



SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-103401; File No. SR-Phlx-2025-27]

Self-Regulatory Organizations; Nasdaq PHLX LLC; Notice of Filing and Immediate Effectiveness of Proposed Rule Change to Amend Port Fee Pricing in Options 7, Section 9, B

July 8, 2025.

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 2, 2025, Nasdaq PHLX LLC (“Phlx” or “Exchange”) 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 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 Phlx’s Pricing Schedule at Options 7, Section 9, B, Port Fees, to specify that the Exchange will not assess the Port Fees in Options 7, Section 9, B for any pre-production ports³ acquired in anticipation of a technology migration.⁴

The text of the proposed rule change is available on the Exchange’s Website at <https://listingcenter.nasdaq.com/rulebook/phlx/rulefilings>, at the principal office of the Exchange, and at the Commission’s Public Reference Room.

¹ 15 U.S.C. 78s(b)(1).

² 17 CFR 240.19b-4.

³ A pre-production port may be used for port connectivity testing purposes only and is not connected to the Exchange’s match engine that is currently in production for the execution of interest. A pre-production may not be used to enter an order or quote for execution or otherwise send a message through a pre-production port that would be acted upon by the Exchange. Testing means the dates designated by the Exchange for user acceptance testing and final confidence tests.

⁴ On June 25, 2025, the Exchange filed SR-Phlx-2025-23. At this time, the Exchange proposes to withdraw SR-Phlx-2025-23 and file this proposal.

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 9, B, Port Fees, to specify that the Exchange will not assess the Port Fees in Options 7, Section 9, B for any pre-production ports acquired in anticipation of a technology migration.

Phlx is planning a technology migration commencing in November 2025.⁵ As part of this technology migration, Phlx members and member organizations will need to acquire new ports to connect to the new technology platform to accommodate the symbol migration plan.⁶ Therefore, members and member organizations will need to utilize both existing ports and new ports during the technology migration rollout which will occur over a 5 week period on a symbol-by-symbol basis.⁷ At this time, in order to conduct testing ahead of the technology migration, Phlx proposes to not assess fees for any pre-production ports acquired in anticipation of a technology migration to enhance participation in testing.

Pre-production ports will become production ports only after Phlx begins the technology migration in November 2025 and, at that time, the ports may be used to submit quotes and orders

⁵ See <https://www.nasdaqtrader.com/MicroNews.aspx?id=OTU2025-6>.

⁶ Phlx plans to migrate to the new platform on a symbol-by-symbol basis over multiple weeks. See *id.*

⁷ For example, once the technology migration commences in November 2025, new ports will be utilized to enter order and quote for symbols that have migrated to the new platform and existing ports will be utilized to enter orders and quotes that have not yet migrated to the new platform. Once the 5 week rollout is complete, or a longer period as the Exchange may designate for the rollout, the Exchange would sunset the ports, on a defined date, that are connected to the current environment.

for execution. Prior to the ports being placed into production, Phlx will file a separate rule change to address how duplicate ports will be assessed fees during the time the ports will be in production.⁸ Additionally, in that filing, Phlx will discuss when duplicate port billing will end, how the Exchange will assess fees for duplicate ports after the technology migration is complete, and on what date the Exchange intends to sunset the legacy ports that would no longer be connected to a production environment.

2. Statutory Basis

The Exchange believes that its proposal is consistent with Section 6(b) of the Act,⁹ in general, and furthers the objectives of Sections 6(b)(4) and 6(b)(5) of the Act,¹⁰ 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 proposal to assess no fees for pre-production ports acquired in anticipation of a technology migration is reasonable because the Exchange is seeking to permit members and member organizations to acquire pre-production ports at no cost to encourage participation in testing. The Exchange's proposal is equitable and not unfairly discriminatory as no member or member organization will be assessed Port Fees for any pre-production ports acquired in anticipation of a technology migration.

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.

Intermarket Competition

The proposal does not impose an undue burden on intermarket competition. The

⁸ In the past the Exchange has permitted members and members to replicate the exact amount of ports that they held in the month prior for free until the migration is complete.

⁹ See 15 U.S.C. 78f(b).

¹⁰ See 15 U.S.C. 78f(b)(4) and (5).

Exchange believes its proposal remains competitive with other options markets who also offer order entry protocols. 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. 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.

Intramarket Competition

The Exchange's proposal does not impose an undue burden on intra-market competition as no member or member organization will be assessed Port Fees for any pre-production ports acquired in anticipation of a technology migration.

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.¹¹

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.

¹¹ 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-2025-27 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-2025-27. 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 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 a.m. and 3 p.m. Copies of the filing also 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-2025-27 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.¹²

Sherry R. Haywood,

Assistant Secretary.

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¹² 17 CFR 200.30-3(a)(12).