

SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-105854; File No. SR-Phlx-2026-42]

Self-Regulatory Organizations; Nasdaq PHLX LLC; Notice of Filing and Immediate Effectiveness of Proposed Rule Change to Amend PIXL

July 7, 2026.

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 June 30, 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 and II, 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 its Price Improvement XL (“PIXL”) functionality.

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

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

¹ 15 U.S.C. 78s(b)(1).

² 17 CFR 240.19b-4.

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 Exchange proposes to amend rule text in Options 3, Section 13, related to PIXL functionality. Specifically, the Exchange proposes to amend the information displayed in a PIXL Auction Notification (“PAN”). Currently, the PAN details the price, side, size, and options series of the PIXL Order through the Exchange’s Phlx Orders data feed pursuant to Options 3, Section 23(a)(1) and the Exchange’s Specialized Quote Feed pursuant to Options 3, Section 7(a)(i)(B). The Exchange amended the PAN detail to include price at Options 3, Section 13(b)(1)(C) in 2025 as part of a technology migration.³

At this time, the Exchange proposes to amend Options 3, Section 13(b)(1)(C) to remove the price detail so that the PAN would only disseminate side, size, and options series. The Exchange added “price” to the list of PAN details in 2025 to provide members with greater transparency and to encourage more competition in PIXL resulting in a greater opportunity for potential price improvement in PIXL. After a review of the PIXL executions since the addition of the price detail in a PAN, the Exchange believes that the addition of price resulted in less price improvement. The Exchange believes that the addition of the price detail weakened the incentive of responders to offer meaningful price improvement. Once the PAN broadcasts the PIXL Order’s price, the Exchange believes that responders simply matched at a de minimis increment to obtain execution priority, thereby depriving the auction of true price discovery. The PAN

³ See Securities Exchange Act Release No. 103667 (August 8, 2025). 90 FR 39042 (August 13, 2025) (SR-Phlx-2025-35) (Notice of Filing and Immediate Effectiveness of Proposed Rule Change To Amend PIXL and Adopt New Auctions) (“SR-Phlx-2025-35”).

broadcast eliminated uncertainty regarding the level at which the PIXL Order is prepared to stop or auto-match the Initiating Order. The Exchange believes that the prior change had a negative effect which discouraged responders from providing price improvement on the PIXL Orders. By way of example, in October 2025, prior to the adoption of SR-Phlx-2025-35, 23% of PIXL Auctions executed at a price that improved the Initiating Order. In April 2026, after the implementation of SR-Phlx-2025-35, only 11% of PIXL Auctions executed at a price that improved the Initiating Order.

At this time, the Exchange proposes to remove the “price” detail from the PAN to encourage responders to submit more aggressive pricing resulting in greater price improvement. The Exchange notes that the Cboe Exchange, Inc. (“Cboe”) also does not include price.⁴

Implementation

The Exchange proposes to implement this change on or before July 15, 2026. The Exchange proposes to announce the exact date in an Options Trader Alert.

2. Statutory Basis

The Exchange believes that its proposal is consistent with Section 6(b) of the Act,⁵ in general, and furthers the objectives of Section 6(b)(5) of the Act,⁶ in particular, in that it is designed to promote just and equitable principles of trade, to remove impediments to and perfect

⁴ Cboe’s Automated Improvement Mechanism (“AIM”) does not broadcast price pursuant to Rule 5.37(c)(2); it broadcasts the side, size, Auction ID and options series of the Agency Order.

⁵ 15 U.S.C. 78f(b).

⁶ 15 U.S.C. 78f(b)(5).

the mechanism of a free and open market and a national market system, and, in general to protect investors and the public interest.

The Exchange's proposal to remove the price information from the PAN detail is consistent with the Act because it will encourage responders to submit more aggressive pricing resulting in greater price improvement. The proposed amendment protects investors and the public interest by restoring competitive uncertainty to the auction process to drive meaningful price improvement and prevent responders from anchoring to the disclosed price. The Exchange believes that removing the price from the PAN detail will encourage more competition in PIXL resulting in a greater opportunity for potential price improvement in PIXL.

B. Self-Regulatory Organization's Statement on Burden on Competition

The Exchange does not believe that the proposed rule change will impose any burden on competition not necessary or appropriate in furtherance of the purposes of the Act.

The proposed PIXL Auction amendment at Options 3, Section 13(b)(1)(C) will not impose any burden on intramarket competition because the same PAN will be disseminated to all market participants. As it relates to inter-market competition, the Exchange notes that other options exchanges may make a similar change to their rules.

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 Act⁷ and subparagraph (f)(6) of Rule 19b-4 thereunder.⁸

A proposed rule change filed under Rule 19b-4(f)(6) normally does not become operative prior to 30 days after the date of filing. Rule 19b-4(f)(6)(iii), however, permits the Commission to designate a shorter time if such action is consistent with the protection of investors and the public interest. The Exchange has requested the Commission waive the 30-day operative delay contained in Rule 19b-4(f)(6)(iii) so that the Exchange may amend its PIXL functionality to remove the price detail from the PAN in an identical manner to Cboe's AIM as soon as possible. The Exchange states that permitting the Exchange to remove the price detail in a more expediated manner will improve execution quality by restoring competitive dynamics to the benefit of market participants by eliciting the best possible prices through competitive responses. The Commission believes the proposed rule change presents no novel legal or regulatory issues, and that waiver of the 30-day operative delay is consistent with the protection of investors and the public interest. Accordingly, the Commission hereby waives the operative delay and designates the proposal operative upon filing.⁹

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

⁷ 15 U.S.C. 78s(b)(3)(A)(iii).

⁸ 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.

⁹ For purposes only of waiving the 30-day operative delay, the Commission has considered the proposed rule's impact on efficiency, competition, and capital formation. See 15 U.S.C. 78c(f).

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-2026-42 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-2026-42. 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-2026-42 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.¹⁰

Sherry R. Haywood,

Assistant Secretary.

¹⁰ 17 CFR 200.30-3(a)(12).