SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-106063; File No. SR-PHLX-2026-50]

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, Sections 2 (Customer Rebate Program) and 4 (Multiply Listed Options Fees)

August 10, 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 31, 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, Sections 2 (Customer Rebate Program) and 4 (Multiply Listed Options Fees).

While these amendments are effective upon filing, the Exchange has designated the proposed amendments to be operative on August 3, 2026.

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 2 (Customer Rebate Program) and Section 4 (Multiply Listed Options Fees).

Options 7, Section 2 (Customer Rebate Program)

Currently, the Exchange pays rebates on five Customer[3] 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.[4]

---

[3] 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).

[4] 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 their Customer volume for purposes of calculating the Customer Rebate Tiers and receiving rebates. See Options 7, Section 2. 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. count toward the volume requirement to qualify for a Customer Rebate Tier.

Customer Rebate Tiers	Percentage Thresholds of National Customer Volume in Multiply-Listed Equity and ETF Options Classes, excluding SPY Options (Monthly)	Category A	Category B	Category C	Category D
Tier 1	0.00% - 0.60%	$0.00	$0.00	$0.00	$0.00
Tier 2	Above 0.60% - 1.50%	$0.10	$0.10	$0.16	$0.21
Tier 3	Above 1.50% - 2.00%	$0.15	$0.12	$0.18	$0.22
Tier 4	Above 2.00% - 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 B Rebate on Customer PIXL Orders[5] in Options 7, Section 4 symbols that execute against non-Initiating Order interest. In the instance where member organizations qualify for Tier 4 in the Customer Rebate Program, Customer PIXL Orders that execute against a PIXL Initiating Order will be paid a rebate of $0.13 per contract. In the instance where member organizations 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. All rebates on Customer PIXL Orders will be capped at 4,000 contracts per order for Simple PIXL Orders.

The Exchange proposes to modify this Category B Rebate so that in the instance where member organizations qualify for Tier 4 in the Customer Rebate Program, Customer PIXL Orders that execute against a PIXL Initiating Order will be paid a rebate of $0.125 (instead of $0.13) per contract; while in the instance where member organizations 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 $0.135 (instead of $0.14) per contract.

---

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.

Options 7, Section 4 (Multiply Listed Options Fees)

Currently, the Exchange offers a Broker-Dealer Transaction Cap whereby the Floor Options Transaction Charges for each Broker-Dealer is capped at $15,000 per transaction (including FLEX and Cabinet Options Transaction Charges). For purposes of this cap, the term "per transaction" includes simple orders or, with respect to complex orders, all legs of the same complex order that are Floor Options Transaction Charges.

The Exchange also offers a volume-based Floor Transaction (Open Outcry) Floor Broker Incentive Program. Under this program, currently, Broker-Dealer Floor Options Transactions that are capped pursuant to the Broker-Dealer Transaction Cap are considered qualifying volume, but are not paid rebates based on the Floor Transaction (Open Outcry) Floor Broker Incentive Program. Additionally, the program also provides that a Floor Broker will be paid a $0.20 per contract rebate for open outcry floor executions that are contra a Lead Market Maker[6] or Market Maker,[7] in lieu of any Floor Broker Incentive Program rebate. This rebate is payable to the Floor Broker on contracts even if those contracts qualified for the Broker-Dealer Transaction Cap.

6 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).

7 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).

The Exchange proposes to discontinue the Broker-Dealer Transaction Cap and, consequently, the references to this cap in the rule text for the Floor Transaction (Open Outcry) Floor Broker Incentive Program.

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 Commission[11] ("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.

Options 7, Section 2 (Customer Rebate Program)

The Exchange's proposal to modify the Category B Rebate to pay Customer PIXL Orders that execute against a PIXL Initiating Order a rebate of $0.125 per contract (instead of $0.13) where member organizations qualify for Tier 4 of the Customer Rebate Program, and $0.135 per contract (instead of $0.14) where member organizations qualify for Tier 5 of the Customer Rebate Program, is reasonable. Despite the modest reduction in the amount of these rebates, the Exchange believes that the Category B Rebate will continue to incentivize member organizations to submit Customer PIXL Orders to the Exchange and to qualify for Tier 4 or Tier 5 of the

---

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)).

Customer Rebate Program in order to earn a rebate on Customer PIXL Orders that execute against Initiating Order interest.

The Exchange's proposal to modify the Category B Rebate is equitable and not unfairly discriminatory because the Exchange would uniformly pay the modified rebates to any member organization that qualifies for Tier 4 or Tier 5 of the Customer Rebate Program. Further, paying these rebates only to Customers 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—facilitates tighter spreads, which may cause an additional corresponding increase in order flow from other market participants.

Options 7, Section 4 (Multiply Listed Options Fees)

The Exchange's proposal to discontinue the Broker-Dealer Transaction Cap, and, consequently, to remove the references to that cap from the rule text for the Floor Transaction (Open Outcry) Floor Broker Incentive Program, is reasonable. While the Broker-Dealer Transaction Cap was designed to incentivize Broker-Dealers to submit larger-sized orders to the Exchange for execution on the trading floor, the Exchange has determined that the cap has not achieved that objective to a degree that warrants its continued application. Broker-Dealers will remain able to submit orders to the Exchange, subject to the standard Floor Options Transaction Charges applicable to Broker-Dealers in Options 7, Section 4, and other market participants will continue to have the opportunity to interact with those orders on the trading floor.

The Exchange's proposal to discontinue the Broker-Dealer Transaction Cap is equitable and not unfairly discriminatory because, going forward, no member or member organization will be eligible for the Broker-Dealer Transaction Cap. All Broker-Dealer Floor Options Transaction

Charges will be assessed uniformly to all Broker-Dealers pursuant to the pricing applicable to Broker-Dealers in Options 7, Section 4. The consequential removal of the references to the Broker-Dealer Transaction Cap from the rule text for the Floor Transaction (Open Outcry) Floor Broker Incentive Program is likewise equitable and not unfairly discriminatory because, absent the Broker-Dealer Transaction Cap, no capped Broker-Dealer Floor Options Transactions remain to which that clause could apply.

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 does not believe that the proposed rule change would impose any burden on intra-market competition that is not necessary or appropriate in furtherance of the purposes of the Act.

Options 7, Section 2 (Customer Rebate Program)

The Exchange's proposal to modify the Category B Rebate paid on Customer PIXL Orders that execute against a PIXL Initiating Order does not impose an undue burden on intra-market competition. The Exchange would uniformly pay the modified Category B rebate of $0.125 per contract to any member organization that qualifies for Tier 4 of the Customer Rebate Program, and the modified Category B rebate of $0.135 per contract to any member organization that qualifies for Tier 5 of the Customer Rebate Program. Further, paying these rebates only to Customers 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—facilitates tighter spreads, which may cause an additional corresponding increase in order flow from other market participants.

Options 7, Section 4 (Multiply Listed Options Fees)

The Exchange's proposal to discontinue the Broker-Dealer Transaction Cap, and to remove the corresponding references to that cap from the rule text for the Floor Transaction (Open Outcry) Floor Broker Incentive Program, does not impose an undue burden on intra-market competition. Going forward, no member or member organization will be eligible for the Broker-Dealer Transaction Cap, and all Broker-Dealer Floor Options Transactions will be assessed the applicable Floor Options Transaction Charges in Options 7, Section 4 in a uniform manner.

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 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

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

SR-PHLX-2026-50 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-2026-50. 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-2026-50 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).