SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-106842; File No. SR-PHLX-2026-71]

Self-Regulatory Organizations; Nasdaq PHLX LLC; Notice of Filing and Immediate Effectiveness of a Proposed Rule Change to Amend the Exchange's Transaction Fees at Equity 7, Section 3

November 6, 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 October 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, 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 Exchange's transaction fees at PHLX Equity 7, Section 3.

These amendments are effective upon filing. However, they will become operative on November 2, 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.

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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

The purpose of the proposed rule change is to amend the Exchange's transaction fees at PHLX Equity 7, Section 3. The Exchange proposes to streamline its schedule of credits to member organizations providing displayed liquidity on Nasdaq PSX , and to eliminate the supplemental credit to member organizations providing displayed liquidity on Nasdaq PSX .

First Change

Currently, the Exchange pays a credit to a member organization that provides liquidity on Nasdaq PSX through displayed quotes/orders. This credit currently has four separate tiers. The tiers are not labeled in the rule text, but this filing will refer to them as Tier 1 through Tier 4:

Tier 4	$0.0033 per share executed for Quotes/Orders entered by a member organization that provides 0.15% or more of total Consolidated Volume during the month
Tier 3	$0.0032 per share executed for Quotes/Orders entered by a member organization that provides 0.07% or more of total Consolidated Volume during the month
Tier 2	$0.0030 per share executed for Quotes/Orders entered by a member organization that provides 0.05% or more of total Consolidated Volume during the month

Tier 1	$0.0020 per share executed for all other Quotes/Orders

The Exchange proposes to eliminate Tiers 2, 3, and 4. Therefore, the Exchange would pay a member organization providing displayed liquidity on Nasdaq PSX a credit of $0.0020 per share executed for displayed quotes/orders entered by a member organization—regardless of how much volume the member organization provides during the month.

Second Change

The Exchange currently pays a supplemental credit to a member organization that provides liquidity on Nasdaq PSX through displayed quotes/orders. This is a supplemental credit of $0.00005 per share executed for displayed quotes/orders entered by a member organization that: (i) provides 0.10% or more of total Consolidated Volume during the prior month; and (ii) provides 0.10% or more of total Consolidated Volume during the month. The Exchange proposes to eliminate this supplemental credit.

2. Statutory Basis

The Exchange believes that its proposal is consistent with Section 6(b) of the Act,[3] in general, and furthers the objectives of Sections 6(b)(4) and 6(b)(5) of the Act,[4] 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 Exchange's proposed changes to its schedule of credits are reasonable in several respects. As a threshold matter, the Exchange is subject to significant competitive forces in the market for equity securities transaction services that constrain its pricing determinations in that

[3] 15 U.S.C. 78f(b).

[4] 15 U.S.C. 78f(b)(4) and (5).

market. The fact that this market is competitive has long been recognized by the courts. In NetCoalition v. Securities and Exchange Commission, the D.C. Circuit stated as follows: "[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'…."[5]

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."[6]

Numerous indicia demonstrate the competitive nature of this market. For example, clear substitutes to the Exchange exist in the market for equity security transaction services. The Exchange is only one of several equity venues to which market participants may direct their order flow. Competing equity exchanges offer similar tiered pricing structures to that of the Exchange, including schedules of rebates and fees that apply based upon members achieving

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5 NetCoalition v. SEC, 615 F.3d 525, 539 (D.C. Cir. 2010) (quoting Securities Exchange Act Release No. 59039 (Dec. 2, 2008), 73 FR 74770, 74782-83 (Dec. 9, 2008) (SR-NYSEArca-2006-21)).

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

certain volume thresholds.

Within this environment, market participants can freely and often do shift their order flow among the Exchange and competing venues in response to changes in their respective pricing schedules. As such, the proposal reflects the Exchange's ongoing assessment of how to allocate its limited incentive resources in a competitive market and how to maintain a schedule of credits that is understandable and administrable for member organizations.

First Change

The Exchange believes that eliminating the three volume-based displayed liquidity credit tiers and retaining the existing $0.0020 per share executed credit for all displayed Quotes/Orders is reasonable because it will streamline the schedule and make the applicable credit easier for member organizations to understand and apply. The Exchange has limited resources to devote to incentive programs, and it is appropriate for the Exchange to periodically reallocate those incentives in a manner that best achieves its overall mix of objectives. The proposal is equitable and not unfairly discriminatory because, after the change, each member organization that provides displayed liquidity on Nasdaq PSX will be eligible for the same $0.0020 per share executed credit for displayed Quotes/Orders, regardless of the member organization's monthly volume. Although member organizations that could have previously qualified for one of the eliminated higher tiers would receive a lower credit, those member organizations will remain eligible for the same displayed-liquidity credit as all other similarly situated member organizations, and any participant that views the Exchange's pricing as unattractive may route order flow to competing venues that offer more favorable pricing or less stringent qualifying criteria. Furthermore, because the eliminated credit tiers have experienced zero utilization for an

extended period of time, the elimination serves primarily to streamline the Exchange's fee schedule without impacting any active participant behavior.

Second Change

The Exchange also believes that eliminating the supplemental displayed-liquidity credit is reasonable, equitable, and not unfairly discriminatory. The supplemental credit is an additional incentive layered on top of the displayed-liquidity credit described above and is available only when a member organization satisfies both a prior-month and current-month Consolidated Volume threshold. Eliminating that additional incentive will further simplify the fee schedule and allow the Exchange to allocate its limited incentive resources in the manner it believes best serves the Exchange's current needs. The change is equitable and not unfairly discriminatory because the supplemental credit will be eliminated in its entirety and will no longer be available to any member organization, while member organizations that provide displayed liquidity will remain eligible for the generally applicable displayed-liquidity credit. Moreover, any member organization that is dissatisfied with the elimination of the supplemental credit may route its order flow to competing venues that provide more favorable incentives or less stringent qualifying criteria.

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. In terms of inter-market competition, 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 and with alternative trading systems that have been exempted from compliance with the statutory standards applicable to 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.

First Change

In terms of intramarket competition, the Exchange does not believe that eliminating the three volume-based displayed-liquidity credit tiers will place any category of Exchange participant at a competitive disadvantage. The change will apply uniformly to all member organizations that provide displayed liquidity on Nasdaq PSX because the same $0.0020 per share executed credit will apply to all displayed Quotes/Orders. To the extent that the change reduces credits for member organizations that previously satisfied one of the higher volume thresholds, the Exchange believes any burden is limited by the voluntary and competitive nature of the Exchange's execution services, the availability of competing exchanges and off-exchange venues, and the ability of market participants to modify their order routing practices in response to credit changes. The Exchange therefore does not believe that the First Change will impair the ability of member organizations or competing order execution venues to maintain their competitive standing in the financial markets.

Second Change

The Exchange likewise does not believe that eliminating the supplemental displayed-liquidity credit will impose any burden on competition not necessary or appropriate in furtherance of the purposes of the Act. In terms of intramarket competition, the supplemental credit will be eliminated in its entirety and will no longer be available to any member

organization, and member organizations that provide displayed liquidity will continue to be eligible for the generally applicable displayed-liquidity credit. In terms of intermarket competition, the change concerns an optional credit in a market where exchange execution services are subject to extensive competition from other exchanges and off-exchange venues. If the elimination of the supplemental credit is unattractive to market participants, they may adjust their order routing practices, and competing venues may modify their own fees and credits in response. Accordingly, the Exchange does not believe that the Second Change will impair the ability of members or competing order execution venues to maintain their competitive standing in the financial markets.

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.[7]

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.

7 15 U.S.C. 78s(b)(3)(A)(ii).

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-2026-71 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-2026-71. 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-2026-71 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.[8]

Sherry R. Haywood,

Assistant Secretary.

[8] 17 CFR 200.30-3(a)(12).