SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-103593; File No. SR-Phlx-2025-32]

Self-Regulatory Organizations; Nasdaq PHLX LLC; Notice of Filing and Immediate

Effectiveness of Proposed Rule Change to Amend Options 7, Section 9, B, Port Fees

July 30, 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 July 23, 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 Phlx's Pricing Schedule at Options 7, Section 9, B,

Port Fees, in connection with a technology migration.[3]

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.

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[1]   15 U.S.C. 78s(b)(1).

[2]   17 CFR 240.19b-4.

[3]   The Exchange filed SR-Phlx-2025-29 on July 15, 2025. On July 23, 2025 the Exchange withdrew SR-Phlx-2025-29 and replaced it with this rule change.

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 is planning a technology migration commencing in November 2025.[4] As part of this technology migration, Phlx members and member organizations will need to acquire new ports to connect to the new technology platform to accommodate the symbol migration plan.[5] Specifically, members and member organizations will need to utilize both existing or "legacy"[6] ports and "new"[7] ports during the technology migration rollout which will occur over a 5 week period on a symbol-by-symbol basis.[8] Phlx currently assesses no fees for any pre-production[9]

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[4]   See https://www.nasdaqtrader.com/MicroNews.aspx?id=OTU2025-6.

[5]   Phlx plans to migrate to the new platform on a symbol-by-symbol basis over multiple weeks. See id.

[6]   A "legacy" port refers to a port that was subscribed to by a Phlx member or member organization prior to the technology migration and connects to the existing technology platform.

[7]   A "new" port refers to a port acquired for the Phlx technology migration and would connect to the new technology migration.

[8]   For example, once the technology migration commences in November 2025, new ports will be utilized to enter order and quote for symbols that have migrated to the new platform and existing ports will be utilized to enter orders and quotes that have not yet migrated to the new platform. Once the 5 week rollout is complete, or a longer period as the Exchange may designate for the rollout, the Exchange would sunset the ports, on a defined date, that are connected to the current environment.

[9]   A pre-production port may be used for port connectivity testing purposes only and is not connected to the Exchange's match engine that is currently in production for the execution of interest. A pre-production may not be used to enter an order or quote for execution or otherwise send a message through a pre-production port that would be acted upon by the Exchange. Testing means the dates designated by the Exchange for user acceptance testing and final confidence tests.

ports acquired in anticipation of a technology migration to enhance participation in testing. However, pre-production ports will become production ports[10] once Phlx begins the technology migration in November 2025.

At this time, Phlx proposes certain pricing for "duplicate"[11] ports during the technology migration. Phlx will not assess the SQF Port,[12] SQF Purge Port,[13] and CTI Port[14] fees in Options 7, Section 9, B for any new SQF Ports, SQF Purge Ports, and CTI Ports, which are duplicative of legacy SQF Ports, SQF Purge Ports, and CTI Ports, acquired as part of the migration from November 1, 2025 through December 31, 2025 ("Transition Period"). Phlx will continue to assess the SQF Port, SQF Purge Port, and CTI Port fees in Options 7, Section 9, B for legacy SQF Ports, SQF Purge Ports, and CTI Ports during the Transition Period including new SQF Ports, SQF Purge Ports, and CTI Ports. As of January 1, 2026, Phlx will assess the SQF Port,

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[10] Production ports are used to submit quotes and orders for execution in the Exchange's match engine.

[11] The term duplicate means the type and quantity of their legacy ports. For example, a Phlx member organization with 3 legacy SQF Ports, 1 legacy SQF Purge Port, 1 legacy FIX Port, and 1 legacy CTI Port on October 1, 2025 could request the equivalent quantity and type of new ports (3 SQF Ports, 1 SQF Purge Port, 1 FIX Port, and 1 CTI Port) for the new environment at no additional cost.

[12] "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).

[13] An SQF Purge Interface only receives and notifies of purge request from the Market Maker.

[14] Clearing Trade Interface ("CTI") is a real-time clearing trade update message that is sent to a member after an execution has occurred and contains trade details specific to that member. The information includes, among other things, the following: (i) The Clearing Member Trade Agreement or "CMTA" or "OCC" number; (ii) Exchange badge or house number; (iii) the Exchange internal firm identifier; (iv) an indicator which will distinguish electronic and non-electronically delivered orders; (v) liquidity indicators and transaction type for billing purposes; and (vi) capacity. See Options 3, Section 23(b)(1).

SQF Purge Port, and CTI Port fees in Options 7, Section 9, B for all new and legacy SQF Ports, SQF Purge Ports, and CTI Ports to which they subscribe. Phlx members and member organizations may return legacy SQF Ports, SQF Purge Ports, and CTI Ports in December 2025 to avoid any fees. The legacy SQF Ports, SQF Purge Ports, and CTI Ports would no longer be necessary after the Transition Period.

Today, Phlx assesses a FIX Port Fee of $650 per month per mnemonic [15] Today, Phlx does not assess fees for FIX Ports if there is not a mnemonic associated with the FIX Port. During the Transition Period, Phlx will not assess FIX Port fees to members and member organizations for mnemonics on new FIX Ports if the mnemonics existed on legacy FIX Ports on October 1, 2025.[16] Once the Transition Period has ended, the Exchange would assess a FIX Port Fee based on each mnemonic associated with new and legacy FIX Ports. Phlx members and member organizations may return legacy FIX Ports in December 2025 to avoid any fees. The legacy FIX Ports would no longer be necessary after the Transition Period.

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[15]   A "mnemonic" means an acronym comprised of letters and/or numbers assigned to member organizations. A member organization account may be associated with multiple mnemonics. See Options 1, Section 1(b)(29). A mnemonic is necessary to utilize a FIX Port.

[16]   If a member had 6 mnemonics associated with a legacy FIX Port and obtained a new FIEX Port and associated 8 mnemonics with the new FIX Port, the member would be assessed 2 FIX Ports Fees for the for the new ports.

Phlx will assess the port fees for new OTTO[17] Ports and new FIX Drop[18] Ports commencing on November 1, 2025. Phlx adopted new OTTO Ports and OTTO Port Fees and FIX Drop Ports and FIX DROP Port Fees as part of the Exchange's technology migration.[19] There are no existing legacy versions of these ports.

Finally, Phlx proposes to sunset legacy FIX Ports, SQF Ports, SQF Purge Ports, and CTI Ports on February 27, 2026, after which time these ports will no longer be available.

The duplicate new SQF Ports, SQF Purge Ports, and CTI Ports and duplicate mnemonics that are being offered at no cost will allow members and member organizations time to test ports to the new environment as well as provide continuous connection to the Exchange's match engine during the migration.[20] During the Transition Period, members and member organizations will be required to utilize their new ports on the new platform for symbols that

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[17]   As proposed, "Ouch to Trade Options" or "OTTO" is an interface that allows member organizations and their Sponsored Customers to connect, send, and receive messages related to orders, auction orders, and auction responses to 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) order messages; (6) risk protection triggers and cancel notifications; (7) auction notifications; (8) auction responses; and (9) post trade allocation messages. OTTO will be located in the Exchange's revised rules at Supplementary Material .03 of Options 3, Section 7. The Exchange will assess an OTTO Port fee of $400 per port, per month, per mnemonic, subject to a monthly cap of $4,000. See Securities Exchange Act Release No. 102337 (February 4, 2025), 90 FR 9267 (February 10, 2025) (SR-Phlx-2025-05) (Notice of Filing and Immediate Effectiveness of a Proposed Rule Change To Adopt a New OTTO Protocol),

[18]   FIX DROP is a real-time order and execution update message that is sent to a member after an order has been received/modified or an execution has occurred and contains trade details specific to that member. The information includes, among other things, the following: (i) executions; (ii) cancellations; (iii) modifications to an existing order; and (iv) busts or post-trade corrections. FIX Drop will be located in the Exchange's rules at Options 3, Section 23(b)(3). The Exchange will assess a FIX Drop Fee of $500 per port, per month, per account number. See Securities Exchange Act Release No. 90 FR 8818 (February 3, 2025) (SR-Phlx-2025-04) (Notice of Filing and Immediate Effectiveness of a Proposed Rule Change To Adopt a FIX Drop Port and Related Fees).

[19]   See Securities Exchange Act Release Nos. 102337 (February 4, 2025), 90 FR 9267 (February 10, 2025) (SR-Phlx-2025-05) (Notice of Filing and Immediate Effectiveness of a Proposed Rule Change To Adopt a New OTTO Protocol); and 102296 (January 28, 2025), 90 FR 8818 (February 3, 2025) (SR-Phlx-2025-04) (Notice of Filing and Immediate Effectiveness of a Proposed Rule Change To Adopt a FIX Drop Port and Related Fees).

[20]   Members would contact Market Operations to acquire ports for the technology migration.

have migrated to the new platform, while continuing to leverage legacy ports for symbols that have not yet migrated to the new platform.[21] During the Transition Period, Phlx members and member organizations would be assessed only for legacy ports and mnemonics on legacy FIX Ports and would not be assessed for the new ports which are duplicative of the legacy ports or the duplicate mnemonics. Phlx members and member organizations may acquire additional legacy ports during the Transition Period or additional mnemonics that are not utilized on legacy FIX Ports and would be assessed the charges for those additional ports and mnemonics. Phlx members and member organizations will be assessed fees for new OTTO ports and new CTI Ports as they are not offered today and are optional.

The technology migration does not require Phlx members and member organizations to acquire additional ports or any new ports that are being offered, rather the technology migration requires a new port to connect to the new environment. Phlx members and member organizations may also elect to obtain fewer ports as only one order entry port is required to submit orders and only one quoting port is required to submit quotes.[22] The technology migration is 1:1 and therefore would not require a member or member organization to acquire an additional quantity of new ports, nor would it reduce the total number of ports needed to connect to the match engine. This proposal is not intended to impose any additional fees on any Phlx member or member organization. Rather, this proposal is intended to permit a Phlx member or member organization to utilize the new environment with the same type and quantity of legacy ports, at no additional cost, during the Transition Period.

Phlx will sunset legacy FIX Ports, SQF Ports, SQF Purge Ports, and CTI Ports on

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[21]   See supra notes 3 and 4.

[22]   Phlx does not assess fees for the market data ports. See Options 7, Section 9, B(iii). Phlx members and member organizations may acquire any number of market data ports at no cost.

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February 27, 2026.

2. Statutory Basis

The Exchange believes that its proposal is consistent with Section 6(b) of the Act,[23] in general, and furthers the objectives of Sections 6(b)(4) and 6(b)(5) of the Act,[24] 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.

The proposed amendments to Options 7, Section 9, B to permit Phlx members and member organizations to acquire a second set of SQF Ports, SQF Purge Ports, and CTI Ports and duplicate mnemonics for new FIX Ports, at no cost, as part of the technology migration are reasonable because they will permit Phlx members and member organizations to migrate to the new platform without a pricing impact. Specifically, the proposal is intended to permit Phlx members and member organizations to migrate their legacy FIX Ports, SQF Ports, SQF Purge Ports, and CTI Ports to new ports at no additional cost during the Transition Period. This proposal will allow Phlx members and member organizations to test their ports and maintain continuous connection to the Exchange's match engine during the migration.

The proposed amendments to Options 7, Section 9, B to permit Phlx members and member organizations to acquire a second set of SQF Ports, SQF Purge Ports, and CTI Ports and duplicate mnemonics for new FIX Ports, at no cost, as part of the technology migration are equitable and not unfairly discriminatory because no Phlx member or member organization would have a pricing impact as a result of this proposal provided the Phlx member or member

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[23]   See 15 U.S.C. 78f(b).

[24]   See 15 U.S.C. 78f(b)(4) and (5).

organization did not obtain additional new ports beyond the number of duplicate legacy ports or additional legacy ports for SQF Ports, SQF Purge Ports, and CTI Ports beyond the quantity and type the member or member organization had on October 1, 2025, additional mnemonics for the new FIX Ports beyond those that exist on legacy FIX Ports as of October 1, 2025, or new optional OTTO or CTI Ports. No Phlx member or member organization would be assessed a fee for the new second set of ports for SQF Ports, SQF Purge Ports, and CTI Ports provided they acquired a new second set of ports commiserate with the type and quantity of ports they subscribed to as of October 1, 2025. No Phlx member or member organization would be assessed a fee for the new FIX Ports provided they did not acquire mnemonics beyond those that exist on legacy FIX Ports. Any Phlx member or member organization obtaining additional legacy ports, beyond the current type and quantity of ports they have as of October 1, 2025, would be assessed the fees noted in Options 7, Section 9, B as applicable.

Phlx will sunset legacy FIX Ports, SQF Ports, SQF Purge Ports, and CTI Ports on February 27, 2025 for all members and member organizations. Starting January 1, 2026, the Exchange would assess the SQF Port, SQF Purge Port and CTI Port Fees in Options 7, Section 9, B for all SQF Ports, SQF Purge Ports and CTI Ports that all members and member organizations continue to subscribe to after the Transition Period. Starting January 1, 2026, the Exchange would assess a FIX Port Fee based on each mnemonic associated with new and legacy FIX Ports for all members and member organizations. The proposed amendments to Options 7, Section 9, B to assess a FIX Port Fee based on each mnemonic associated with new and legacy FIX Ports and to assess SQF Port, SQF Purge Port and CTI Port Fees once the Transition Period has ended is reasonable because legacy FIX Ports, SQF Ports, SQF Purge Ports and CTI Ports would no longer be necessary after the Transition Period and Phlx members and member organizations

8

may return legacy FIX Ports, SQF Ports, SQF Purge Ports and CTI Ports in December 2025 to avoid any fees. The Exchange would need to reacquire all legacy FIX Ports, SQF Ports, SQF Purge Ports and CTI Ports from Phlx members and member organizations to sunset the legacy platform. Assessing fees will encourage Phlx members and member organizations to return their legacy FIX Ports, SQF Ports, SQF Purge Ports and CTI Ports to avoid a fee, thereby allowing Phlx to efficiently and timely sunset the legacy platform. Further, the Exchange's proposal to assess a FIX Port Fee based on each mnemonic associated with new and legacy FIX Ports and to assess SQF Port, SQF Purge Port and CTI Port Fees once the Transition Period has ended is equitable and not unfairly discriminatory as all Phlx members and member organizations would be uniformly assessed FIX Port Fees based on each mnemonic associated with new and legacy FIX Ports as well as SQF Port, SQF Purge Port and CTI Port Fees if they have not returned these ports in December 2025.

The Exchange will assess the port fees for new OTTO Ports and new FIX Drop Ports commencing on November 1, 2025 uniformly to all members and member organizations as noted in the prior rule proposals.[25] Phlx proposed to adopt a new OTTO port and FIX Drop as part of the Exchange's technology migration, therefore no member or member organization has existing legacy versions of these ports.

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.

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[25] See Securities Exchange Act Release Nos. 102337 (February 4, 2025), 90 FR 9267 (February 10, 2025) (SR-Phlx-2025-05) (Notice of Filing and Immediate Effectiveness of a Proposed Rule Change To Adopt a New OTTO Protocol); and 102296 (January 28, 2025), 90 FR 8818 (February 3, 2025) (SR-Phlx-2025-04) (Notice of Filing and Immediate Effectiveness of a Proposed Rule Change To Adopt a FIX Drop Port and Related Fees).

<u>Intermarket Competition</u>

The Exchange believes its proposal remains competitive with other options markets, and will offer market participants with another choice of venue to transact options. The Exchange notes that it operates in a highly competitive market in which market participants can readily favor competing venues if they deem fee levels at a particular venue to be excessive, or rebate opportunities available at other venues to be more favorable. Because competitors are free to modify their own fees in response, and because market participants may readily adjust their order routing practices, the Exchange believes that the degree to which fee changes in this market may impose any burden on competition is extremely limited.

<u>Intramarket Competition</u>

The proposed amendments to Options 7, Section 9, B to permit Phlx members and member organizations to acquire a second set of SQF Ports, SQF Purge Ports, and CTI Ports and duplicate mnemonics for new FIX Ports, at no cost, as part of the technology migration do not impose an undue burden on competition because no Phlx member or member organization would have a pricing impact as a result of this proposal provided the Phlx member or member organization did not obtain additional new ports beyond the number of duplicate legacy ports or additional legacy ports for SQF Ports, SQF Purge Ports, and CTI Ports beyond the quantity and type the member or member organization had on October 1, 2025, additional mnemonics for the new FIX Ports beyond those that exist on legacy FIX Ports as of October 1, 2025, or new optional OTTO or CTI Ports. No Phlx member or member organization would be assessed a fee for the new second set of ports for SQF Ports, SQF Purge Ports, and CTI Ports provided they acquired a new second set of ports commiserate with the type and quantity of ports they subscribed to as of October 1, 2025. No Phlx member or member organization would be

assessed a fee for the new FIX Ports provided they did not acquire mnemonics beyond those that exist on legacy FIX Ports. Any Phlx member or member organization obtaining additional legacy ports, beyond the current type and quantity of ports they have as of October 1, 2025, would be assessed the fees noted in Options 7, Section 9, B as applicable.

Phlx will sunset legacy FIX Ports, SQF Ports, SQF Purge Ports, and CTI Ports on February 27, 2025 for all members and member organizations. Starting January 1, 2026, the Exchange would assess the SQF Port, SQF Purge Port and CTI Port Fees in Options 7, Section 9, B for all SQF Ports, SQF Purge Ports and CTI Ports that all members and member organizations continue to subscribe to after the Transition Period. The Exchange's proposal to assess a FIX Port Fee based on each mnemonic associated with new and legacy FIX Ports and to assess SQF Port, SQF Purge Port and CTI Port Fees once the Transition Period has ended does not impose an undue burden on competition as all Phlx members and member organizations would be uniformly assessed FIX Port Fees based on each mnemonic associated with new and legacy FIX Ports as well as SQF Port, SQF Purge Port and CTI Port Fees if they have not returned these ports in December 2025.

The Exchange will assess the port fees for new OTTO Ports and new FIX Drop Ports commencing on November 1, 2025 uniformly to all members and member organizations as noted in the prior rule proposals.[26] Phlx proposed to adopt a new OTTO port and FIX Drop as part of the Exchange's technology migration, therefore no member or member organization has existing legacy versions of these ports.

      C.   <u>Self-Regulatory Organization's Statement on Comments on the Proposed Rule</u>

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[26]   <u>See</u> Securities Exchange Act Release Nos. 102337 (February 4, 2025), 90 FR 9267 (February 10, 2025) (SR-Phlx-2025-05) (Notice of Filing and Immediate Effectiveness of a Proposed Rule Change To Adopt a New OTTO Protocol); and 102296 (January 28, 2025), 90 FR 8818 (February 3, 2025) (SR-Phlx-2025-04) (Notice of Filing and Immediate Effectiveness of a Proposed Rule Change To Adopt a FIX Drop Port and Related Fees).

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 action is: (i) necessary or appropriate in the public interest; (ii) for the protection of investors; or (iii) otherwise in furtherance of the purposes of the Act. If the Commission takes such action, the Commission shall institute proceedings to determine whether the proposed rule should be approved or disapproved.

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-2025-32 on the subject line.

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[27]   15 U.S.C. 78s(b)(3)(A)(ii).

- 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-2025-32. 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-2025-32 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.[28]

Sherry R. Haywood,

Assistant Secretary.

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[28]   17 CFR 200.30-3(a)(12).