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SECURITIES AND EXCHANGE COMMISSION
(Release No. 34-75142; File No. SR-Phlx-2015-48)

June 10, 2015

Self-Regulatory Organizations; NASDAQ OMX PHLX LLC; Notice of Filing and Immediate Effectiveness of Proposed Rule Change Relating to the Exchange's Pricing Schedule under Section VIII with Respect to Execution and Routing of Orders in Securities Priced at \$1 or More Per Share

Pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 ("Act")¹, and Rule 19b-4² thereunder, notice is hereby given that, on June 1, 2015, NASDAQ OMX 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 Pricing Schedule under Section VIII, entitled "NASDAQ OMX PSX FEES," with respect to execution and routing of orders in securities priced at \$1 or more per share.

The text of the proposed rule change is available on the Exchange's Website at <http://nasdaqomxphlx.cchwallstreet.com/>, at the principal office of the Exchange, and at the Commission's Public Reference Room.

II. Self-Regulatory Organization's Statement of the Purpose of, and Statutory Basis for, the Proposed Rule Change

¹ 15 U.S.C. 78s(b)(1).

² 17 CFR 240.19b-4.

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 charges assessed and credits provided for the execution of securities priced at \$1 or more. Specifically, the Exchange is amending what it assesses a member organization entering order that executes in NASDAQ OMX PSX System ("PSX"), and it is eliminating the additional credit provided to a member firm with a displayed quotes/order with a size of 2,000 or more shares.

The Exchange currently assesses a member organization a charge of \$0.0029 per share executed for an order entered by a member organization that executes on PSX, regardless of the exchange that the security is listed on. The Exchange had previously applied different charges for execution of an order based on listing venue, but recently harmonized the charge for all orders that execute on PSX.³ The Exchange is now proposing to reduce the charge assessed a member organization for receiving an execution on PSX in a Nasdaq-listed security from \$0.0029 per share executed to \$0.0028 per share executed. The Exchange is also proposing to reduce the charge for receiving an execution on PSX in New York Stock Exchange ("NYSE")-

³ See Securities Exchange Act Release No. 74880 (May 6, 2015), 80 FR 27207 (May 12, 2015)(SR-NASDAQ-2015-45).

listed securities and securities listed on exchanges other than Nasdaq or NYSE from \$0.0029 per share executed to \$0.0027 per share executed.

The Exchange is also proposing to eliminate the additional credit it provides for certain displayed quotes and orders. Currently, the Exchange provides a \$0.0001 credit per share executed in addition to other credits provided for displayed quotes and orders, if the order size is at least 2,000 shares. Orders modified by the PSX participant entering the order or by the PSX System processes so that after such modification the unexecuted order size is below 2,000 shares will no longer qualify for the credit. The credit is designed to provide additional incentive to PSX participants to provide market improving participation in the form of displayed orders and quotes. The Exchange has observed that the credit has not significantly improved market quality, so it is eliminating it accordingly.

2. Statutory Basis

The Exchange believes that the proposed rule changes are consistent with the provisions of Section 6 of the Act,⁴ in general, and with Sections 6(b)(4) and 6(b)(5) of the Act,⁵ 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 or system which the Exchange operates or controls, and is designed to prevent fraudulent and manipulative acts and practices, to promote just and equitable principles of trade, to foster cooperation and coordination with persons engaged in regulating, clearing, settling, processing information with respect to, and facilitating transactions in securities, to remove impediments to and perfect the mechanism of a free and open market and a national market system, and, in general, to protect

⁴ 15 U.S.C. 78f.

⁵ 15 U.S.C. 78f(b)(4) and (5).

investors and the public interest; and are not designed to permit unfair discrimination between customers, issuers, brokers, or dealers.

The proposed reduction in the charge currently assessed for execution on PSX is reasonable because the two new reduced charges are designed to attract order flow to PSX, thereby increasing liquidity to the benefit of all market participants. The Exchange believes that reducing the charge assessed for NYSE-listed securities and securities listed on exchanges other than Nasdaq or NYSE more than it is reducing the charge for Nasdaq-listed securities is reasonable because it is reflective of the Exchange's desire to provide greater incentive to market participants to enter orders into the PSX System in NYSE-listed securities and securities listed on exchanges other than Nasdaq or NYSE. The Exchange believes that the proposed reduction to the charge assessed for execution of an order on PSX is consistent with an equitable allocation of fees and is not unfairly discriminatory because the lower charges apply to all member organizations that enter orders that execute in PSX, based on the listing venue of the security. Moreover, the Exchange believes that assessing different charges based on the listing venue of the security is consistent with an equitable allocation of fees and is not unfairly discriminatory because it is reflective of the Exchange's use of fees and credits to provide incentive to market participants to improve market quality. In the instant case, the Exchange is reducing the charge assessed for orders that execute in PSX in NYSE-listed securities and securities listed on exchanges other than Nasdaq or NYSE more than it is reducing the analogous charge for the execution of orders Nasdaq-listed securities in an effort to provide greater incentive to all market participants to remove liquidity in securities listed on NYSE and securities listed on exchanges other than Nasdaq or NYSE.

The Exchange believes that eliminating the additional \$0.0001 per share executed credit provided to market participants that enter displayed quotes and orders with an order size of 2,000 or more shares is reasonable because the credit has not had a significant impact in improving market quality in displayed orders and quotes. The Exchange must always assess the effectiveness of its transaction pricing in the form credits and reduced charges in improving market quality. To the extent such pricing does not significantly or efficiently achieve the goal of attracting liquidity and improving market quality, the Exchange will, as is the case here, eliminate the incentive pricing. The Exchange believes that eliminating the additional \$0.0001 per share executed credit is consistent with an equitable allocation of fees and is not unfairly discriminatory because it will apply to all PSX participants equally. In this regard, the Exchange notes that the additional credit was available to any PSX participant that chose to enter orders or quotes that qualified for the credit. Additionally, the Exchange notes that PSX participants will continue to receive a credit of \$0.0020 per share executed for a displayed quote or order, and may be eligible to receive other higher credits for displayed quotes and orders if they meet the criteria of each credit.

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

The Exchange does not believe that the proposed rule changes will result in any burden on competition that is not necessary or appropriate in furtherance of the purposes of the Act, as amended.⁶ Phlx notes that it operates in a highly competitive market in which market participants can readily favor dozens of different competing exchanges and alternative trading systems if they deem charges at a particular venue to be excessive, or credit opportunities available at other venues to be more favorable. In such an environment, the Exchange must

⁶ 15 U.S.C. 78f(b)(8).

continually adjust its charges and credits to remain competitive with other exchanges. Because competitors are free to modify their own charges and credits in response, and because market participants may readily adjust their order routing practices, the Exchange believes that the degree to which changes to charges and credits in this market may impose any burden on competition is extremely limited.

In this instance, the Exchange is proposing to reduce the charge assessed for removing liquidity from PSX and eliminating an ineffective credit that has not significantly improved market quality. These changes do not impose a burden on competition because participation in PSX is optional and is the subject of competition from other exchanges. The reduced charges are reflective of the Exchange's intent to increase the order flow on PSX. Eliminating an ineffective credit frees the Exchange to apply different pricing incentives to attract liquidity to PSX. For these reasons, the Exchange does not believe that any of the proposed changes will impair the ability of members or competing order execution venues to maintain their competitive standing in the financial markets. Moreover, because there are numerous competitive alternatives to the use of the Exchange, it is likely that the PSX will lose market share as a result of the changes if they are unattractive to market participants.

Accordingly, Phlx does not believe that the proposed rule changes 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 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 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 (<http://www.sec.gov/rules/sro.shtml>); or
- Send an e-mail to rule-comments@sec.gov. Please include File Number SR-Phlx-2015-48 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-2015-48. This file number should be included on the subject line if e-mail is used. To help the Commission process and review your comments more efficiently, please use only one method. The Commission will post all

⁷ 15 U.S.C. 78s(b)(3)(A)(ii).

comments on the Commission's Internet website (<http://www.sec.gov/rules/sro.shtml>). Copies of the submission, all subsequent amendments, all written statements with respect to the proposed rule change that are filed with the Commission, and all written communications relating to the proposed rule change between the Commission and any person, other than those that may be withheld from the public in accordance with the provisions of 5 U.S.C. 552, will be available for website viewing and printing in the Commission's Public Reference Room, 100 F Street, NE, Washington, DC 20549, on official business days between the hours of 10:00 a.m. and 3:00 p.m. Copies of the filing also will be available for inspection and copying at the principal office of the Exchange. All comments received will be posted without change; the Commission does not edit personal identifying information from submissions. You should submit only information that you wish to make available publicly. All submissions should refer to File Number SR-Phlx-2015-48 and should be submitted on or before [INSERT DATE 21 DAYS FROM PUBLICATION IN THE FEDERAL REGISTER].

For the Commission, by the Division of Trading and Markets, pursuant to delegated authority.⁸

Robert W. Errett,
Deputy Secretary.

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⁸ 17 CFR 200.30-3(a)(12).