SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-106847; File No. SR-PHLX-2026-69]

Self-Regulatory Organizations; Nasdaq PHLX LLC; Notice of Filing and Immediate Effectiveness of a Proposed Rule Change to Increase the Exchange's Options Regulatory Fee (ORF)

November 9, 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 29, 2026, Nasdaq PHLX LLC ("PHLX" or "Exchange") filed with the Securities and Exchange Commission ("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 increase the PHLX Options Regulatory Fee ("ORF") rate that will be effective on November 1, 2026. Additionally, the Exchange proposes a non-substantive change to Options 7, Section 6(D), to delete obsolete rule text that described a prior ORF collection methodology.

While the changes proposed herein are effective upon filing, the Exchange has designated the proposed rule change to be operative on November 1, 2026.

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1 15 U.S.C. 78s(b)(1).

2 17 CFR 240.19b-4.

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 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

At this time, PHLX proposes to increase the ORF rate from $0.0080 to $0.0090 per contract side, effective November 1, 2026. This rate change is influenced by a review of regulatory costs and realized options volumes at the Exchange. Additionally, the Exchange proposes a non-substantive change to Options 7, Section 6(D), to delete obsolete rule text that described a prior ORF collection methodology.

PHLX assesses ORF for options transactions cleared by The Options Clearing Corporation ("OCC") in the customer[3] range, however ORF is assessed to each PHLX member

[3] ORF is assessed by PHLX and collected via the OCC from Customers, Professional Customers, and Broker-Dealers that are not affiliated with a clearing member. These market participants clear in the "C" range at OCC. On PHLX, a "Customer" means a person or entity that is not a broker or dealer in securities and is not a Professional as defined within Options 1, Section 1(b)(45); and a "Broker-Dealer" applies to any transaction which is not subject to any of the other transaction fees applicable within a particular category.

organization[4] for executions that occur on PHLX. Specifically, the ORF is collected by OCC on behalf of PHLX from member organizations and non-member organizations for all customer transactions executed on PHLX. ORF is assessed and collected on ultimately cleared customer contracts, taking into account adjustments for CMTA that were provided to PHLX the same day as the trade.[5] Further, the Exchange bills ORF according to the clearing instructions provided on the execution. More specifically, PHLX assesses ORF based on the clearing instruction provided on the execution on trade date and does not take into consideration CMTA changes or transfers that occur at OCC.[6]

PHLX ensures that ORF Regulatory Revenue[7] does not exceed a material portion of Options Regulatory Costs.[8] More specifically, PHLX endeavors to ensure that ORF Regulatory Revenue generated from ORF does not exceed 82% of Options Regulatory Costs. The Exchange will notify member organizations via an Options Trader Alert of any change in the amount of the fee at least 30 calendar days prior to the effective date of the change.[9]

As is the case today, PHLX will monitor ORF Regulatory Revenue to ensure that it, in combination with other regulatory fees and fines, does not exceed Options Regulatory Costs. In

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4 The term "member organization" means a corporation, partnership (general or limited), limited liability partnership, limited liability company, business trust or similar organization, transacting business as a broker or a dealer in securities and which has the status of a member organization by virtue of (i) admission to membership given to it by the Membership Department pursuant to the provisions of General 3, Sections 5 and 10 or the By-Laws or (ii) the transitional rules adopted by the Exchange pursuant to Section 6-4 of the By-Laws. References herein to officer or partner, when used in the context of a member organization, shall include any person holding a similar position in any organization other than a corporation or partnership that has the status of a member organization. See General 1, Section 1(17).

5 Adjustments to CMTA that occur at OCC are not taken into account.

6 Adjustments that were made the same day as the trade on PHLX will be taken into account.

7 ORF Regulatory Revenue is the amount of revenue collected from the ORF.

8 Options Regulatory Costs are those regulatory costs for options that comprise a subset of the Exchange's regulatory budget that are specifically related to options regulatory expenses and encompasses the cost to regulate all member organizations' options activity.

9 Member organizations were notified of the ORF rate changes for November 1, 2026, via an Options Trader Alert on September 28, 2026. See Options Trader Alert #2026-41.

determining whether an expense is considered an Options Regulatory Costs, the Exchange will continue to review all costs and make determinations whether there is a nexus between the expense and a regulatory function. The Exchange notes that fines collected by the Exchange in connection with a disciplinary matter will continue to offset Options Regulatory Costs.

ORF Regulatory Revenue is designed to recover a material portion of the Options Regulatory Costs to the Exchange for the supervision and regulation of member organizations' transactions, including performing routine surveillances, investigations, examinations, financial monitoring, and policy, rulemaking, interpretive, and enforcement activities. Options Regulatory Costs include direct regulatory expenses[10] and certain indirect expenses in support of the regulatory function.[11]

2. Statutory Basis

The Exchange believes the proposed rule change is consistent with the Act and the rules and regulations thereunder applicable to the Exchange and, in particular, the requirements of Section 6(b) of the Act.[12] Specifically, the Exchange believes the proposed rule change is consistent with Section 6(b)(4) of the Act[13], which provides that Exchange rules may provide for the equitable allocation of reasonable dues, fees, and other charges among its members, and other persons using its facilities. Additionally, the Exchange believes the proposed rule change is consistent with the Section 6(b)(5)[14] requirement that the rules of an exchange not be designed to permit unfair discrimination between customers, issuers, brokers, or dealers.

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10 The direct expenses include in-house and third-party service provider costs to support the day-to-day regulatory work such as surveillances, investigations and examinations.

11 The indirect expenses include support from such areas as Office of the General Counsel, technology, finance and internal audit.

12 15 U.S.C. 78f(b).

13 15 U.S.C. 78f(b)(4).

14 15 U.S.C. 78f(b)(5).

The Exchange believes the proposed increase of the ORF rate is reasonable because of lower-than-expected options volumes at the Exchange have resulted in lower-than-expected ORF Regulatory Revenue. Increasing the ORF rate would increase the ORF Regulatory Revenue, while continuing to ensure that ORF Regulatory Revenue does not exceed a material portion of the Exchange's Options Regulatory Costs. As noted above, the ORF is designed to recover a material portion, but not all, of the Exchange's Options Regulatory Costs.

The Exchange designed the ORF to generate ORF Regulatory Revenue that would be less than the Exchange's Options Regulatory Costs, thereby ensuring that such revenue, in combination with other regulatory fees and fines, does not exceed Options Regulatory Costs. This is consistent with the view of the Commission that regulatory fees be used for regulatory purposes and not to support the Exchange's business operations. As discussed above; however, after review of its Options Regulatory Costs and ORF Regulatory Revenue, which includes revenues from ORF and other regulatory fees and fines, the Exchange determined that absent an increase in the ORF rate it may collect ORF Regulatory Revenue that would fall significantly short of its Options Regulatory Costs. Indeed, the Exchange notes that when taking into account options volume, it estimates that the current ORF rate, if left unchanged, may generate ORF Regulatory Revenue that would fall short of the targeted 82% of the Exchange's projected Options Regulatory Costs. As such, the Exchange believes it is reasonable and appropriate to increase the ORF rate from $0.0080 to $0.0090 per contract side.

The Exchange also believes the proposed fee change is equitable and not unfairly discriminatory because collecting 82% of Options Regulatory Costs is appropriate and correlates to the degree of regulatory responsibility and Options Regulatory Costs borne by the Exchange with respect to customer transactions. The Exchange's proposal continues to ensure that Options

Regulatory Revenue, in combination with other regulatory fees and fines, does not exceed Options Regulatory Costs. Fines collected by the Exchange in connection with a disciplinary matter will continue to offset Options Regulatory Costs. Continuing to cap ORF collected at 82% of Options Regulatory Costs is reasonable, equitable and not unfairly discriminatory as the Options Regulatory Revenue collected will offset the corresponding Options Regulatory Costs associated with on exchange customer transactions. The Exchange will review the ORF Regulatory Revenue and will amend the ORF if it finds that its ORF Regulatory Revenue exceeds its projections.

Finally, deleting obsolete rule text at Options 7, Section 6(D), is a non-substantive change that is designed to keep the Exchange rule book current, and thus make it easier to understand.

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 intra-market competition not necessary or appropriate in furtherance of the purposes of the Act because this collection accounts for customer executions, which will continue to be capped at 82% of Options Regulatory Costs. Furthermore, the Exchange will continue to review its ORF Regulatory Revenue and would amend the ORF if it finds that its ORF Regulatory Revenue exceeds its projections.

The proposed change to the ORF rate does not impose an undue burden on inter-market competition because ORF is a regulatory fee that supports regulation in furtherance of the purposes of the Act. The Exchange notes, however, the proposed change is not designed to address any competitive issues. The Exchange is obligated to ensure that the amount of ORF Regulatory Revenue, in combination with its other regulatory fees and fines, does not exceed Options Regulatory Cost.

Finally, deleting obsolete rule text at Options 7, Section 6(D), is a non-substantive change and, therefore, has no impact on competition.

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) of the Act[15] and paragraph (f) of Rule 19b-4[16] thereunder. 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 Commission will institute proceedings to determine whether the proposed rule change 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-2026-69 on the subject line.

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

16 17 CFR 240.19b-4(f).

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-2026-69. 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-2026-69 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.[17]

Sherry R. Haywood,

Assistant Secretary.

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