aggregate their Customer volume for purposes of calculating the Customer Rebate Tiers and receiving rebates. Common ownership means members or member organizations under 75% common ownership or control. See Preface to Pricing Schedule.

¹¹ This refers to Section II of the Pricing Schedule.

Rebates on Customer PIXL Orders are currently capped at 4,000 contracts per order for Simple PIXL Orders.

Currently, a Category B rebate is paid to members executing electronically-delivered Customer Complex Orders in Penny Pilot Options and non-Penny Pilot Options in Section II symbols. Rebates are paid on Customer PIXL Complex Orders in Section II 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 B rebate will not be paid when an electronically-delivered Customer Complex Order, including a Customer Complex PIXL Order, executes against another electronically-delivered Customer Complex Order. Rebates on Customer PIXL Orders are capped at 4,000 contracts per order leg for Complex PIXL Orders. Moreover, the Exchange will pay a \$0.02 per contract Category A rebate and a \$0.03 per contract Category B rebate in addition to the applicable Tier 2 and 3 rebate to a Specialist¹² or Market Maker¹³ or its member or member organization affiliate under Common Ownership provided the Specialist or Market Maker has reached the Monthly Market Maker Cap, as defined in Section II.

Now, the rebates in all Tiers (Category A and Category B) are as follows:

¹² A “Specialist” is an Exchange member who is registered as an options specialist pursuant to Rule 1020(a).

¹³ A “Market Maker” includes Registered Options Traders (Rule 1014(b)(i) and (ii)), which includes Streaming Quote Traders (see Rule 1014(b)(ii)(A)) and Remote Streaming Quote Traders (see Rule 1014(b)(ii)(B)).

Customer Rebate Tiers	Percentage Thresholds of National Customer Volume in Multiply-Listed Equity and ETF Options Classes, excluding SPY Options (Monthly)	Category A	Category B
Tier 1	0.00% - 0.60%	\$0.00	\$0.00
Tier 2	Above 0.60% - 1.10%	\$0.10*	\$0.17*
Tier 3	Above 1.10% - 1.60%	\$0.12*	\$0.17*
Tier 4	Above 1.60% - 2.50%	\$0.16	\$0.22
Tier 5	Above 2.50%	\$0.17	\$0.22

Several notes now explain the rebate schedule. Currently, there is an explanatory note regarding Category A,¹⁴ an explanatory note regarding Category B,¹⁵ and also an asterisked note that applies to certain sections of Category A and Category B.¹⁶ These are discussed below.

¹⁴ Category A: Rebate will be paid to members executing electronically-delivered Customer Simple Orders in Penny Pilot Options and Customer Simple Orders in Non-Penny Pilot Options in Section II symbols. Rebate will be paid on Customer PIXL Orders in Section II 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.

¹⁵ Category B: Rebate will be paid to members executing electronically-delivered Customer Complex Orders in Penny Pilot Options and Non-Penny Pilot Options in Section II symbols. Rebate will be paid on Customer PIXL Complex Orders in Section II 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 B 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 on Customer PIXL Orders will be capped at 4,000 contracts per order leg for Complex PIXL Orders.

¹⁶ *The Exchange will pay a \$0.02 per contract Category A rebate and a \$0.03 per contract Category B rebate in addition to the applicable Tier 2 and 3 rebate to a Specialist or Market Maker or its member or member organization affiliate under Common Ownership

As proposed, the rebates in all Tiers (Category A, Category B, and Category C) are as follows:

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

The Exchange proposes in Category A to change the Tier 3 Customer Rebate from \$0.12 to \$0.15.¹⁷ The Exchange also proposes to change the Tier 4 Customer Rebate from \$0.16 to \$0.20, and the Tier 5 Customer Rebate from \$0.17 to \$0.21. The Exchange believes that the proposed increased Category A rebates will continue to encourage members to send Customer liquidity to Phlx. The Exchange believes that the proposed three or four cent rebate increase in Tiers 3, 4, and 5 is reasonable and fair, and retains the existing structure of increasingly higher rebates in increasingly higher Tiers to encourage members to send greater liquidity while giving members an opportunity to receive higher Customer rebates. Moreover, as stated in the explanatory note to Category A, rebates will continue to be paid to members executing

provided the Specialist or Market Maker has reached the Monthly Market Maker Cap, as defined in Section II.

¹⁷ The Exchange notes that the asterisked note will continue to apply to Tier 2, but not to Tier 3, of Category A. It will also continue to apply to Tiers 2 and 3 of Categories B and C.

electronically-delivered Customer Simple Orders in Penny Pilot Options and Customer Simple Orders in Non-Penny Pilot Options in Section II symbols. The remaining provisions in the Category A explanatory note regarding Customer PIXL Orders (Customer PIXL Orders that execute against a PIXL Initiating Order are paid a rebate of \$0.14 per contract, and rebates on Customer PIXL Orders are capped at 4,000 contracts per order for Simple PIXL Orders) are simply moved to proposed Category B.

The Exchange proposes new Category B regarding Customer PIXL orders that are not complex orders (these are covered in Category C). The proposed Tiers in Category B are exactly like the current Tiers in Category A. Thus, the proposed Category B Tiers include Tier 1 at \$0.00, Tier 2 at \$0.10, Tier 3 at \$0.12, Tier 4 at \$0.16, and Tier 5 at \$0.17. In addition, as noted the Exchange is re-numbering the last two sentences of the explanatory note now applicable to Category A so that it becomes the new note applicable to Category B. This new note will state that a rebate will be paid on Customer PIXL Orders in Section II 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. The addition of Category B establishes three different Categories for three different types of orders. This allows the Exchange to more clearly delineate how rebates apply to three types of orders: Customer Simple Orders that will be dealt with in Category A, Customer PIXL Orders that will be dealt with in Category B, and Customer Complex Orders and Customer Complex PIXL Orders that will be dealt with in Category C. Moreover, the Tiers in Category B, as also the explanatory note, are not new but rather are simply taken directly from current Category A. And, as discussed below,

the current explanatory note regarding Category B, which now discusses Complex Orders, is moved to Category C.

Proposed Category C is simply current Category B that is re-named Category C. There are no changes as Category B becomes Category C. Thus, the Category C proposed Tiers include Tier 1 at \$0.00, Tier 2 at \$0.17, Tier 3 at \$0.17, Tier 4 at \$0.22, and Tier 5 at \$0.22. As discussed, all of the Tiers in Category C apply to Customer Complex Orders and Customer Complex PIXL Orders only. In addition, the current Category B explanatory note is re-named to Category C so that as proposed it reads as follows: Rebate will be paid to members executing electronically-delivered Customer Complex Orders in Penny Pilot Options and Non-Penny Pilot Options in Section II symbols. Rebate will be paid on Customer PIXL Complex Orders in Section II 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. Rebates on Customer PIXL Orders will be capped at 4,000 contracts per order leg for Complex PIXL Orders.

Finally, the asterisked explanatory note, which currently applies to Categories A and B but does not apply to category C as it currently does not exist, will be amended to properly reflect all three Categories. This note discusses certain rebates in addition to the applicable Tier 2 and Tier 3 rebate to a Specialist or Market Maker or its member or member organization affiliate under Common Ownership. The portion of the note that now applies to Category A only will be expanded to Category A and B; and the portion of the note that now applies to Category B will apply to new Category C. Thus, the asterisked note would read as follows: The Exchange

will pay a \$0.02 per contract Category A and B rebate and a \$0.03 per contract Category C rebate in addition to the applicable Tier 2 and 3 rebate to a Specialist or Market Maker or its member or member organization affiliate under Common Ownership provided the Specialist or Market Maker has reached the Monthly Market Maker Cap, as defined in Section II. The Exchange believes that, similarly to the other proposed changes, this adds clarity to the proposed new three-Category rebate structure where each Category applies to a different type of Customer Order.¹⁸

The Exchange believes that by making the proposed changes, clarifying the rebate structure, and increasing certain rebates, the Exchange will continue to encourage market participants to direct a greater number of Customer orders to the Exchange.

2. Statutory Basis

The Exchange believes that its proposal to amend the Pricing Schedule is consistent with Section 6(b) of the Act¹⁹ in general, and furthers the objectives of Section 6(b)(4) and (b)(5) of the Act²⁰ 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 or system which Phlx operates or controls, and is not designed to permit unfair discrimination between market participants to whom the Exchange's fees and rebates are applicable.

Section B – Customer Rebates

The Exchange believes that its proposal in Category A to change the Tier 3 Customer Rebate from \$0.12 to \$0.15, the Tier 4 Customer Rebate from \$0.16 to \$0.20, and the Tier 5 Customer Rebate from \$0.17 to \$0.21 is reasonable. These proposed changes will allow the

¹⁸ Id.

¹⁹ 15 U.S.C. 78f(b).

²⁰ 15 U.S.C. 78f(b)(4), (5).

Exchange to continue to attract Customer liquidity to the Exchange. Customer orders bring valuable liquidity to the market, which liquidity benefits other market participants. Customer liquidity benefits all market participants by providing more trading opportunities, which attracts Specialists and Market Makers. An increase in the activity of these market participants in turn facilitates tighter spreads, which may cause an additional corresponding increase in order flow from other market participants. The Exchange believes that the proposed increased Category A rebates will continue to encourage members to send Customer liquidity to Phlx despite moving to Category B the cap on PIXL Complex Order rebates at the proposed 4,000 contracts per order leg. The Exchange believes that the proposed increase of three or four cents is reasonable. Additionally, the CBOE has similar [sic] rebates.²¹ Similarly, the Exchange believes that moving the cap regarding Customer PIXL Orders from Category A to proposed Category B, which deals with Customer PIXL Orders, is likewise reasonable under the three-Category structure according to Customer order type. Category A rebates will continue to be paid to members executing electronically-delivered Customer Simple Orders in Penny Pilot Options and Customer Simple Orders in Non-Penny Pilot Options in Section II symbols.

The Exchange believes that its proposal to amend Category A is equitable and not unfairly discriminatory because these proposed amendments to Category A apply uniformly to all market participants to whom Category A applies. Moreover, the Exchange believes that the proposed modest Tiers increases (to \$0.15, \$0.20, and \$0.21) retain the existing structure of

²¹ CBOE's VIP credit for certain orders in Tier 3 is \$0.22 per contract. See CBOE's Fees Schedule. See also Securities Exchange Act Release No. 371588 (June 17, 2015), 80 FR 36021 (June 23, 2015) (SR-CBOE- 2015-058) (rule change increasing VIP credit for certain orders in Tier 3 from \$0.16 per contract to \$0.22 per contract, also in Tier 2 from \$0.16 per contract to \$0.21 per contract and in Tier 4 from \$0.17 per contract to \$0.23 per contract).

increasingly higher rebates in increasingly higher Tiers to encourage members to send greater liquidity while giving members an opportunity to receive higher Customer rebates.

The Exchange believes that its proposal to establish new Category B is reasonable. The Exchange proposes new Category B regarding Customer PIXL orders that are not complex orders (these are covered in Category C), and the proposed Tiers in Category B are exactly like the current Category A Tiers. In addition, the Exchange believes that it is reasonable to re-number the last two sentences of the explanatory note now applicable to Category A, which discusses Customer PIXL Orders, so that it becomes the new note applicable to Category B, which deals with Customer PIXL Orders. The Exchange believes that its proposal to add new Category B, which is applicable to Complex PIXL orders only, adds clarity to the rebate structure. The addition of Category B establishes three different Categories for three different types of orders. This allows the Exchange to more clearly delineate how rebates apply to three types of orders: Customer Simple Orders that will be dealt with in Category A, Customer PIXL Orders that will be dealt with in Category B, and Customer Complex Orders and Customer Complex PIXL Orders that will be dealt with in Category C. Moreover, the Tiers in Category B, as also the explanatory note, are not new but rather are simply taken directly from current Category A. The Exchange believes that it is reasonable to move the current explanatory note regarding Category B, which discusses Complex Orders, to Category C, which discusses Customer Complex Orders and Customer Complex PIXL Orders.

The Exchange believes that its proposal to amend Category B is equitable and not unfairly discriminatory because these proposed amendments to Category B apply uniformly to all market participants to whom Category B applies.

The Exchange believes that its proposal to re-name Category B as Category C, which as proposed deals with Customer Complex Orders and Customer Complex PIXL Orders, and to ensure that the explanatory note to Category B is properly applicable to Category C, is reasonable under the three-Category structure according to Customer order type. These proposed changes will allow the Exchange to continue to attract Customer liquidity to the Exchange. Customer orders bring valuable liquidity to the market, which liquidity benefits other market participants. Customer liquidity benefits all market participants by providing more trading opportunities, which attracts Specialists and Market Makers. An increase in the activity of these market participants in turn facilitates tighter spreads, which may cause an additional corresponding increase in order flow from other market participants. The Exchange believes that it is reasonable to move the cap on PIXL Complex Order rebates at the proposed 4,000 contracts per order leg from Category B to Category C, which applies to Complex Orders.

The Exchange believes that its proposal to amend Category C is equitable and not unfairly discriminatory because these proposed amendments to Category C apply uniformly to all market participants to whom Category C applies.

The Exchange also believes that amending the asterisked explanatory note, which currently applies to Categories A and B, to reflect all three Categories is reasonable under the three-Category system as discussed. The portion of the note that now applies to Category A only will be expanded to Category A and B; and the portion of the note that now applies to Category B will apply to new Category C. The Exchange believes that, similarly to the other proposed changes, this adds clarity to the proposed new three-Category rebate structure (Customer Simple Orders in Category A, Customer PIXL Orders in Category B, and Customer Complex Orders and Customer Complex PIXL Orders in Category C). In addition, The Exchange believes that it is

reasonable to give Specialists and Market Maker or its member of member organization affiliate under Common Ownership to earn an additional rebate under certain circumstances. An increase in the activity of these market participants may facilitate tighter spreads, which may cause an additional corresponding increase in order flow from other market participants. Moreover, Specialists and Market Makers have obligations to the market and regulatory requirements, which normally do not apply to other market participants.²² They have obligations to make continuous markets, engage in a course of dealings reasonably calculated to contribute to the maintenance of a fair and orderly market, and not make bids or offers or enter into transactions that are inconsistent with a course of dealings. The differentiation as between Specialists and Market Makers and other market participants (e.g., Professionals, Broker-Dealers, and Firms) recognizes the differing contributions made to the liquidity and trading environment on the Exchange by these market participants.

The Exchange believes that these last-discussed amendments are equitable and not unfairly discriminatory because they would apply uniformly to all market participants.

The Exchange believes that the proposed amendments to the rebate structure in the Pricing Structure enables the Exchange to continue to incentivize members to send order flow to the Exchange to the benefit 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.

The Customer Rebate Program amendments in Section B of the Pricing Schedule, for example, do not create an undue burden on competition and, like all of the amendments proposed

²² See Rule 1014 titled “Obligations and Restrictions Applicable to Specialists and Registered Options Traders.”

by the Exchange, will apply uniformly to all market participants. Moreover, the Section B amendments will enable the Exchange to continue to attract liquidity, which benefits all market participants by providing more trading opportunities, which attracts Specialists and Market Makers. The Exchange's proposal will allow it to continue to incentivize market participants to bring liquidity to the Exchange, as described herein.

The Exchange operates in a highly competitive market, comprised of twelve exchanges, in which market participants can easily and readily direct order flow to competing venues if they deem fee levels at a particular venue to be excessive or rebates to be inadequate. Accordingly, the fees that are assessed and the rebates paid by the Exchange, as described in the proposal, are influenced by these robust market forces and therefore must remain competitive with fees charged and rebates paid by other venues and therefore must continue to be reasonable and equitably allocated to those members that opt to direct orders to the Exchange rather than competing venues.

The Exchange believes that its changes are pro-competitive. The proposed rebate changes, which are part of the Exchange's overall fee structure, are designed to ensure a fair and reasonable use of Exchange resources by allowing the Exchange to recoup costs while continuing to attract liquidity and offer connectivity at competitive rates to Exchange members and member organizations.

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.²³ 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. If the Commission takes such action, the Commission shall institute proceedings to determine whether the proposed rule should be approved or disapproved.

IV. Solicitation of Comments

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

Electronic comments:

- Use the Commission's Internet comment form (<http://www.sec.gov/rules/sro.shtml>); or
- Send an e-mail to rule-comments@sec.gov. Please include File Number SR-Phlx-2015-68 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-2015-68. This file number should be included on the subject line if e-mail is used. To help the Commission process and review your

²³ 15 U.S.C. 78s(b)(3)(A)(ii).

comments more efficiently, please use only one method. The Commission 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-2015-68 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.²⁴

Robert W. Errett
Deputy Secretary

²⁴ 17 CFR 200.30-3(a)(12).