

19b-4<sup>16</sup> 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 shall 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](mailto:rule-comments@sec.gov). Please include file number SR-PEARL-2025-45 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-PEARL-2025-45. 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-PEARL-2025-45 and should be submitted on or before October 20, 2025.

For the Commission, by the Division of Trading and Markets, pursuant to delegated authority.<sup>17</sup>

**Sherry R. Haywood,**

*Assistant Secretary.*

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## SECURITIES AND EXCHANGE COMMISSION

**[Release No. 34-104034; File No. SR-Phlx-2025-49]**

### Self-Regulatory Organizations; Nasdaq PHLX LLC; Notice of Filing and Immediate Effectiveness of Proposed Rule Change To Amend Options 7, Section 4

September 24, 2025.

Pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 ("Act"),<sup>1</sup> and Rule 19b-4 thereunder,<sup>2</sup> notice is hereby given that on September 18, 2025, 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 various transaction fees in Options 7, Section 4, Multiply Listed Options Fees (Includes options overlying equities, ETFs, ETNs and indexes which are Multiply Listed) (Excludes SPY and broad-based index options symbols listed within Options 7, Section 5.A).<sup>3</sup>

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

Phlx proposes to amend pricing within Options 7, Section 4 to: (1) remove the current BD-Customer Facilitation waiver and replace it with a Broker-Dealer Transaction Cap; (2) amend the Floor Broker Incentive Program; and (3) amend the strategy caps for Floor Originated Strategy Executions. Each change will be described below.

##### BD-Customer Facilitation Waiver

Today, the Exchange waives the Broker-Dealer<sup>4</sup> Floor Options Transaction Charge<sup>5</sup> (including Cabinet Options Transaction Charges)<sup>6</sup> for members executing facilitation orders pursuant to Options 8, Section 30<sup>7</sup> when such members would otherwise incur this charge for trading in their own proprietary account contra to a Customer<sup>8</sup> ("BD-Customer Facilitation"), if the member's BD-Customer Facilitation average daily

<sup>4</sup> The term "Broker-Dealer" applies to any transaction which is not subject to any of the other transaction fees applicable within a particular category. See Options 7, Section 1(c).

<sup>5</sup> The Exchange assesses a Broker-Dealer Floor Options Transaction Charge of \$0.25 per contract in Penny and Non-Penny Symbols.

<sup>6</sup> Cabinet Options Transaction may only be executed as a floor transaction; they are not executed electronically. A floor transaction is a transaction that is effected in open outcry on the Exchange's Trading Floor. See Options 7, Section 1(c). The Exchange assesses Customers no Cabinet Options Transaction Charge. The Exchange assesses Non-Customers a \$0.10 per contract Cabinet Options Transaction Charge. The term "Non-Customer" applies to transactions for the accounts of Lead Market Makers, Market Makers, Firms, Professionals, Broker-Dealers and JBOs. See Options 7, Section 1(c).

<sup>7</sup> Options 8, Section 30, Crossing, Facilitation and Solicited Orders, describes the manner in which orders may be crossed in open outcry on the Exchange's trading floor. Facilitation orders are among the types of orders described in Options 8, Section 30.

<sup>8</sup> 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).

<sup>16</sup> 17 CFR 240.19b-4(f).

<sup>17</sup> 17 CFR 200.30-3(a)(12).

<sup>1</sup> 15 U.S.C. 78s(b)(1).

<sup>2</sup> 17 CFR 240.19b-4.

<sup>3</sup> SR-Phlx-2025-41 was filed on September 2, 2025. On September 10, 2025, the Exchange withdrew SR-Phlx-2025-41 and filed SR-Phlx-2025-45. On September 18, 2025, SR-Phlx-2025-45 was withdrawn and this proposal was filed.

volume (including both FLEX<sup>9</sup> and non-FLEX transactions) exceeds 10,000 contracts per day in a given month.<sup>10</sup> The Exchange proposes to no longer offer this waiver.

In lieu of this waiver, the Exchange proposes a Broker-Dealer Transaction Cap whereby each Broker-Dealer Floor Options Transaction Charge will be capped at \$15,000 per transaction (including FLEX and Cabinet Options Transaction Charges). The Exchange believes that this proposed new cap will incentivize Broker-Dealers to submit larger-sized orders for execution to Phlx. Other market participants will be able to interact with those larger-sized orders.

The Exchange also proposes to amend language in the existing text for Firm Facilitation to modify the rule text to refer to one waiver only.

#### Floor Broker Incentive Program

The Exchange proposes to amend its Floor Transaction (Open Outcry) Floor Broker Incentive Program at Options 7, Section 4. This incentive program for Floor Brokers<sup>11</sup> is designed to attract order flow to Phlx's trading floor for execution in open outcry. Currently, the Exchange pays Floor Brokers certain rebates for transaction they execute on Phlx's trading floor in open outcry. Today, Floor Brokers are paid rebates for transactions executed on the trading floor in open outcry. The below transactions are not considered qualifying volume for purposes of the rebates: (1) dividend, merger, short stock interest, reversal and conversion, jelly roll, and box spread strategy executions as defined in this Options 7, Section 4; (2) Firm Floor Options Transactions for

members executing facilitation orders pursuant to Options 8, Section 30 when such members are trading in their own proprietary account (including Cabinet Options Transaction Charges); and (3) Customer-to-Customer transactions.

Today, rebates are paid on qualifying volume at each threshold level based on the below schedule. Floor Qualified Contingent Cross ("QCC") Orders, as defined in Options 8, Section 30(e), are considered qualifying volume but are not paid rebates based on the below schedule, rather Floor QCC Order are paid the QCC Rebates noted in Options 7, Section 4.

Today, the Exchange pays Floor Transaction (Open Outcry) Floor Broker Incentive Program rebates on qualifying volume based on four tiers.

	Qualifying contracts	Per contract rebate (customer on one side)	Per contract rebate (non-customer on both sides)
Tier 1 .....	0–500,000 .....	\$0.02	\$0.08
Tier 2 .....	500,001–5,000,000 .....	0.05	0.12
Tier 3 .....	5,000,001–10,000,000 .....	0.07	0.16
Tier 4 .....	Greater than 10,000,000 .....	0.08	0.20

First, the Exchange proposes to amend the Floor Transaction (Open Outcry) Floor Broker Incentive Program with respect to qualifying volume. The Exchange proposes to amend the current rule text in Options 7, Section 4, to also include electronic QCC Orders as qualifying volume. As amended, the rule text would state,

Rebates will be paid on qualifying volume at each threshold level based on the below schedule. Floor QCC Orders, as defined in Options 8, Section 30(e), and electronic QCC Orders, as defined in Options 3, Section 12, will be considered qualifying volume but would not be paid rebates based on the below schedule, rather Floor QCC Orders and

electronic QCC Orders would be paid the QCC Rebates noted in Options 7, Section 4 above.

While electronic QCC Orders would count toward qualifying volume, electronic QCC Orders, similar to Floor QCC Orders, would not be paid rebates based on the rebate schedule, rather electronic QCC Order would continue to be paid the QCC Rebates noted in Options 7, Section 4. This proposed change would allow Phlx members and member organizations to count electronic QCC Orders toward their qualifying volume to achieve the Qualifying Contracts necessary to be paid a rebate.

The Exchange also proposes to amend the current rebate schedule at Tier 2 with respect to qualifying contracts between 500,001–5,000,000. Today, the Exchange pays a \$0.12 per contract rebate when Non-Customers<sup>12</sup> are on both sides of the transaction. The Exchange proposes to increase that rebate from \$0.12 to \$0.16 per contract. The other rebates are not being amended.

The Exchange believes that the Floor Transaction (Open Outcry) Floor Broker Incentive Program will attract greater order flow to Phlx's trading floor as a result of the proposed changes.

<sup>9</sup> FLEX transactions may only be executed as a floor transaction pursuant to Options 8, Section 34; they are not executed electronically.

<sup>10</sup> Transactions in broad-based index options symbols listed within Options 7, Section 5.A. are excluded from waiver.

<sup>11</sup> The term "Floor Broker" means an individual who is registered with the Exchange for the purpose, while on the Options Floor, of accepting and handling options orders. See Phlx Options 7, Section 1(c).

<sup>12</sup> The term "Non-Customer" applies to transactions for the accounts of Lead Market Makers, Market Makers, Firms, Professionals, Broker-Dealers and JBOs. See Options 7, Section 1(c).

## Strategy Caps for Floor Originated Strategy Executions

Today, the Exchange permits the following of strategy executions: (1) dividend strategy,<sup>13</sup> merger strategy,<sup>14</sup> short stock interest strategy,<sup>15</sup> reversal and conversion strategies,<sup>16</sup> jelly roll strategy,<sup>17</sup> and a box spread strategy.<sup>18</sup> To qualify for a strategy cap,<sup>19</sup> the buy and sell side of a transaction must originate either from the Exchange Trading Floor or as a Floor Qualified Contingent Cross Order.<sup>20</sup> Currently, the Exchange offers certain daily and month caps of \$0.00, therefore no transaction charges are assessed on any permissible strategy execution defined in Options 7, Section 4 that meet the qualifications. For a dividend strategy, a Lead Market

<sup>13</sup> A dividend strategy is defined as transactions done to achieve a dividend arbitrage involving the purchase, sale and exercise of in-the-money options of the same class, executed the first business day prior to the date on which the underlying stock goes ex-dividend. *See Options 7, Section 4.*

<sup>14</sup> A merger strategy is defined as transactions done to achieve a merger arbitrage involving the purchase, sale and exercise of options of the same class and expiration date, executed the first business day prior to the date on which shareholders of record are required to elect their respective form of consideration, *i.e.*, cash or stock. *See Options 7, Section 4.*

<sup>15</sup> A short stock interest strategy is defined as transactions done to achieve a short stock interest arbitrage involving the purchase, sale and exercise of in-the-money options of the same class. *See Options 7, Section 4.*

<sup>16</sup> Reversal and conversion strategies are transactions that employ calls and puts of the same strike price and the underlying stock. Reversals are established by combining a short stock position with a short put and a long call position that shares the same strike and expiration. Conversions employ long positions in the underlying stock that accompany long puts and short calls sharing the same strike and expiration. *See Options 7, Section 4.*

<sup>17</sup> A jelly roll strategy is defined as transactions created by entering into two separate positions simultaneously. One position involves buying a put and selling a call with the same strike price and expiration. The second position involves selling a put and buying a call, with the same strike price, but with a different expiration from the first position. *See Options 7, Section 4.*

<sup>18</sup> A box spread strategy is a strategy that synthesizes long and short stock positions to create a profit. Specifically, a long call and short put at one strike is combined with a short call and long put at a different strike to create synthetic long and synthetic short stock positions, respectively. *See Options 7, Section 4.*

<sup>19</sup> Of note, NDX, NDXP, and XND Options Transactions are excluded from strategy cap pricing.

<sup>20</sup> See Phlx's Pricing Schedule at Options 7, Section 4. A Floor Qualified Contingent Cross Order is comprised of an originating order to buy or sell at least 1,000 contracts that is identified as being part of a qualified contingent trade coupled with a contra-side order or orders totaling an equal number of contracts. The term "qualified contingent trade" shall have the same meaning set forth in Options 3, Section 12(a)(3). *See Options 8, Section 30(e).*

Maker,<sup>21</sup> Market Maker,<sup>22</sup> Professional,<sup>23</sup> Firm<sup>24</sup> and Broker-Dealer that executed on the same trading day in the same class of options when such members are trading: (1) in their own proprietary accounts; or (2) on an agency basis, they are subject to no cap.<sup>25</sup> For a merger, short stock interest and box spread strategy, a Lead Market Maker, Market Maker, Professional, Firm and Broker-Dealer that executed on the same trading day for all classes of options in the aggregate when such members are trading (1) in their own proprietary accounts; or (2) on an agency basis, they are subject to no cap.<sup>26</sup> Finally, for reversal and conversion and jelly roll strategies, a Lead Market Maker, Market Maker, Professional, Firm and Broker-Dealer

<sup>21</sup> 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).*

<sup>22</sup> 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 "RSQTO" 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 RSQTO 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).*

<sup>23</sup> The term "Professional" applies to transactions for the accounts of Professionals, as defined in Options 1, Section 1(b)(45) means any person or entity that (i) is not a broker or dealer in securities, and (ii) places more than 390 orders in listed options per day on average during a calendar month for its own beneficial account(s). *See Options 7, Section 1(c).*

<sup>24</sup> The term "Firm" applies to any transaction that is identified by a member or member organization for clearing in the Firm range at The Options Clearing Corporation. *See Options 7, Section 1(c).*

<sup>25</sup> If transacted on an agency basis, the daily cap will apply per beneficial account.

<sup>26</sup> See *id.* For example, if a Lead Market Maker executed reversal and conversion strategies only in AAPL options, and otherwise met the qualifications for a reversal and conversion cap, the proposed \$700 daily cap would apply. If the Lead Market Maker executed reversal and conversion strategies in AAPL and SPY options, and otherwise met the qualifications for a reversal and conversion cap, the proposed \$1,000 daily cap would apply.

that executed on the same trading day for all classes of options in the aggregate when such members are trading (1) in their own proprietary accounts; or (2) on an agency basis, they are subject to no cap.<sup>27</sup> The Exchange notes that Customers are not subject to the strategy cap because Customers are not assessed Options Transaction Charges within Options 7, Section 4.

At this time, the Exchange proposes to no longer apply a Strategy Cap to strategy executions and instead pay certain rebates. The Exchange proposes to re-title "Strategy Caps" within Options 7, Section 4 as "Strategy Fees and Rebates" and also amend the rule text beneath the title. The Exchange also proposes to amend the paragraph under the table and in Options 7, Section 6, B to change references to the "Strategy Cap" to "Strategy pricing." Further, the Exchange proposes to add the following, "The below fees/rebates are in lieu of the Options Transactions Charges in Options 7, Section 4 for Penny and Non-Penny Symbols."

The Exchange is proposing to amend the Strategy Cap table to re-title "Daily/Monthly Cap" to "Fee/Rebate Per Contract" and pay a \$0.01 rebate per contract on any strategy execution that meet the qualifications noted in the table. Therefore, for a dividend strategy, a Lead Market Maker, Market Maker, Professional, Firm and Broker-Dealer that executed on the same trading day in the same class of options when such members are trading: (1) in their own proprietary accounts; or (2) on an agency basis, will be paid a \$0.01 rebate per contract. For a merger, short stock interest and box spread strategy, a Lead Market Maker, Market Maker, Professional, Firm and Broker-Dealer that executed on the same trading day for all classes of options in the aggregate when such members are trading (1) in their own proprietary accounts; or (2) on an agency basis, they will be paid a \$0.01 rebate per contract. For a reversal and conversion and jelly roll strategies, a Lead Market Maker, Market Maker, Professional, Firm and Broker-Dealer that executed on the same trading day for all classes of options in the aggregate when such members are trading (1) in their own proprietary accounts; or (2) on an agency basis, they will be paid a \$0.01 rebate per contract. Finally, Customers would continue to pay no fees on strategy transactions with this proposal. The Exchange proposes the following be added to the end of the paragraph under the newly titled "Strategy Fees and Rebates" section, "Customers will not be assessed a fee

<sup>27</sup> See *id.*

nor receive a rebate for strategy transactions" to make clear that Customers would continue to not be assessed a fee." Finally, the Exchange proposes to remove the sentence that states, "If transacted on an agency basis, the daily cap will apply per beneficial account" from the table for the various strategies as the Exchange will no longer offer a cap.

The Exchange believes that its proposal will incentivize Lead Market Makers, Market Makers, Professionals, Firms and Broker-Dealers to transact a greater number of strategies on Phlx.

## 2. Statutory Basis

The Exchange believes that its proposal is consistent with Section 6(b) of the Act,<sup>28</sup> in general, and furthers the objectives of Sections 6(b)(4) and 6(b)(5) of the Act,<sup>29</sup> 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."<sup>30</sup>

Likewise, in *NetCoalition v. Securities and Exchange Commission*<sup>31</sup> ("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 approach.<sup>32</sup> 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."<sup>33</sup>

<sup>28</sup> 15 U.S.C. 78f(b).

<sup>29</sup> 15 U.S.C. 78f(b)(4) and (5).

<sup>30</sup> Securities Exchange Act Release No. 51808 (June 9, 2005), 70 FR 37496, 37499 (June 29, 2005) ("Regulation NMS Adopting Release").

<sup>31</sup> *NetCoalition v. SEC*, 615 F.3d 525 (D.C. Cir. 2010).

<sup>32</sup> See *NetCoalition*, at 534—535.

<sup>33</sup> *Id.* at 537.

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'. . . .'<sup>34</sup> 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.

## BD-Customer Facilitation Waiver

The Exchange's proposal to remove the BD-Customer Facilitation waiver and instead offer a Broker-Dealer Transaction Cap is reasonable. The Exchange seeks to incentivize Broker-Dealers to direct additional orders to the Exchange. The current waiver seeks to accomplish this by requiring Customer Facilitation average daily volume of 10,000 contracts per day in a given month to receive the waiver for facilitation orders, while the new cap applies to each order submitted by a Broker-Dealer to limit cost. The current waiver sought to incentivize crossing orders to be sent to the Exchange while the proposed new cap incentivizes Broker-Dealers to send larger sized orders to benefit from the incentive. The Exchange believes that its current proposal has the potential to bring additional orders to the Exchange with which other market participants may interact, particularly given the potential for the orders being sized larger.

The Exchange's proposal to remove the BD-Customer Facilitation waiver and instead offer a Broker-Dealer Transaction Cap is equitable and not unfairly discriminatory. Today, Customers are not assessed Options Transaction Charges. Lead Market Makers and Market Makers are offered a Monthly Market Maker Cap of \$500,000<sup>35</sup> to offset their Options

<sup>34</sup> *Id.* at 539 (quoting Securities Exchange Act Release No. 59039 (December 2, 2008), 73 FR 74770, 74782–83 (December 9, 2008) (SR-NYSEArca-2006-21)).

<sup>35</sup> Lead Market Makers and Market Makers are subject to a "Monthly Market Maker Cap" of \$500,000 for: (i) electronic Option Transaction Charges, excluding surcharges and excluding options overlying broad-based index options symbols listed within Options 7, Section 5.A; and (ii) QCC Transaction Fees (as defined in Exchange Options 3, Section 12 and Floor QCC Orders, as defined in Options 8, Section 30(e)). The trading activity of separate Lead Market Maker and Market Maker member organizations will be aggregated in calculating the Monthly Market Maker Cap if there

Transaction Charges. Finally, Firms are subject to a \$250,000 "Monthly Firm Fee Cap"<sup>36</sup> to offset their Options Transaction Charges. The Exchange believes that it is equitable and not unfairly discriminatory to likewise provide Broker-Dealers an incentive to offset their Options Transaction Charges for large orders.

## Floor Broker Incentive Program

The Exchange's proposal to amend its Floor Transaction (Open Outcry) Floor Broker Incentive Program to permit electronic QCC Orders, as defined in Options 3, Section 12, to be considered qualifying volume for purposes of the program and not pay rebates for transactions executed on electronic QCC Orders is reasonable because the addition of electronic QCC Orders as qualifying volumes may incentives additional electronic QCC Orders in an effort to earn higher rebates.

The Exchange's proposal to amend its Floor Transaction (Open Outcry) Floor Broker Incentive Program to permit electronic QCC Orders, as defined in Options 3, Section 12, to be considered qualifying volume for purposes of the program and not pay rebates for transactions executed on electronic QCC Orders is equitable and not unfairly discriminatory as all Phlx Floor Broker electronic QCC Order flow entered on

is Common Ownership between the member organizations. All dividend, merger, short stock interest, reversal and conversion, jelly roll and box spread strategy executions (as defined in this Options 7, Section 4) will be excluded from the Monthly Market Maker Cap. Lead Market Makers or Market Makers that (i) are on the contra-side of an electronically-delivered and executed Customer order, excluding responses to a PIXL auction; and (ii) have reached the Monthly Market Maker Cap will be assessed fees as follows: \$0.05 per contract Fee for Adding Liquidity in Penny Symbols, \$0.18 per contract Fee for Removing Liquidity in Penny Symbols, \$0.18 per contract in Non-Penny Symbols, and \$0.18 per contract in a non-Complex electronic auction, including the Quote Exhaust auction and, for purposes of this fee, the opening process. A Complex electronic auction includes, but is not limited to, the Complex Order Live Auction ("COLA"). Transactions which execute against an order for which the Exchange broadcast an order exposure alert in an electronic auction will be subject to this fee. See Options 7, Section 4.

<sup>36</sup> Firms are subject to a \$250,000 "Monthly Firm Fee Cap". Firm Floor Option Transaction Charges and QCC Transaction Fees in the aggregate for one billing month that exceed the Monthly Firm Fee Cap per member or member organization, when such members or member organizations are trading in their own proprietary account, will be subject to a reduced transaction fee of \$0.02 per capped contract unless there is no fee or the fee is waived. All dividend, merger, short stock interest, reversal and conversion, jelly roll, and box spread strategy executions (as defined in this Options 7, Section 4) are excluded from the Monthly Firm Fee Cap. Transactions in broad-based index options symbols listed within Options 7, Section 5.A. are excluded from the Monthly Firm Fee Cap. QCC Transaction Fees are included in the calculation of the Monthly Firm Fee Cap. See Options 7, Section 4.

Phlx will be counted as qualifying volume for the Floor Transaction (Open Outcry) Floor Broker Incentive Program and those electronic QCC Order will uniformly be paid rebates based on the schedule in Options 7, Section 4 for rebates.

The Exchange's proposal to increase Tier 2 of the rebate schedule with respect to qualifying contracts between 500,001–5,000,000, when Non-Customers are on both sides of the transaction, from \$0.12 to \$0.16 per contract rebate is reasonable because the higher rebate may attract additional order flow to Phlx's open outcry in an effort to earn the higher rebate. Other Phlx floor members may interact with the orders exposed in open outcry on the Exchange's trading floor.

The Exchange's proposal to increase Tier 2 of the rebate schedule with respect to qualifying contracts between 500,001–5,000,000, when Non-Customers are on both sides of the transaction, from \$0.12 to \$0.16 per contract rebate is equitable and not unfairly discriminatory because the Exchange will uniformly pay qualifying Floor Brokers the increased rebate to all qualifying members. Further, the Exchange believes its proposed increased floor transaction rebates for a Non-Customer on both sides is equitable and not unfairly discriminatory when compared to the rebate for a Customer on one side with the same number of qualifying contracts because Customers are not assessed a Floor Options Transaction Charge for Penny and Non-Penny Symbols. In contrast, the Exchange notes that Non-Customers, except Professionals, are assessed Floor Options Transaction Charges in Penny and Non-Penny Symbols. The Exchange proposes to pay higher rebates where there is a Non-Customer on both sides of a trade because a Floor Broker attracting Customer order flow can more easily attract Customer orders which are not assessed a floor transaction fee as compared to attracting a Non-Customer order which would pay a transaction fee to execute on Phlx's trading floor.

The Exchange believes that it is reasonable to pay rebates on qualifying volume for transactions executed on the trading floor, because it is necessary from a competitive standpoint to offer this rebate to the executing Floor Broker to attract order flow to the trading floor. The rebate is meant to assist Floor Brokers to recruit business on an agency basis. The Floor Broker may use all or part of the rebate to offset its fees. The Exchange expects that the rebate offered to executing Floor Brokers will allow them to price their services at a level that will enable them to attract order

flow from market participants who would otherwise enter these orders electronically from off the floor. To the extent that Floor Brokers are able to attract these qualifying volume, other floor participants may interact with this order flow in open outcry. The Exchange believes that it is equitable and not unfairly discriminatory to pay rebates on qualifying volume for transactions executed on the trading floor, because Floor Brokers would be uniformly paid the rebates based on qualifying volume and the parties to the transaction.

#### Strategy Caps for Floor Originated Strategy Executions

The Exchange's proposal to amend the Strategy Cap pricing to pay a \$0.01 per contract rebate on qualifying strategy executions is reasonable because the Exchange desires to attract qualifying strategy transactions to Phlx and this rebate will incentivize Lead Market Makers, Market Makers, Professionals, Firms and Broker-Dealers to transact a greater number of strategies on Phlx. Customers pay no Options Transaction Charges on strategy executions today and would continue to pay no fees.

The Exchange's proposal to pay a \$0.01 per contract rebate on qualifying strategy executions is equitable and not unfairly discriminatory because the Exchange would uniformly pay the rebate to all qualifying Non-Customers. Customers continue to not be assessed an Options Transaction Charge for strategy executions.

#### 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. The Exchange believes its proposal remains competitive with other options markets and will offer market participants with 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

#### BD-Customer Facilitation Waiver

The Exchange's proposal to remove the BD-Customer Facilitation waiver and instead offer a Broker-Dealer Transaction Cap does not impose an undue burden on competition. Today, Customers are not assessed Options Transaction Charges. Lead Market Makers and Market Makers are offered a Monthly Market Maker Cap of \$500,000<sup>37</sup> to offset their Options Transaction Charges. Finally, Firms are subject to a \$250,000 "Monthly Firm Fee Cap"<sup>38</sup> to offset their Options Transaction Charges. For the aforementioned reasons, the Exchange

<sup>37</sup> Lead Market Makers and Market Makers are subject to a "Monthly Market Maker Cap" of \$500,000 for: (i) electronic Option Transaction Charges, excluding surcharges and excluding options overlying broad-based index options symbols listed within Options 7, Section 5.A; and (ii) QCC Transaction Fees (as defined in Exchange Options 3, Section 12 and Floor QCC Orders, as defined in Options 8, Section 30(e)). The trading activity of separate Lead Market Maker and Market Maker member organizations will be aggregated in calculating the Monthly Market Maker Cap if there is Common Ownership between the member organizations. All dividend, merger, short stock interest, reversal and conversion, jelly roll and box spread strategy executions (as defined in this Options 7, Section 4) will be excluded from the Monthly Market Maker Cap. Lead Market Makers or Market Makers that (i) are on the contra-side of an electronically-delivered and executed Customer order, excluding responses to a PIXL auction; and (ii) have reached the Monthly Market Maker Cap will be assessed fees as follows: \$0.05 per contract Fee for Adding Liquidity in Penny Symbols, \$0.18 per contract Fee for Removing Liquidity in Penny Symbols, \$0.18 per contract in Non-Penny Symbols, and \$0.18 per contract in a non-Complex electronic auction, including the Quote Exhaust auction and, for purposes of this fee, the opening process. A Complex electronic auction includes, but is not limited to, the Complex Order Live Auction ("COLA"). Transactions which execute against an order for which the Exchange broadcast an order exposure alert in an electronic auction will be subject to this fee. See Options 7, Section 4.

<sup>38</sup> Firms are subject to a \$250,000 "Monthly Firm Fee Cap". Firm Floor Option Transaction Charges and QCC Transaction Fees in the aggregate for one billing month that exceed the Monthly Firm Fee Cap per member or member organization, when such members or member organizations are trading in their own proprietary account, will be subject to a reduced transaction fee of \$0.02 per capped contract unless there is no fee or the fee is waived. All dividend, merger, short stock interest, reversal and conversion, jelly roll, and box spread strategy executions (as defined in this Options 7, Section 4) are excluded from the Monthly Firm Fee Cap. Transactions in broad-based index options symbols listed within Options 7, Section 5.A. are excluded from the Monthly Firm Fee Cap. QCC Transaction Fees are included in the calculation of the Monthly Firm Fee Cap. See Options 7, Section 4.

believes that providing Broker-Dealers an incentive to offset their Options Transaction Charges does not impose an undue burden on competition.

#### Floor Broker Incentive Program

The Exchange's proposal to amend its Floor Transaction (Open Outcry) Floor Broker Incentive Program to permit electronic QCC Orders, as defined in Options 3, Section 12, to be considered qualifying volume for purposes of the program and not pay rebates for transactions executed on electronic QCC Orders does not impose an undue burden on competition as all Phlx Floor Broker electronic QCC Order flow entered on Phlx will be counted as qualifying volume for the Floor Transaction (Open Outcry) Floor Broker Incentive Program and those electronic QCC Order will uniformly be paid rebates based on the schedule in Options 7, Section 4 for rebates.

The Exchange's proposal to increase Tier 2 of the rebate schedule with respect to qualifying contracts between 500,001–5,000,000, when Non-Customers are on both sides of the transaction, from \$0.12 to \$0.16 per contract rebate does not impose an undue burden on competition because the Exchange will uniformly pay qualifying Floor Brokers the increased rebate to all qualifying members. Further, the Exchange believes its proposed increased floor transaction rebates for a Non-Customer on both sides does not impose an undue burden on competition when compared to the rebate for a Customer on one side with the same number of qualifying contracts, because Customers are not assessed a Floor Options Transaction Charge for Penny and Non-Penny Symbols. In contrast, the Exchange notes that Non-Customers, except Professionals, are assessed Floor Options Transaction Charges in Penny and Non-Penny Symbols. The Exchange proposes to pay higher rebates where there is a Non-Customer on both sides of a trade because a Floor Broker attracting Customer order flow can more easily attract Customer orders which are not assessed a floor transaction fee as compared to attracting a Non-Customer order which would pay a transaction fee to execute on Phlx's trading floor.

The Exchange believes that it does not impose an undue burden on competition to pay rebates on qualifying volume for transactions executed on the trading floor, because Floor Brokers would be uniformly paid the rebates based on qualifying volume and the parties to the transaction.

#### Strategy Caps for Floor Originated Strategy Executions

The Exchange's proposal to pay a \$0.01 per contract rebate on qualifying strategy executions is equitable and not unfairly discriminatory because the Exchange would uniformly pay the rebate to all qualifying Non-Customers. Customers continue to not be assessed an Options Transaction Charge for strategy executions.

#### 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.<sup>39</sup>

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](mailto:rule-comments@sec.gov). Please include file number SR-Phlx-2025-49 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-2025-49. 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

<sup>39</sup> 15 U.S.C. 78s(b)(3)(A)(ii).

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-2025-49 and should be submitted on or before October 20, 2025.

For the Commission, by the Division of Trading and Markets, pursuant to delegated authority.<sup>40</sup>

**Sherry R. Haywood,**  
Assistant Secretary.

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## SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-104039; File No. SR-DTC-2025-014]

### Self-Regulatory Organizations; The Depository Trust Company; Notice of Filing and Immediate Effectiveness of Proposed Rule Change To Decommission the Initial Public Offering Tracking System

September 24, 2025.

Pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 ("Act")<sup>1</sup> and Rule 19b-4 thereunder,<sup>2</sup> notice is hereby given that on September 19, 2025, The Depository Trust Company ("DTC") filed with the Securities and Exchange Commission ("Commission") the proposed rule change as described in Items I, II and III below, which Items have been prepared by the clearing agency. DTC filed the proposed rule change pursuant to Section 19(b)(3)(A) of the Act<sup>3</sup> and Rule 19b-4(f)(4) thereunder.<sup>4</sup> The Commission is publishing this notice to solicit comments on the proposed rule change from interested persons.

### I. Clearing Agency's Statement of the Terms of Substance of the Proposed Rule Change

The proposed rule change would (i) amend the DTC Settlement Guide,

<sup>40</sup> 17 CFR 200.30-3(a)(12).

<sup>1</sup> 15 U.S.C. 78s(b)(1).

<sup>2</sup> 17 CFR 240.19b-4.

<sup>3</sup> 15 U.S.C. 78s(b)(3)(A).

<sup>4</sup> 17 CFR 240.19b-4(f)(4).