SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-104020; File No. SR-PHLX-2025-46]

Self-Regulatory Organizations; Nasdaq PHLX LLC; Notice of Filing and Immediate Effectiveness of Proposed Rule Change to Amend PHLX Equity 4, Rules 3100, 3301A, 3301B, and 3307 to Add the CORE FIX Order Entry Protocol

September 23, 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 September 12, 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 Equity 4, Rules 3100, 3301A, 3301B, and 3307 to establish "CORE FIX" as a new Order Entry Protocol (defined below) on the Exchange. The proposed amendments will not make any other substantive changes to the rules.

The text of the proposed rule change is available on the Exchange's website at

https://listingcenter.nasdaq.com/rulebook/phlx/rulefilings, and at the principal office of the Exchange.

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

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

[2]   17 CFR 240.19b-4.

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. <u>Self-Regulatory Organization's Statement of the Purpose of, and the Statutory Basis for, the Proposed Rule Change</u>

1. <u>Purpose</u>

PHLX currently offers participants the ability to send orders to the Exchange via four Order[3] entry protocols: OUCH, RASH, FIX, and FLITE.[4] Due to differences in the technical designs and capabilities of these protocols, they offer market participants different functionalities and experiences with respect to order handling. That is, order handling behaviors on the Exchange and the speed at which those behaviors execute vary, in certain circumstances,

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[3] The term "Order" means an instruction to trade a specified number of shares in a specified NMS stock submitted to "PSX" or "System" by a participant. <u>See</u> PHLX Equity 1, Section 1(e). "PSX" or "System" is the automated system for order execution and trade reporting owned and operated by the Exchange. <u>See</u> PHLX Equity 1, Section 1(a).

[4] The OUCH Order entry protocol is a proprietary protocol that allows participants to quickly enter orders into the System and receive executions. OUCH accepts limit Orders from participants, and if there are matching Orders, they will execute. Non-matching Orders are added to the limit order book, a database of available limit Orders, where they are matched in price-time priority. OUCH only provides a method for participants to send Orders and receive status updates on those Orders. <u>See</u> https://www.nasdaqtrader.com/Trader.aspx?id=OUCH. RASH (Routing and Special Handling) is a proprietary protocol that allows participants to enter Orders, cancel existing Orders and receive executions while providing smart order routing and special handling features. RASH also allows participants to use advanced functionality, including discretion, random reserve, pegging and routing. <u>See</u> https://www.nasdaqtrader.com/Trader.aspx?id=RASH. FIX is a vendor-neutral standard message protocol that defines an electronic message exchange for communicating securities transactions between two parties. The Exchange's FIX implementation acts like a router, converting incoming FIX messages into OUCH messages and back again. <u>See</u> https://www.nasdaqtrader.com/Trader.aspx?id=FIX and https://www.nasdaqtrader.com/content/ProductsServices/Trading/Protocols_quickref.pdf. FIX Lite or "FLITE" is an Order entry protocol based on a subset of FIX. <u>See</u> https://www.nasdaqtrader.com/Trader.aspx?id=FLITE and https://www.nasdaqtrader.com/content/ProductsServices/Trading/Protocols_quickref.pdf.

depending upon the particular protocol that a participant chooses to utilize to enter its Orders in connection with particular Order Types[5] and Order Attributes.[6]

In recent years, the Exchange acted to reduce variances in the behaviors and speeds of its Order entry protocols to improve the customer experience and increase the efficiency of sending Orders to the Exchange. For example, the OUCH Order entry protocol had been developed with simplicity in mind, and so it lacked certain advanced order handling capabilities. In 2022 the Exchange upgraded the OUCH Order entry protocol, infusing it with the advanced order handling abilities of RASH.[7]

The Exchange now proposes to amend Rule 3301A(a) to introduce a new proprietary Order entry protocol named "CORE FIX," that will bring to FIX similar advanced order handing capabilities and efficiencies that the Exchange previously brought to OUCH. CORE FIX will operate as a streamlined alternative to FIX for participants that utilize and appreciate the familiarity of coding for FIX, but do not utilize routing strategies. These participants will benefit from an improvement in performance associated with a new Order entry protocol that omits the routing capabilities from FIX, while still availing themselves of the advanced order handling behaviors that are available through OUCH. CORE FIX will allow participants to code to the

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[5]   An "Order Type" is a standardized set of instructions associated with an Order that define how it will behave with respect to pricing, execution, and/or posting to the PSX Book when submitted to the System. See PHLX Equity 1, Section 1(e). The "PSX Book" is a montage for quotes and orders that collects and ranks all quotes and orders submitted by participants. See PHLX Equity 1, Section 1(a)(1).

[6]   An "Order Attribute" is a further set of variable instructions that may be associated with an Order to further define how it will behave with respect to pricing, execution, and/or posting to the PSX Book when submitted to PSX. The available Order Types and Order Attributes, and the Order Attributes that may be associated with particular Order Types, are described in Rules 3301A and 3301B. One or more Order Attributes may be assigned to a single Order; provided, however, that if the use of multiple Order Attributes would provide contradictory instructions to an Order, the System will reject the Order or remove non-conforming Order Attributes. See id.

[7]   See Securities Exchange Act Release No. 95769 (Sept. 14, 2022), 87 FR 57527 (Sept. 20, 2022) (SR-PHLX-2022-35) ("Self-Regulatory Organizations; Nasdaq PHLX LLC; Notice of Filing and Immediate Effectiveness of Proposed Rule Change to Amend Equity 4, Rules 3100, 3301A and 3301B").

standard FIX specifications, while gaining faster direct access to the Exchange along with the latest and most efficient order handling functionality that the Exchange has to offer.

CORE FIX will cater to the customer segment that currently uses FIX but does not use its routing capabilities. Using the same standardized protocol as FIX, but eliminating the intricate RASH-based software layer that provides for Order routing functionality, will streamline order handling behavior and improve Order latency relative to either FIX or RASH. However, the proposed amendments will not make any other substantive changes to the rule and order processing mechanism.

To accommodate the new Order entry protocol, the Exchange proposes to make changes to how limit-priced orders behave in the event of a regulatory halt. Currently, pursuant to Rule 3100(a)(2)(E)(2)(a), limit-priced orders entered via OUCH will be repriced upon entry only if the Price Bands are such that the price of the limit-priced interest to buy (sell) would be above (below) the upper (lower) Price Band. The Exchange proposes to also apply this provision to limit-priced orders entered via the CORE FIX protocol.

The Exchange proposes to amend Rule 3301A(a) to add CORE FIX to the list of order entry protocols available at the Exchange, and to specify that CORE FIX is an Exchange proprietary protocol. PHLX also proposes to amend various other provisions of Rule 3301A to provide that orders entered via CORE FIX will behave similarly to orders entered via OUCH for the following Order Types and Order Attributes:

- Price to Comply Order (Rule 3301A(b)(1)):
    - If a Price to Comply Order is entered during Market Hours and the entered limit price of the order crossed a Protected Quotation and the NBBO changes so that the order could be displayed at a price at or closer to its entered limit

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price without locking or closing a Protected Quotation, the order may either remain on the PSX Book unchanged or it may be cancelled back to the participant, depending on the participant's choice. If the entered limit price of the order would no longer lock a Protected Quotation, the order may either remain on the PSX Book unchanged, it may be cancelled back to the participant, or it may be ranked and displayed at its original entered limit price, depending on the participant's choice. If the order is ranked and displayed at its original entered limit price, it will receive a new timestamp.

- o For a Price to Comply Order, the following Order Attributes will be available through CORE FIX:
  - Price
  - Size
  - Reserve Size
  - Time-in-Force other than IOC
  - Designation as an ISO
  - Primary Pegging and Market Pegging
  - Discretion
  - Display (A Price to Comply Order is always displayed, although it may also have a non-displayed price and/or Reserve Size)
  - Trade Now

- Price to Display Order (Rule 3301A(b)(2)):
  - o If a Price to Display Order is entered during Market Hours and the entered limit price of the order locked or crossed a Protected Quotation and the NBBO

changes so that the order could be ranked and displayed at a price at or closer to its original entered limit price without locking or crossing a Protected Quotation, the order may either remain on the PSX Book unchanged or it may be cancelled back to the participant depending on the participant's choice.

- For a Price to Display Order, the following Order Attributes would be available through CORE FIX:
  - Price
  - Size
  - Reserve Size
  - A Time-in-Force other than IOC
  - Designation as an ISO
  - Primary Pegging and Market Pegging
  - Discretion
  - Attribution (All Price to Display Orders are Attributable Orders)
  - Display (A Price to Display Order is always displayed (but may also have Reserve Size))

- Non-Displayed Order (Rule 3301A(b)(3)):
  - If a Non-Displayed Order is entered during Market Hours and the original entered limit price of the order locked or crossed a Protected Quotation and the NBBO changes so that the order could be posted at a price at or closer to its original entered limit price without crossing a Protected Quotation, the order may either remain on the PSX Book unchanged or it may be cancelled back to the participant, depending on the participant's choice. If, after the

order is posted to the PSX Book, the NBBO changes so that the order would cross a Protected Quotation, the order will be cancelled back to the participant.

- o For a Non-Displayed Order, the following Order Attributes would be available through CORE FIX:

  - Price

  - Size

  - Minimum Quantity

  - Time-in-Force

  - Designation as an ISO

  - Primary Pegging and Market Pegging

  - Pegging to the Midpoint

  - Discretion

  - Trade Now

- Post-Only Order (Rule 3301A(b)(4)):

  - o If a Post-Only Order is entered during Market Hours and the original entered limit price of the order locked or crossed a Protected Quotation, the order may be adjusted as follows:

    - In the case of a Non-Attributable[8] Post-Only Order that crossed a Protected Quotation, if the NBBO changed so that the order could be

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[8] Attribution is an Order Attribute that permits a participant to designate that the price and size of the Order will be displayed next to the participant's MPID in market data disseminated by the Exchange. An Order with Attribution is referred to as an "Attributable Order" and an Order without attribution is referred to as a "Non-Attributable Order." See Rule 3301B(i). An MPID is a market participant identifier assigned to each participant in the Exchange. See PHLX Equity 1, Section 1(i).

ranked and displayed at a price at or closer to its original entered limit price without locking or crossing a Protected Quotation, the order may either remain on the PSX Book unchanged or it may be cancelled back to the participant, depending on the participant's choice.

- In the case of a Non-Attributable Post-Only Order that locked a Protected Quotation, if the limit price would no longer lock a Protected Quotation, the order may either remain on the PSX Book unchanged, it may be cancelled back to the participant, or it may be ranked and displayed at its original entered limit price, depending on the participant's choice. If the order is displayed at its original entered limit price, it will receive a new timestamp.

- In the case of an Attributable Post-Only Order that locked or crossed a Protected Quotation, if the NBBO changed so that the order could be ranked and displayed at a price at or closer to its original entered limit price without locking or crossing a Protected Quotation, the order may either remain on the PSX Book or it may be cancelled back to the participant, depending on the participant's choice.

- During System Hours, if the original limit price of the order locked or crossed a displayed order on the PSX Book and the PSX Book changes so that the original entered limit price would no longer lock or cross an order on the PSX Book, the order may either remain on the PSX Book unchanged or it may be cancelled back to the participant, depending on the participant's choice.

- For a Post-Only Order, all of its applicable Order Attributes would also be available to be entered through CORE FIX.

- Market Maker Peg Orders (Rule 3301A(b)(5)), and all their applicable Order Attributes, would also be available to be entered through CORE FIX. This order type's behavior would be identical whether the order is transmitted via CORE FIX, OUCH, RASH, or FIX.

- Midpoint Peg Post-Only Order (Rule 3301A(b)(6)):

  - A Midpoint Peg Post-Only Order would be available to be entered through CORE FIX, and its behavior would be identical regardless of the order protocol used to transmit it to the System.

  - For a Midpoint Peg Post-Only Order, all of its applicable Order Attributes would be available to be entered through CORE FIX.

Rule 3301B would be amended to specify that the following Order Attributes will interact with orders entered through CORE FIX in these specified ways:

- Orders with Primary Pegged, Market Pegged, and Managed Midpoint Order Attributes (collectively, "Peg Managed Orders") will be available through CORE FIX (Rule 3301B(d)).

- An order with a Minimum Quantity Order Attribute (Rule 3301B(e)) entered through CORE FIX may have a minimum quantity condition of any size of at least one round lot.

- An order with a Reserve Size Order Attribute (Rule 3301B(h)) with a displayed size of an odd lot entered through CORE FIX will be rejected.

- When entered through CORE FIX, the Trade Now Order Attribute (Rule 3301b(l)) may be enabled on an order-by-order or a port-level basis.

The Exchange proposes to amend Rule 3307(c) to give participants using CORE FIX the ability to assign orders entered through a specific order entry port a unique group identification modifier that will prevent quotes/orders with such modifier from executing against each other. The Exchange will announce the implementation date of the new CORE FIX functionalities in an Equity Trader Alert at least 30 days prior to implementation. A present, the Exchange expects that the new CORE FIX functionality will be ready for full implementation in October 2025, although that time frame is subject to change.

2.   Statutory Basis

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

As a preliminary matter, the Exchange notes that this proposal is not novel. Earlier this year The Nasdaq Stock Market LLC and Nasdaq BX, Inc., made similar changes to their rulebooks to establish CORE FIX on their equities markets.[11] The CORE FIX functionality

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[9]   15 U.S.C. 78f(b).

[10]   15 U.S.C. 78f(b)(5).

[11]   See Securities Exchange Act Release No. 102661 (Mar. 13, 2025), 90 FR 12858 (Mar. 19, 2025) ("Self-Regulatory Organizations; The Nasdaq Stock Market LLC; Notice of Filing and Immediate Effectiveness of a Proposed Rule Change to Amend Equity 4, Rules 4120, 4702 4703, and 4757"); Securities Exchange Act Release No. 103891 (Sept. 5, 2025), 90 FR 43705 (Sept. 10, 2025) ("Self-Regulatory Organizations; Nasdaq BX, Inc.; Notice of Filing and Immediate Effectiveness of a Proposed Rule Change to Add the CORE FIX Order Entry Protocol and to Amend Nasdaq BX Equity 4, Rules 4120, 4702, 4703, and 4757").

under Nasdaq Equity 4, Nasdaq Rules 4120, 4702, 4703, and 4757, and under BX Equity 4, BX Rules 4120, 4702, 4703, and 4757, is substantially similar to the CORE FIX functionality proposed by PHLX in the present filing.

It is consistent with the Act to amend the rulebook to reflect upgrades to the Exchange's Order entry protocols. The introduction of CORE FIX is consistent with the Act because it will offer participants a new optional order entry protocol that will be both more capable and efficient than the existing FIX protocol. CORE FIX will combine into a single protocol many of the most popular features of the FIX protocol (such as the ability to code to its specifications) and the OUCH protocol (such as its advanced order handling capabilities), while omitting routing capabilities, which many participants do not require. CORE FIX will utilize the Exchange's System to directly process advanced order handling instructions, rather than going through the RASH architecture layer, which FIX does currently to facilitate order routing. This design feature will render CORE FIX faster than FIX and on par with OUCH. Those participants that wish to route orders can continue to utilize existing protocols for that purpose.

The Exchange's proposal to amend its Rule governing the Limit Up-Limit Down Mechanism (Rule 3100(a)(2)(E)(2)(a)), enumerating the protocols available at the Exchange (Rule 3301A(a)), Price to Comply Order (Rule 3301A(b)(1)), Price to Display Order (Rule 3301A(b)(2)), Non-Displayed Order (Rule 3301A(b)(3)), Post-Only Rule (Rule 3301A(b)(4)), Market Maker Peg Order (Rule 3301A(b)(5)), Midpoint Peg Post-Only Order (Rule 3301A(b)(6), Order Attributes (Rule 3301B), and Processing of Orders (Rule 3307(c)) is consistent with the Act because these specific amendments do nothing more than align CORE FIX's capability to handle certain Order Types and Order Attributes in a way that is similar to OUCH.

Additionally, this proposal will promote just and equitable principles of trade by modernizing and streamlining the Exchange's order entry protocols so that participants who are not looking to route orders will no longer need to sacrifice functionality for speed, or vice versa, when sending orders to the Exchange.

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. As a general principle, the proposed changes are reflective of the significant competition among exchanges and non-exchange venues for order flow. In this regard, proposed changes that facilitate enhancements to the Exchange's System and Order entry protocols are pro-competitive because they bolster the efficiency, functionality, and overall attractiveness of the Exchange in an absolute sense and relative to its peers. Moreover, none of the proposed changes will unduly burden intra-market competition among various Exchange participants. Participants will experience no competitive impact from these proposals, as all existing order entry protocols will continue to be available, and the new CORE FIX order entry protocol will be an additional option available to all participants.

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

Because the foregoing proposed rule change does not: (i) significantly affect the protection of investors or the public interest; (ii) impose any significant burden on competition; and (iii) become operative for 30 days from the date on which it was filed, or such shorter time

as the Commission may designate, it has become effective pursuant to Section 19(b)(3)(A)(iii) of the Act[12] and subparagraph (f)(6) of Rule 19b-4 thereunder.[13]

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 (https://www.sec.gov/rules/sro.shtml); or

- Send an email to rule-comments@sec.gov. Please include file number SR-PHLX-2025-46 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.

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[12]   15 U.S.C. 78s(b)(3)(A)(iii).

[13]   17 CFR 240.19b-4(f)(6). In addition, Rule 19b-4(f)(6) requires a self-regulatory organization to give the Commission written notice of its intent to file the proposed rule change at least five business days prior to the date of filing of the proposed rule change, or such shorter time as designated by the Commission. The Exchange has satisfied this requirement.

All submissions should refer to file number SR-PHLX-2025-46. 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-2025-46 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.[14]

Sherry R. Haywood,

Assistant Secretary.

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[14] 17 CFR 200.30-3(a)(12).