

SECURITIES AND EXCHANGE COMMISSION
(Release No. 34-74062; File No. SR-Phlx-2015-06)

January 15, 2015

Self-Regulatory Organizations; NASDAQ OMX PHLX LLC; Notice of Filing and Immediate Effectiveness of Proposed Rule Change Relating to Amendments to Sections II and IV of the Pricing Schedule

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 January 13, 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 the Monthly Market Maker Cap³ and certain

¹ 15 U.S.C. 78s(b)(1).

² 17 CFR 240.19b-4.

³ Specialists and Market Makers are subject to a “Monthly Market Maker Cap” of \$550,000 for: (i) electronic and floor Option Transaction Charges; (ii) QCC Transaction Fees (as defined in Exchange Rule 1080(o) and Floor QCC Orders, as defined in 1064(e)); and (iii) fees related to an order or quote that is contra to a PIXL Order or specifically responding to a PIXL auction. The trading activity of separate Specialist and Market Maker member organizations is aggregated in calculating the Monthly Market Maker Cap if there is Common Ownership between the member organizations. All dividend, merger, short stock interest, reversal and conversion, jelly roll and box spread strategy executions (as defined in Section II) are excluded from the Monthly Market Maker Cap.

transaction fees applicable to Specialists⁴ and Market Makers⁵ that have reached the Monthly Market Maker Cap, which are located in the Exchange’s Pricing Schedule at Section II, entitled “Multiply Listed Options.”⁶ The Exchange also proposes to make conforming and clarifying amendments to Section IV, Part A of the Pricing Schedule entitled “PIXL Pricing.”

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.

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 certain Specialist and Market Maker pricing located in the Exchange’s Pricing Schedule in Section II, entitled “Multiply Listed Options” in

⁴ A Specialist is an Exchange member who is registered as an options specialist pursuant to Rule 1020(a). An options Specialist includes a Remote Specialist which is defined as an options specialist in one or more classes that does not have a physical presence on an Exchange floor and is approved by the Exchange pursuant to Rule 501.

⁵ 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)). Directed Participants are also market makers.

⁶ This includes options overlying equities, ETFs, ETNs and indexes which are Multiply Listed.

order to continue to incentivize Specialists and Market Makers to transact a greater amount of volume on Phlx and bring additional liquidity to the Exchange. The pricing changes are described in further detail below.

Today, Specialists and Market Makers are subject to a Monthly Market Maker Cap of \$550,000 for: (i) electronic and floor Option Transaction Charges; (ii) QCC Transaction Fees (as defined in Exchange Rule 1080(o) and Floor QCC Orders, as defined in 1064(e)); and (iii) fees related to an order or quote that is contra to a PIXL⁷ Order or specifically responding to a PIXL auction.⁸ The trading activity of separate Specialist and Market Maker member organizations is aggregated in calculating the Monthly Market Maker Cap if there is Common Ownership between the member organizations. All dividend, merger, short stock interest, reversal and conversion, jelly roll and box spread strategy executions (as defined in Section II) are excluded from the Monthly Market Maker Cap.

Specialists or Market Makers that (i) are on the contra-side of an electronically-delivered⁹ and executed Customer order; and (ii) have reached the Monthly Market Maker Cap are assessed \$0.00 per contract in the following symbols: AAPL, BAC, EEM, FB, FXI, IWM, QQQ, TWTR,

⁷ PIXL is the Exchange's price improvement mechanism known as Price Improvement XL or (PIXLSM). See Rule 1080(n).

⁸ 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 Rule 1080(n)(i)(E)) it represents as agent ("Initiating Order") provided it submits the PIXL order for electronic execution into the PIXL Auction ("Auction") pursuant to Rule 1080. See Exchange Rule 1080(n). Non-Initiating Order interest could be a PIXL Auction Responder or a resting order or quote that was on the Phlx book prior to the auction.

⁹ 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 will be either electronically or non-electronically delivered.

VXX, and XLF and \$0.17 per contract in Penny Pilot Options¹⁰ and Non-Penny Pilot Options.

The Exchange proposes to decrease the Monthly Market Maker Cap from \$550,000 to \$500,000 and amend the types of trades that qualify for the Monthly Market Maker Cap to exclude fees specifically responding to a PIXL auction. While the Exchange is excluding fees related to responding to a PIXL auction as eligible transactions to reach the Monthly Market Maker Cap, the Exchange believes that lowering the cap to \$500,000 will continue to incentivize Specialists and Market Makers to transact greater displayed liquidity on the Exchange to be eligible for the Monthly Market Maker Cap and, in turn, will benefit Phlx members and the Phlx market.

The Exchange is also proposing to amend the fees applicable to Specialists and Market Makers that (i) are on the contra-side of an electronically-delivered and executed Customer order, and (ii) have reached the Monthly Market Maker Cap to assess: a \$0.00 per contract Fee for Adding Liquidity in Penny Pilot Options; a \$0.17 per contract Fee for Removing Liquidity in Penny Pilot Options; and a \$0.17 per contract in Non-Penny Pilot Options. The Exchange is proposing to amend the language to state: “Specialists or Market Makers that (i) are on the contra-side of an electronically-delivered and executed Customer order, excluding responses to a PIXL auction and (ii) have reached the Monthly Market Maker Cap...”

The Exchange would therefore exclude responses to a PIXL auction from the Monthly Market Maker Cap and those responses would be subject to the pricing in Section IV, A of the Pricing Schedule, as is the case today for all other Specialists and Market Makers that do not qualify for the Monthly Market Maker Cap, as well as all other market participants. Today,

¹⁰ The Penny Pilot was established in January 2007 and was last extended in June 30, 2015. See Securities and Exchange Release No. 73688 (November 25, 2014), 79 FR 71484 (December 2, 2014) (SR-Phlx-2014-77).

Specialists or Market Makers that are on the contra-side of an electronically-delivered and executed Customer PIXL Order and have reached the Monthly Market Maker Cap are assessed \$0.00 per contract in the following symbols: AAPL, BAC, EEM, FB, FXI, IWM, QQQ, TWTR, VXX, and XLF and \$0.17 per contract in Penny Pilot Options and Non-Penny Pilot Options. With this proposal, an Initiating Order would be assessed \$0.07 per contract or \$0.05 per contract if Customer Rebate Program Threshold Volume defined in Section B is greater than 100,000 contracts per day in a month.¹¹ The Initiating Order Fee for Professional, Firm, Broker-Dealer, Specialist and Market Maker orders that are contra to a Customer PIXL Order will be reduced to \$0.00 if the Customer PIXL Order is greater than 399 contracts. Also, with respect to executions in Multiply-Listed Options, when the PIXL Order is contra to the Initiating Order a Customer PIXL Order will be assessed \$0.00 per contract and non-Customer PIXL Orders will be assessed \$0.30 per contract. When a PIXL Order is contra to a PIXL Auction Responder, a Customer PIXL Order will be assessed \$0.00 per contract, other market participants will be assessed \$0.30 per contract in Penny Pilot Options or \$0.38 per contract in non-Penny Pilot Options. A Responder will be assessed \$0.30 per contract in Penny Pilot Options or \$0.38 per contract in non-Penny Pilot Options, unless the Responder is a Customer, in which case the fee will be \$0.00 per contract. When a PIXL Order is contra to a resting order or quote a Customer PIXL Order will be assessed \$0.00 per contract, other market participants will be assessed \$0.30 per contract and the resting order or quote will be assessed the appropriate Options Transaction Charge in Section II. All other fees discussed in Section II, including Payment for Order Flow and surcharges, will also apply as appropriate. The Exchange proposes to amend Section IV, A

¹¹ Any member or member organization under Common Ownership with another member or member organization that qualifies for a Customer Rebate Tier discount in Section B receives the PIXL Initiating Order discount.

to indicate that the Monthly Market Maker Cap will no longer apply to PIXL Orders as noted above. The Exchange proposes to add the words “per contract” to Section IV, A where appropriate for clarity.

The Exchange also proposes to expand and modify the \$0.00 per contract pricing that today is available to Specialists and Market Makers that are on the contra-side of an electronically-delivered and executed Customer order and have reached the Monthly Market Maker Cap in the following symbols: AAPL, BAC, EEM, FB, FXI, IWM, QQQ, TWTR, VXX, and XLF to all Penny Pilot Options, provided the Specialist or Market Maker is adding liquidity. The Exchange will continue to assess a \$0.17 per contract fee to Specialists and Market Makers that are on the contra-side of an electronically-delivered and executed Customer order and have reached the Monthly Market Maker Cap for Penny Pilot Options, when removing liquidity and for Non-Penny Pilot Options when either adding or removing liquidity. Finally, the Exchange would also assess \$0.17 per contract in a non-Complex electronic auction, including the Quote Exhaust auction and, for purposes of this fee, the opening process.¹²

The Exchange believes that Specialists and Market Makers will continue to be incentivized to transact a greater amount of liquidity on Phlx and to add and remove liquidity to the benefit of all other market participants.

2. Statutory Basis

The Exchange believes that the proposed rule change is consistent with the provisions of Section 6 of the Act,¹³ in general, and with Section 6(b)(4) and 6(b)(5) of the Act,¹⁴ in particular,

¹² A Complex electronic auction includes, but is not limited to, the Complex Order Live Auction (“COLA”).

¹³ 15 U.S.C. 78f.

¹⁴ 15 U.S.C. 78f(b)(4) and (5).

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 the Exchange operates or controls, and is not designed to permit unfair discrimination between customers, issuers, brokers, or dealers.

The Exchange's proposal to decrease the Monthly Market Maker Cap from \$550,000 to \$500,000 is reasonable because by lowering the cap, Specialists and Market Makers will be able to take advantage of lower fees presumably earlier in the month because the cap is lower.

The Exchange's proposal to decrease the Monthly Market Maker Cap from \$550,000 to \$500,000 is equitable and not unfairly discriminatory because this benefit would be uniformly applied to all Specialists and Market Makers that qualified for the Monthly Market Maker Cap. Specialists and Market Makers have burdensome quoting obligations¹⁵ to the market that do not apply to Customers, Professionals, Firms and Broker-Dealers. Specialists and Market Makers serve an important role on the Exchange with regard to order interaction and they provide liquidity in the marketplace. Additionally, Specialists and Market Makers incur costs unlike other market participants including, but not limited to, Payment for Order Flow ("PFOF")¹⁶ and other costs associated with market making activities, which results in a higher average cost per execution as compared to Firms, Broker-Dealers and Professionals. The proposed differentiation as between Specialists and Market Makers as compared to other market participants recognizes the differing contributions made to the trading environment on the Exchange by these market participants. Customer liquidity benefits all market participants by providing more trading opportunities, which attract Specialists and Market Makers. An increase in the activity of these

¹⁵ See Rule 1014 titled "Obligations and Restrictions Applicable to Specialists and Registered Options Traders."

¹⁶ Specialists and Market Makers, as compared to other market participants, are assessed PFOF when transacting Customer electronic orders.

market participants in turn facilitates tighter spreads, which may cause an additional corresponding increase in order flow from other market participants.

The Exchange's proposal to amend the types of trades that qualify for the Monthly Market Maker Cap to exclude responses to a PIXL auction and assess Specialists and Market Makers the PIXL pricing located in Section IV, A of the Pricing Schedule is reasonable because all other market participants on Phlx, including Specialists and Market Makers that are not subject to the Monthly Market Maker Cap, are currently subject to the PIXL pricing located in Section IV, A of the Pricing Schedule. Pursuant to this proposal, all market participants will be uniformly assessed the same fees when responding to a PIXL auction. The Exchange believes that Specialists and Market Makers will continue to be incentivized to participate in PIXL, as is the case today with Specialists and Market Makers that do not qualify for the Monthly Market Maker Cap and are subject to Section IV, A pricing.

The Exchange's proposal to amend the types of trades that qualify for the Monthly Market Maker Cap to exclude fees related to responding to a PIXL auction and assess Specialists and Market Makers the PIXL pricing located in Section IV, A of the Pricing Schedule is equitable and not unfairly discriminatory because the Exchange is proposing to assess all market participants, including Specialists and Market Makers, the same PIXL pricing located in Section IV, A of the Pricing Schedule.

The Exchange believes that the pricing in Section IV, A of the Pricing Schedule will continue to encourage market participants to transact a greater number of PIXL Orders. The proposed PIXL pricing is competitive with other rates assessed to Specialists and Market Makers

to transact similar orders on other options exchanges with price improvement mechanisms.¹⁷ The Exchange will continue to offer competitive pricing, including Customer rebates in Section B of the Pricing Schedule. The Exchange's current Pricing Schedule also offers to reduce the \$0.07 per contract PIXL Initiating Order Fee to \$0.05 per contract if the Customer Rebate Program Threshold Volume, defined in Section B of the Pricing Schedule, for that member is greater than 100,000 contracts per day in a month. Additionally, the Exchange offers a volume incentive for Specialist and Market Maker orders (as well as Professional, Firm and Broker-Dealer orders) that are contra to a Customer PIXL Order. In that situation, the Initiating Order fee is reduced to \$0.00 if the Customer PIXL Order is greater than 399 contracts. The PIXL Initiation Order Fee reduction to \$0.00, when contra to a Customer PIXL Order, is similar to the Exchange's assessment of fees for Firm Floor Facilitation orders. Today, the Exchange waives Firm Floor Options Transaction Charges¹⁸ for members executing facilitation orders pursuant to Exchange Rule 1064 when such members are trading in their own proprietary account. The Exchange waives Firm Facilitation Fees because the waiver of such fees serves to encourage Firms to facilitate Customer order flow. Likewise, the Exchange seeks to similarly assess Specialist and Market Maker fees for PIXL orders, which are electronic orders, as compared to floor orders, by encouraging Specialists and Market Makers or other Broker-Dealer members to initiate PIXL Orders within the PIXL auction mechanism in an effort to lower execution charges by transacting with a Customer PIXL Order. When a Firm enters an Initiating Order, similar to Firm Facilitation orders on the Exchange floor, market participants are afforded an opportunity

¹⁷ See BOX Options Exchange LLC's ("BOX") Fee Schedule. Specifically, BOX's auction transaction fees are those transactions executed through Price Improvement Period ("PIP"), the Complex Order Price Improvement Period ("COPIP"), the Solicitation Auction mechanism, and Facilitation Auction mechanism.

¹⁸ See Section II of the Pricing Schedule.

to respond to the order which should in turn generate additional responders to a PIXL auction. All market participants are eligible to respond to an Initiating PIXL Order. Therefore, offering all market participants an opportunity to deliver orders into the PIXL auction, for purposes of price improvement, benefits all market participants by incentivizing order interaction in PIXL.

Further, the Exchange's proposal to assess Specialists and Market Makers the PIXL pricing in Section IV, A provides market participants the opportunity to lower fees by transacting a greater number of Customer orders. When the PIXL Order is contra to the Initiating Order a Customer PIXL Order will be assessed \$0.00 per contract and non-Customer PIXL Orders will be assessed \$0.30 per contract. When a PIXL Order is contra to a PIXL Auction Responder, a Customer PIXL Order will be assessed \$0.00 per contract, other market participants will be assessed \$0.30 per contract in Penny Pilot Options or \$0.38 per contract in non-Penny Pilot Options. A Responder will be assessed \$0.30 per contract in Penny Pilot Options or \$0.38 per contract in non-Penny Pilot Options, unless the Responder is a Customer, in which case the fee will be \$0.00 per contract. Finally, when a PIXL Order is contra to a resting order or quote a Customer PIXL Order will be assessed \$0.00 per contract, other market participants will be assessed \$0.30 per contract and the resting order or quote will be assessed the appropriate Options Transaction Charge in Section II. Customer PIXL Orders will remain free in all instances and all non-Customer market participant PIXL Orders will be assessed a fee of \$0.30 per contract in Penny Pilot Options and \$0.38 per contract in Non-Penny Pilot Options fee uniformly. All non-Customers market participants are assessed the same fees with respect to Section II when a PIXL Order is contra to a resting order or quote. In this case the resting contra-side orders or quotes will continue to pay the appropriate Options Transaction Charges in Section II. For the reasons noted above, the Exchange believes that the PIXL pricing, which will

be uniformly assessed to all market participants, is reasonable, equitable and not unfairly discriminatory.

The Exchange's proposal to expand the \$0.00 per contract pricing that today is available to Specialists and Market Makers that are on the contra-side of an electronically-delivered and executed Customer order and have reached the Monthly Market Maker Cap in certain symbols¹⁹ to all Penny Pilot Options provided the Specialist or Market Maker is adding liquidity is reasonable because the Exchange desires to expand this incentive to all Penny Pilot Options to enhance the displayed liquidity available on the Exchange to the benefit of investors and other market participants. Specialists and Market Makers will be able to benefit to a greater extent and be incentivized to add liquidity in all Penny Pilot Option symbols, provided they qualified for the Monthly Market Maker Cap. All market participants will benefit from the increased Customer liquidity brought to the Exchange by this displayed liquidity incentive.

The Exchange's proposal to expand the \$0.00 per contract pricing that today is available to Specialists and Market Makers that are on the contra-side of an electronically-delivered and executed Customer order and have reached the Monthly Market Maker Cap in certain symbols²⁰ to all Penny Pilot Options provided the Specialist or Market Maker is adding liquidity is equitable and not unfairly discriminatory because Specialists and Market Makers have burdensome quoting obligations²¹ to the market that do not apply to Customers, Professionals, Firms and Broker-Dealers. Specialists and Market Makers serve an important role on the Exchange with regard to order interaction and they provide liquidity in the marketplace. In addition, the proposed fees would apply only in certain circumstances where the Market Maker

¹⁹ The symbols are: AAPL, BAC, EEM, FB, FXI, IWM, QQQ, TWTR, VXX, and XLF.

²⁰ Id.

²¹ See note 15.

or Specialist is not otherwise subject to transaction fees (because the Monthly Market Maker Cap has been reached) and specifically on the contra-side of an electronically-delivered Customer order.

The Exchange's proposal to continue to assess a \$0.17 per contract fee to Specialists and Market Makers that are on the contra-side of an electronically-delivered and executed Customer order and have reached the Monthly Market Maker Cap for Penny Pilot and Non-Penny Pilot Options provided the Specialist or Market Maker is removing liquidity is reasonable because the Exchange will be assessing the same fee as today. The \$0.17 per contract fee will continue to be assessed to remove liquidity. Further, this fee subsidizes Customer rebates offered by the Exchange.²²

The Exchange's proposal to continue to assess a \$0.17 per contract fee to Specialists and Market Makers that are on the contra-side of an electronically-delivered and executed Customer order and have reached the Monthly Market Maker Cap for Penny Pilot and Non-Penny Pilot Options provided the Specialist or Market Maker is removing liquidity is equitable and not unfairly discriminatory because Specialists and Market Makers have burdensome quoting obligations²³ to the market that do not apply to Customers, Professionals, Firms and Broker-Dealers. Specialists and Market Makers serve an important role on the Exchange with regard to order interaction and they provide liquidity in the marketplace. In addition, the proposed fees would apply only in certain circumstances where the Market Maker or Specialist is not otherwise subject to transaction fees (because the Monthly Market Maker Cap has been reached) and specifically on the contra-side of an electronically-delivered Customer order.

²² See Section B of the Pricing Schedule.

²³ See note 15.

The Exchange's proposal to continue to assess a \$0.17 per contract fee to Specialists and Market Makers that are on the contra-side of an electronically-delivered and executed Customer order and have reached the Monthly Market Maker Cap in a non-Complex electronic auction, including the Quote Exhaust auction and, for purposes of this fee, the opening process is reasonable because the Exchange will be assessing the same fee as today. The \$0.17 per contract fee will continue to be assessed to these auctions and the opening process. Further, this fee subsidizes Customer rebates offered by the Exchange.²⁴

The Exchange's proposal to add the words "per contract" in Section IV, A of the Pricing Schedule is reasonable, equitable and not unfairly discriminatory because the Exchange believes the addition of the words "per contract" will add clarity to the Pricing Schedule to avoid any confusion as to the fee.

The Exchange's proposal to continue to assess a \$0.17 per contract fee to Specialists and Market Makers that are on the contra-side of an electronically-delivered and executed Customer order and have reached the Monthly Market Maker Cap in a non-Complex electronic auction, including the Quote Exhaust auction and, for purposes of this fee, the opening process is equitable and not unfairly discriminatory because Specialists and Market Makers have burdensome quoting obligations²⁵ to the market that do not apply to Customers, Professionals, Firms and Broker-Dealers. Specialists and Market Makers serve an important role on the Exchange with regard to order interaction and they provide liquidity in the marketplace. In addition, the proposed fees would apply only in certain circumstances where the Market Maker or Specialist is not otherwise subject to transaction fees (because the Monthly Market Maker Cap

²⁴ See Section B of the Pricing Schedule.

²⁵ See note 15.

has been reached) and specifically on the contra-side of an electronically-delivered Customer order.

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 because Specialists and Market Makers will be offered the opportunity to cap certain transaction fees and pay lower transaction fees when they transact \$500,000 versus \$550,000 of qualifying transactions. Other market participants will continue to benefit from the order interaction and liquidity that Specialists and Market Makers provide to the marketplace.

The Exchange does not believe that amending the types of trades that qualify for the Monthly Market Maker Cap by excluding certain transaction fees related to an order or quote that is contra to a PIXL Order or assessing Specialists and Market Makers the PIXL pricing located in Section IV, A of the Pricing Schedule will impose an undue burden on competition because the Exchange's proposal results in all market participants on Phlx being assessed the same PIXL pricing.

The Exchange's proposal for Specialists and Market Makers to pay no fees after they have satisfied the obligations related to the Monthly Market Maker Cap, in all Penny Pilot Options, provided they have added liquidity, and to pay lower fees for all other types of transactions, including those transacted in auctions and during the opening process, also does not provide an undue burden on competition. As noted above Specialists and Market Makers have burdensome quoting obligations to the market that do not apply to Customers, Professionals, Firms and Broker-Dealers.²⁶ Specialists and Market Makers serve an important role on the Exchange with regard to order interaction and they provide liquidity in the marketplace. The proposed differentiation as

²⁶

Id.

between Specialists and Market Makers as compared to other market participants recognizes the differing contributions made to the trading environment on the Exchange by these market participants. Customer liquidity benefits all market participants by providing more trading opportunities, which attract 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. For these reasons noted above, the Exchange does not believe that offering Specialists and Market Makers the opportunity to cap fees in certain symbols imposes an undue burden on competition.

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.

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.²⁷ 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

²⁷ 15 U.S.C. 78s(b)(3)(A)(ii).

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-2015-06 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-2015-06. 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 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-2015-06 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.²⁸

Brent J. Fields
Secretary

²⁸ 17 CFR 200.30-3(a)(12).