

## **SECURITIES AND EXCHANGE COMMISSION**

**[Release No. 34-104597; File No. SR-PHLX-2026-01]**

**Self-Regulatory Organizations; Nasdaq PHLX LLC; Notice of Filing and Immediate Effectiveness of Proposed Rule Change to Amend the PHLX Pricing Schedule at Options 7, Section 2, Customer Rebate Program, and at Options 7, Section 4, Multiply Listed Options Fees**

January 14, 2026.

Pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 (“Act”),<sup>1</sup> and Rule 19b-4 thereunder,<sup>2</sup> notice is hereby given that on January 2, 2026, Nasdaq 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 PHLX Pricing Schedule at Options 7, Section 2, Customer Rebate Program, and at Options 7, Section 4, Multiply Listed Options Fees.

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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<sup>1</sup> 15 U.S.C. 78s(b)(1).

<sup>2</sup> 17 CFR 240.19b-4.

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 proposes to amend its Pricing Schedule at Options 7, Section 2 (Customer<sup>3</sup> Rebate Program) and at Options 7, Section 4 (Multiply Listed Options Fees).

*A. Customer Rebate Program*

The Exchange proposes to amend the Pricing Schedule at Options 7, Section 2, Customer Rebate Program.

*1. Current Status*

Currently, the Exchange pays rebates on five Customer Rebate Tiers according to four categories. The Customer Rebate Tiers below are calculated by totaling Customer volume in Multiply Listed Options (including SPY) that are electronically-delivered and executed, except volume associated with electronic Qualified Contingent Cross Orders, as defined in Options 3, Section 12. Rebates are paid on Customer Rebate Tiers according to the below categories.<sup>4</sup>

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<sup>3</sup> 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 a broker or dealer or for the account of a “Professional” (as that term is defined in Options 1, Section 1(b)(45)). See Options 7, Section 1(c).

<sup>4</sup> Members and member organizations under Common Ownership may aggregate their Customer volume for purposes of calculating the Customer Rebate Tiers and receiving rebates. Affiliated Entities may aggregate

Customer Rebate Tiers	Percentage Thresholds of National Customer Volume in Multiply-Listed Equity and ETF Options Classes, excluding SPY Options (Monthly)	Category	Category	Category	Category
		A	B	C	D
Tier 1	0.00% - 0.60%	\$0.00	\$0.00	\$0.00	\$0.00
Tier 2	Above 0.60% - 1.30%	\$0.10	\$0.10	\$0.16	\$0.21
Tier 3	Above 1.30% - 1.80%	\$0.15	\$0.12	\$0.18	\$0.22
Tier 4	Above 1.80% - 2.50%	\$0.20	\$0.16	\$0.22	\$0.26
Tier 5	Above 2.50%	\$0.21	\$0.17	\$0.22	\$0.27

The Exchange pays a Category A Rebate to members who execute electronically-delivered Customer Simple Orders in Penny Symbols and Customer Simple Orders in Non-Penny Symbols in Options 7, Section 4 symbols.<sup>5</sup>

The Exchange pays a Category B Rebate on Customer PIXL Orders<sup>6</sup> in Options 7, Section 4 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. Rebates on Customer PIXL Orders are capped at 4,000 contracts per order for Simple PIXL Orders.

The Exchange pays a Category C Rebate to members executing electronically-delivered Customer Complex Orders<sup>7</sup> in Penny Symbols in Options 7, Section 4 symbols. Rebates are paid on Customer PIXL Complex Orders in Options 7, Section 4 symbols that execute against non-

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their Customer volume for purposes of calculating the Customer Rebate Tiers and receiving rebates. See Options 7, Section 2.

<sup>5</sup> Options 7, Section 4 describes pricing for Multiply Listed Options Fees (Includes options overlying equities, ETFs, ETNs and indexes which are Multiply Listed) (Excludes SPY and broad-based index options symbols listed within Options 7, Section 5.A).

<sup>6</sup> PIXL Orders are entered into the Exchange's Price Improvement XL ("PIXL") Mechanism as described in Options 3, Section 13.

<sup>7</sup> Complex Orders are described in Options 3, Section 14.

Initiating Order interest. Customer Complex PIXL Orders that execute against a Complex PIXL Initiating Order are not paid a rebate under any circumstances. The Category C Rebate is not paid when an electronically-delivered Customer Complex Order, including Customer Complex PIXL Order, executes against another electronically-delivered Customer Complex Order.

The Exchange pays a Category D Rebate to members executing electronically-delivered Customer Complex Orders in Non-Penny Symbols in Options 7, Section 4 symbols. Rebates are paid on Customer PIXL Complex Orders in Options 7, Section 4 symbols that execute against non-Initiating Order interest. Customer Complex PIXL Orders that execute against a Complex PIXL Initiating Order are not paid a rebate under any circumstances. The Category D Rebate is not paid when an electronically-delivered Customer Complex Order, including Customer Complex PIXL Order, executes against another electronically-delivered Customer Complex Order.<sup>8</sup>

Currently, under note “\*”, the Exchange pays a \$0.02 per contract Category A and B rebate and a \$0.03 per contract Category C and D rebate in addition to the applicable Tier 2 and

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<sup>8</sup> Rebates are not paid on broad-based index options symbols listed within Options 7, Section 5.A. in any Category, however broad-based index options symbols listed within Options 7, Section 5.A. will count toward the volume requirement to qualify for a Customer Rebate Tier. See Options 7, Section 2.

3 rebate, provided the Lead Market Maker,<sup>9</sup> Market Maker<sup>10</sup> or Appointed MM<sup>11</sup> has reached the Monthly Market Maker Cap<sup>12</sup> as defined in Options 7, Section 4, to: (1) a Lead Market Maker or Market Maker who is not under Common Ownership<sup>13</sup> or is not a party of an Affiliated

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<sup>9</sup> The term “Lead Market Maker” applies to transactions for the account of a Lead Market Maker (as defined in Options 2, Section 12(a)). A Lead Market Maker is an Exchange member who is registered as an options Lead Market Maker pursuant to Options 2, Section 12(a). An options Lead Market Maker includes a Remote Lead Market Maker which is defined as an options Lead Market Maker in one or more classes that does not have a physical presence on an Exchange floor and is approved by the Exchange pursuant to Options 2, Section 11. See Options 7, Section 1(c).

<sup>10</sup> The term “Market Maker” is defined in Options 1, Section 1(b)(28) as a member of the Exchange who is registered as an options Market Maker pursuant to Options 2, Section 12(a). A Market Maker includes SQTs and RSQTs as well as Floor Market Makers. The term “Streaming Quote Trader” or “SQT” is defined in Options 1, Section 1(b)(55) as a Market Maker who has received permission from the Exchange to generate and submit option quotations electronically in options to which such SQT is assigned. The term “Remote Streaming Quote Trader” or “RSQT” is defined in Options 1, Section 1(b)(49) as a Market Maker that is a member affiliated with an RSQTO with no physical trading floor presence who has received permission from the Exchange to generate and submit option quotations electronically in options to which such RSQT has been assigned. A Remote Streaming Quote Trader Organization or “RSQTO,” which may also be referred to as a Remote Market Making Organization (“RMO”), is a member organization in good standing that satisfies the RSQTO readiness requirements in Options 2, Section 1(a). See Options 7, Section 1(c).

<sup>11</sup> The term “Appointed MM” is a Phlx Market Maker or Lead Market Maker who has been appointed by an Order Flow Provider (“OFP”) for purposes of qualifying as an Affiliated Entity. An OFP is a member or member organization that submits orders, as agent or principal, to the Exchange. See Options 7, Section 1(d).

<sup>12</sup> Lead Market Makers and Market Makers are currently subject to a “Monthly Market Maker Cap” of \$500,000 for: (i) electronic Option Transaction Charges, excluding surcharges and excluding options overlying broad-based index options symbols listed within Options 7, Section 5.A; and (ii) QCC Transaction Fees (as defined in Exchange Options 3, Section 12 and Floor QCC Orders, as defined in Options 8, Section 30(e)). See Options 7, Section 4.

<sup>13</sup> The term “Common Ownership” shall mean members or member organizations under 75% common ownership or control. See Options 7, Section 1(c).

Entity<sup>14</sup>; or (2) an Order Flow Provider or “OFP” member or member organization affiliate under Common Ownership; or (3) an Appointed OFP<sup>15</sup> of an Affiliated Entity.

In addition, currently, under note “#”, the Exchange pays a \$0.04 per contract Category C rebate and a \$0.02 per contract Category D rebate in addition to the applicable Tier 2, 3, 4 and 5 rebates to members or member organizations or member or member organization affiliated under Common Ownership provided the member or member organization qualified for any Market Access and Routing Subsidy (“MARS”) Payments in Options 7, Section 6, Part E.

In the event that a member or member organization has qualified for the rebates under both note \* and note # in a given month, the Exchange will only pay the higher of the two rebates.

Currently, note “&” provides that the Exchange will pay the applicable Tier 2 rebates to qualifying members or member organizations, qualifying affiliates under Common Ownership, or qualifying Affiliated Entities, provided they: (1) execute a Percentage Threshold of National Customer Volume in Multiply-Listed Equity and ETF Options Classes, excluding SPY Options (monthly), of above 0.25%; (2) reach the Monthly Firm Fee Cap as defined in Options 7, Section

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<sup>14</sup> The term “Affiliated Entity” is a relationship between an Appointed MM and an Appointed OFP for purposes of qualifying for certain pricing specified in the Pricing Schedule. Market Makers or Lead Market Makers, and OFPs are required to send an email to the Exchange to appoint their counterpart, at least 3 business days prior to the last day of the month to qualify for the next month. The Exchange will acknowledge receipt of the emails and specify the date the Affiliated Entity is eligible for applicable pricing, as specified in the Pricing Schedule. Each Affiliated Entity relationship will commence on the 1st of a month and may not be terminated prior to the end of any month. An Affiliated Entity relationship will automatically renew each month until or unless either party terminates earlier in writing by sending an email to the Exchange at least 3 business days prior to the last day of the month to terminate for the next month. Members and member organizations under Common Ownership may not qualify as a counterparty comprising an Affiliated Entity. Each member or member organization may qualify for only one (1) Affiliated Entity relationship at any given time. See Options 7, Section 1(d).

<sup>15</sup> The term “Appointed OFP” is an OFP who has been appointed by a Phlx Market Maker or Lead Market Maker for purposes of qualifying as an Affiliated Entity. See Options 7, Section 1(d).

4; and (3) meet the MARS System Eligibility requirements as provided in Options 7, Section 6, Part E.

## *2. Proposed Changes*

The Exchange proposes to amend the Customer Rebate Program at Options 7, Section 2, to modify the Percentage Thresholds of National Customer Volume in Multiply-Listed Equity and ETF Options Classes, excluding SPY Options (Monthly) (“Percentage Thresholds”) to qualify for Tier 2, Tier 3, and Tier 4.

The Exchange proposes to amend the Tier 2 Percentage Thresholds from above 0.60% - 1.30% to above 0.60% - 1.50%.

The Exchange proposes to amend the Tier 3 Percentage Thresholds from above 1.30% - 1.80% to above 1.50% - 2.00%.

The Exchange proposes to amend the Tier 4 Percentage Thresholds from above 1.80% - 2.50% to above 2.00% - 2.50%.

The Exchange also proposes to amend the Category B rebate. Currently, member organizations that qualify for Tier 4 or higher in the Customer Rebate Program are paid a rebate of \$0.14 per contract for Customer PIXL Orders that execute against a PIXL Initiating Order. The Exchange proposes to instead pay a rebate of \$0.13 per contract, and only to member organizations that qualify for Tier 4. The Exchange also proposes that for member organizations that qualify for Tier 5 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. The Exchange also proposes to clarify that, just as it currently caps rebates on Customer PIXL orders at 4,000 contracts per order for Simple PIXL Orders, this same cap will apply to member organizations, regardless of whether they qualify for Tiers 4 or 5 in the Customer Rebate Program.

The Exchange proposes to add a new requirement to qualify for Tier 5 under the Customer Rebate Program, under a new note labeled “\*\*”. The Exchange proposes that it will pay the Tier 5 rebates to qualifying members or member organizations, qualifying affiliates under Common Ownership, or qualifying Affiliated Entities, provided their electronically-delivered and executed Non-Penny Customer simple volume (including Simple PIXL Orders) and Penny and Non-Penny Customer complex volume (including Complex PIXL Orders), combined, represents more than 0.50% of all cleared customer volume at OCC in Multiply Listed Equity Options and Exchange-Traded Products. Members or member organizations, affiliates under Common Ownership, or Affiliated Entities who would otherwise qualify for Tier 5, but who fail to meet this volume requirement, will instead be paid rebates according to the Tier 4 schedule.

The Exchange believes that the proposed amendments to the Customer Rebate Program will encourage members and member organization to send a greater amount of order flow to PHLX to earn additional rebates. All members and member organizations would have the opportunity to interact with such increased order flow.

#### ***B. Monthly Market Maker Cap***

The Exchange also proposes to raise the Monthly Market Maker Cap in Options 7, Section 4.

##### *1. Current Status*

Currently, Lead Market Makers and Market Makers are subject to a Monthly Market Maker Cap of \$500,000 for electronic Option Transaction Charges (excluding: (i) surcharges; (ii) options overlying broad-based index options symbols listed (as defined in Options 7, Section 5.A), (iii) dividend, merger, short stock interest, reversal and conversion, jelly roll and box

spread strategy executions (as defined in Options 7, Section 4); (iv) Crossing Order Fees (as defined in Options 7, Section 6, F); and (v) FLEX Electronic Transaction Fees (as defined in Options 7, Section 6, B)); and QCC Transaction Fees (as defined in Options 7, Section 4 including Options 3, Section 12 and Floor QCC Orders, as defined in Options 8, Section 30(e)).<sup>16</sup>

## *2. Proposal*

The Exchange proposes to raise this Monthly Market Maker Cap to \$650,000. The Exchange believes that this higher cap, in combination with the institution of strategy rebates for, among others, Market Makers and Lead Market Makers (as described immediately below), will help attract more order flow to the Exchange. All members and member organizations would have the opportunity to interact with such increased order flow.

## ***C. Strategy Fees and Rebates***

The Exchange proposes to offer rebates for certain strategy executions under Options 7, Section 4.

### *1. Current Status*

Currently, the Exchange recognizes the following types of strategy executions: (1) dividend strategy,<sup>17</sup> merger strategy,<sup>18</sup> short stock interest strategy,<sup>19</sup> reversal and conversion

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<sup>16</sup> The Exchange also proposes to delete a stray period in the rulebook, which is currently found at the end of the first of the two set of charges that are subject to the Monthly Market Mater Cap. This is a purely ministerial change, with no substantive effect.

<sup>17</sup> A dividend strategy is defined as transactions done to achieve a dividend arbitrage involving the purchase, sale and exercise of in-the-money options of the same class, executed the first business day prior to the date on which the underlying stock goes ex-dividend. See Options 7, Section 4.

<sup>18</sup> A merger strategy is defined as transactions done to achieve a merger arbitrage involving the purchase, sale and exercise of options of the same class and expiration date, executed the first business day prior to the date on which shareholders of record are required to elect their respective form of consideration, i.e., cash or stock. See id.

<sup>19</sup> A short stock interest strategy is defined as transactions done to achieve a short stock interest arbitrage involving the purchase, sale and exercise of in-the-money options of the same class. See id.

strategies,<sup>20</sup> jelly roll strategy,<sup>21</sup> and a box spread strategy.<sup>22</sup> To qualify for a strategy fee or rebate, the buy and sell side of a transaction must originate either from the Exchange Trading Floor or as a Floor Qualified Contingent Cross Order.<sup>23</sup> For a dividend strategy, a Lead Market Maker, Market Maker, Professional,<sup>24</sup> Firm,<sup>25</sup> and Broker-Dealer that executed on the same trading day in the same class of options when such members are trading (1) in their own proprietary accounts, or (2) on an agency basis, they are neither charged a fee nor paid a rebate per contract. For a merger, short stock interest, and box spread strategy, a Lead Market Maker, Market Maker, Professional, Firm, and Broker-Dealer that executed on the same trading day for all classes of options in the aggregate when such members are trading (1) in their own proprietary accounts, or (2) on an agency basis, they are neither charged a fee nor paid a rebate per contract.<sup>26</sup> Finally, for reversal and conversion and jelly roll strategies, a Lead Market Maker, Market Maker, Professional, Firm and Broker-Dealer that executed on the same trading

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<sup>20</sup> Reversal and conversion strategies are transactions that employ calls and puts of the same strike price and the underlying stock. Reversals are established by combining a short stock position with a short put and a long call position that shares the same strike and expiration. Conversions employ long positions in the underlying stock that accompany long puts and short calls sharing the same strike and expiration. See id.

<sup>21</sup> A jelly roll strategy is defined as transactions created by entering into two separate positions simultaneously. One position involves buying a put and selling a call with the same strike price and expiration. The second position involves selling a put and buying a call, with the same strike price, but with a different expiration from the first position. See id.

<sup>22</sup> A box spread strategy is a strategy that synthesizes long and short stock positions to create a profit. Specifically, a long call and short put at one strike is combined with a short call and long put at a different strike to create synthetic long and synthetic short stock positions, respectively. See id.

<sup>23</sup> See Pricing Schedule at Options 7, Section 4. A Floor Qualified Contingent Cross Order is comprised of an originating order to buy or sell at least 1,000 contracts that is identified as being part of a qualified contingent trade coupled with a contra-side order or orders totaling an equal number of contracts. The term “qualified contingent trade” shall have the same meaning set forth in Options 3, Section 12(a)(3). See Options 8, Section 30(e).

<sup>24</sup> The term “Professional” is defined in Options 1, Section 1(b)(45) as any person or entity that (i) is not a broker or dealer in securities, and (ii) places more than 390 orders in listed options per day on average during a calendar month for its own beneficial account(s).

<sup>25</sup> The term “Firm” applies to any transaction that is identified by a member or member organization for clearing in the Firm range at OCC. See Options 7, Section 1(c).

<sup>26</sup> See id.

day for all classes of options in the aggregate when such members are trading (1) in their own proprietary accounts, or (2) on an agency basis, are neither charged a fee nor paid a rebate per contract.<sup>27</sup>

## *2. Proposal*

The Exchange proposes to pay a \$0.0025 rebate per contract on any strategy execution that meets the qualifications noted in the table for Strategy Fees and Rebates. Therefore, for a dividend strategy, a Lead Market Maker, Market Maker, Professional, Firm and Broker-Dealer that executed on the same trading day in the same class of options when such members are trading: (1) in their own proprietary accounts; or (2) on an agency basis, will be paid a \$0.0025 rebate per contract. For a merger, short stock interest and box spread strategy, a Lead Market Maker, Market Maker, Professional, Firm and Broker-Dealer that executed on the same trading day for all classes of options in the aggregate when such members are trading (1) in their own proprietary accounts; or (2) on an agency basis, they will be paid a \$0.0025 rebate per contract. Finally, for reversal and conversion and jelly roll strategies, a Lead Market Maker, Market Maker, Professional, Firm and Broker-Dealer that executed on the same trading day for all classes of options in the aggregate when such members are trading (1) in their own proprietary accounts; or (2) on an agency basis, will be paid a \$0.0025 rebate per contract. Additionally, the Exchange proposes to cap these strategy rebates so that any individual Lead Market Maker, Market Maker, Professional, Firm, or Broker-Dealer can only earn a maximum of \$25,000 per day in strategy rebates, in the aggregate.<sup>28</sup>

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<sup>27</sup> See *id.*

<sup>28</sup> The Exchange also proposes to delete an obsolete sentence regarding a prior “Monthly Strategy Cap” that was inadvertently left in place in Equity 7, Section 4 when that cap was eliminated in a prior filing. See Securities Exchange Act Release No. 104034 (Sept. 24, 2025), 90 FR 46674, 46676 (Sept. 29, 2025) (File No. SR-Phlx-2025-49) (Self-Regulatory Organizations; Nasdaq PHLX LLC; Notice of Filing and Immediate Effectiveness of Proposed Rule Change To Amend Options 7, Section 4) (“At this time, the

The Exchange believes that its proposal will incentivize Lead Market Makers, Market Makers, Professionals, Firms and Broker-Dealers to transact a greater number of strategy executions on the Exchange.

## 2. Statutory Basis

The Exchange believes that its proposal is consistent with Section 6(b) of the Act,<sup>29</sup> in general, and furthers the objectives of Sections 6(b)(4) and 6(b)(5) of the Act,<sup>30</sup> 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 Commission and the courts have repeatedly expressed their preference for competition over regulatory intervention in determining prices, products, and services in the securities markets. In Regulation NMS, while adopting a series of steps to improve the current market model, the Commission highlighted the importance of market forces in determining prices and SRO revenues and, also, recognized that current regulation of the market system “has been remarkably successful in promoting market competition in its broader forms that are most important to investors and listed companies.”<sup>31</sup>

Likewise, in NetCoalition v. Securities and Exchange Commission<sup>32</sup> (“NetCoalition”) the D.C. Circuit upheld the Commission’s use of a market-based approach in evaluating the fairness

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Exchange proposes to no longer apply a Strategy Cap to strategy executions and instead pay certain rebates.”) The text of this obsolete sentence that the Exchange proposes to delete reads as follows: “Reversal and conversion, jelly roll and box spread strategy executions will not be included in the Monthly Strategy Cap for a Firm.” This is a purely ministerial change, with no substantive effect.

<sup>29</sup> 15 U.S.C. 78f(b).

<sup>30</sup> 15 U.S.C. 78f(b)(4) and (5).

<sup>31</sup> Securities Exchange Act Release No. 51808 (June 9, 2005), 70 FR 37496, 37499 (June 29, 2005) (“Regulation NMS Adopting Release”).

<sup>32</sup> NetCoalition v. SEC, 615 F.3d 525 (D.C. Cir. 2010).

of market data fees against a challenge claiming that Congress mandated a cost-based approach.<sup>33</sup> As the court emphasized, the Commission “intended in Regulation NMS that ‘market forces, rather than regulatory requirements’ play a role in determining the market data . . . to be made available to investors and at what cost.”<sup>34</sup>

Further, “[n]o one disputes that competition for order flow is ‘fierce.’ . . . As the SEC explained, ‘[i]n the U.S. national market system, buyers and sellers of securities, and the broker-dealers that act as their order-routing agents, have a wide range of choices of where to route orders for execution’; [and] ‘no exchange can afford to take its market share percentages for granted’ because ‘no exchange possesses a monopoly, regulatory or otherwise, in the execution of order flow from broker dealers’ . . . .”<sup>35</sup> Although the court and the SEC were discussing the cash equities markets, the Exchange believes that these views apply with equal force to the options markets.

The proposed amended fees and rebates are equitable and not unfairly discriminatory because the Exchange would uniformly apply the new fees and rebates to any member or member organization who meets the criteria for the new fees and rebates.

The Exchange’s proposed amendments to the Customer Rebate Program and to the Strategy Fees and Rebates are equitable and not unfairly discriminatory because they are designed to encourage members and member organizations to send a greater amount of order flow to PHLX—which would in turn benefit all market participants.

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<sup>33</sup> See NetCoalition, at 534 - 535.

<sup>34</sup> Id. at 537.

<sup>35</sup> Id. at 539 (quoting Securities Exchange Act Release No. 59039 (Dec. 2, 2008), 73 FR 74770, 74782-83 (Dec. 9, 2008) (SR-NYSEArca-2006-21)).

Specifically, the Exchange’s proposal to make modifications to the Customer Rebate Program to attract more Customer order flow is equitable and not unfairly discriminatory because Customer liquidity benefits all market participants by providing more trading opportunities, which attracts market makers. An increase in the activity of market makers—particularly in response to pricing—in turn facilitates tighter spreads, which may cause an additional corresponding increase in order flow from other market participants. Such developments would redound to the benefit of all market participants.

Also, the Exchange’s proposal to pay a \$0.0025 rebate per contract on qualifying strategy executions is equitable and not unfairly discriminatory because the Exchange desires to attract qualifying strategy transactions to PHLX, and this rebate is designed to encourage Lead Market Makers, Market Makers, Professionals, Firms, and Broker-Dealers to transact a greater number of strategies on PHLX. Such increased activity would redound to the benefit of all market participants. Furthermore, while Customers would not qualify for a strategy rebate, they currently pay no Options Transaction Charges on strategy executions, and would continue to pay no such charges.

Finally, the Exchange’s proposed increase of the Monthly Market Maker Cap is equitable and not unfairly discriminatory because this higher cap—in combination with the institution of strategy rebates for, among others, Market Makers and Lead Market Makers—is part of an overall effort to help attract more order flow to the Exchange. All members and member organizations would benefit from the opportunity to interact with such increased order flow.

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.

### Inter-market Competition

The proposal does not impose an undue burden on inter-market competition that is not necessary or appropriate in furtherance of the purposes of the Act. The Exchange believes its proposal remains competitive with other options markets and will offer market participants with another choice of where 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. In such an environment, the Exchange must continually adjust its fees to remain competitive with other exchanges. 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.

### Intra-market Competition

The Exchange's proposed amendments to the Customer Rebate Program and to the Strategy Fees and Rebates, as well as the proposed increase of the Monthly Market Maker Cap, would not impose an undue burden on intra-market competition that is not necessary or appropriate in furtherance of the purposes of the Act, because the Exchange would uniformly apply the new and revised fees and rebates, and the revised cap, to all qualifying PHLX members and member organizations.

Specifically, the Exchange's proposal to make modifications to the Customer Rebate Program would not impose an undue burden on intra-market competition that is not necessary or appropriate in furtherance of the purposes of the Act. First, the Customer Rebate Program will continue to be available to all eligible Customers. Second, the Exchange believes that the

enhancements to the Customer Rebate Program should help attract more Customer liquidity to the Exchange, which would benefit all market participants by providing more trading opportunities and by attracting more market makers. An increase in the activity of these market participants—particularly in response to pricing—in turn facilitates tighter spreads, which may cause an additional corresponding increase in order flow from other market participants.

Also, the Exchange's proposal to pay a \$0.025 rebate per contract on qualifying strategy executions would not impose an undue burden on intra-market competition that is not necessary or appropriate in furtherance of the purposes of the Act, because the Exchange would uniformly pay the rebate to all qualifying Lead Market Makers, Market Makers, Professionals, Firms, and Broker-Dealers. While Customers would not qualify for a strategy rebate, they currently pay no Options Transaction Charges on strategy executions, and would continue to pay no such charges.

Finally, the Exchange's proposal to increase the Monthly Market Maker Cap would not impose an undue burden on intra-market competition that is not necessary or appropriate in furtherance of the purposes of the Act, because the cap would continue to apply equally to all Market Makers and Lead Market Makers. Also, the revised cap—in combination with the institution of strategy rebates for, among others, Market Makers and Lead Market Makers—is part of an overall effort to help attract more order flow to the Exchange. All members and member organizations would benefit from the opportunity to interact with such increased order flow.

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.<sup>36</sup>

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](mailto:rule-comments@sec.gov). Please include file number SR-PHLX-2026-01 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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<sup>36</sup>

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

All submissions should refer to file number SR-PHLX-2026-01. 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-2026-01 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.<sup>37</sup>

**J. Matthew DeLesDernier,**

*Deputy Secretary.*

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<sup>37</sup>

17 CFR 200.30-3(a)(12).