

SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-105912; File No. SR-PHLX-2026-43]

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 4, Multiply Listed Options Fees

July 14, 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 July 1, 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 4, Multiply Listed Options Fees. Specifically, the Exchange proposes to amend the Monthly Market Maker Cap.

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.

¹ 15 U.S.C. 78s(b)(1).

² 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 4 (Multiply Listed Options Fees).

Currently, Lead Market Makers³ and Market Makers⁴ are subject to a Monthly Market Maker Cap of \$650,000 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

³ 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).

⁴ 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).

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)).

The Exchange proposes to modify the Monthly Market Maker Cap so that electronic Option Transaction Charges in connection with PIXL Initiating Orders,⁵ SOM contra orders,⁶ and Facilitation contra orders⁷ would also be excluded from the cap.

The Exchange believes that its proposal will ensure that the Monthly Market Maker Cap remains appropriately focused on incentivizing continuous electronic order book quoting, which is the core liquidity provision function of Lead Market Makers and Market Makers. PIXL Initiating Orders, SOM contra orders, and Facilitation contra orders represent distinct, voluntary bilateral transactions in which a member elects to serve as the contra party to a customer agency order in an auction mechanism. Because participation in these auctions as a contra party is elective rather than a function of a Market Maker's continuous quoting obligations, the Exchange believes it is appropriate to assess the applicable transaction charges for these orders outside the cap. This treatment is consistent with the existing exclusion of Crossing Order Fees and FLEX

⁵ A PIXL Order is as described in Options 3, Section 13(a). See Options 3, Section 7(y). A member may electronically submit for execution an order it represents as agent on behalf of a Public Customer, broker-dealer, or any other entity ("PIXL Order") against principal interest or against any other order it represents as agent (an "Initiating Order") provided it submits the PIXL Order for electronic execution into the PIXL Auction. See Options 3, Section 13.

⁶ A SOM order is a paired order entered into the Solicited Order Mechanism as described in Options 3, Section 11(d). See Options 3, Section 7(x). The Solicited Order Mechanism is a process by which a member can attempt to execute orders of 500 or more contracts it represents as agent (the "Agency Order") against contra orders that it solicited. See Options 3, Section 11(d).

⁷ A facilitation order is a paired order entered into the Facilitation Mechanism as described in Options 3, Section 11(b). See Options 3, Section 7(w). The Facilitation Mechanism is a process by which a member can execute a transaction wherein the member seeks to facilitate a block-size order it represents as agent, and/or a transaction wherein the member solicited interest to execute against a block-size order it represents as agent. See Options 3, Section 11(b).

Electronic Transaction Fees from the Monthly Market Maker Cap. The Monthly Market Maker Cap will continue to apply to electronic Option Transaction Charges for regular order book transactions, preserving the incentive for Lead Market Makers and Market Makers to provide deep, competitive liquidity on the Exchange.

2. Statutory Basis

The Exchange believes that its proposal is consistent with Section 6(b) of the Act,⁸ in general, and furthers the objectives of Sections 6(b)(4) and 6(b)(5) of the Act,⁹ 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.”¹⁰

Likewise, in NetCoalition v. Securities and Exchange Commission¹¹ (“NetCoalition”) the D.C. Circuit upheld the Commission’s use of a market-based approach in evaluating the fairness of market data fees against a challenge claiming that Congress mandated a cost-based

⁸ 15 U.S.C. 78f(b).

⁹ 15 U.S.C. 78f(b)(4) and (5).

¹⁰ Securities Exchange Act Release No. 51808 (June 9, 2005), 70 FR 37496, 37499 (June 29, 2005) (“Regulation NMS Adopting Release”).

¹¹ NetCoalition v. SEC, 615 F.3d 525 (D.C. Cir. 2010).

approach.¹² 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.”¹³

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’”¹⁴ 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 changes to the Monthly Market Maker Cap are equitable and not unfairly discriminatory because the Exchange would exclude PIXL Initiating Orders, SOM contra orders, and Facilitation contra orders from the Monthly Market Maker Cap in a uniform manner for all PHLX members and member organizations. Participation in PIXL, SOM, and Facilitation auctions as contra parties is voluntary, and Lead Market Makers and Market Makers who elect to participate in these auction mechanisms do so because of the economic

¹² See NetCoalition, at 534 - 535.

¹³ Id. at 537.

¹⁴ 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)).

opportunities presented by the individual transactions. The proposed change does not alter the fees assessed for these transactions; it only changes whether those fees count toward the cap. Lead Market Makers and Market Makers will continue to benefit from the Monthly Market Maker Cap on their regular electronic Option Transaction Charges, which continues to incentivize continuous liquidity provision on the Exchange's order book. The proposed treatment is consistent with how other auction mechanism fees, specifically Crossing Order Fees and FLEX Electronic Transaction Fees, are currently treated under the Monthly Market Maker Cap.

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 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 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 revised cap to all qualifying PHLX members and member organizations. Additionally, the proposed exclusions would not impose an undue burden on intra-market competition because participation in PIXL, SOM, and Facilitation auctions as contra parties is voluntary. Lead Market Makers and Market Makers who choose to participate in these auction mechanisms do so because of the economic opportunities presented by the individual transactions, and not because of any obligation associated with their market-making responsibilities. The Monthly Market Maker Cap will continue to apply to regular electronic Option Transaction Charges, preserving the existing incentive structure for continuous order book liquidity provision. The proposed treatment of these auction contra-side transactions is also consistent with how Crossing Order Fees and FLEX Electronic Transaction Fees are currently treated under the Monthly Market Maker Cap.

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.¹⁵

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

¹⁵ 15 U.S.C. 78s(b)(3)(A)(ii).

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-2026-43 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-2026-43. 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-2026-43 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.¹⁶

Sherry R. Haywood,

Assistant Secretary.

¹⁶ 17 CFR 200.30-3(a)(12).