



SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-104872; File No. SR-Phlx-2026-07]

Self-Regulatory Organizations; Nasdaq PHLX LLC; Notice of Filing and Immediate Effectiveness of Proposed Rule Change to Amend Add Liquidity Orders

February 20, 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 February 12, 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 amend Add Liquidity Orders.

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.

¹ 15 U.S.C. 78s(b)(1).

² 17 CFR 240.19b-4.

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

1. Purpose

The Exchange’s proposal amends Options 3, Section 7, Types of Order and Quote Protocols. Specifically, the Exchange proposes to amend Add Liquidity Orders at Options 3, Section 7(n) which currently states,

An Add Liquidity Order is a limit order that is to be executed in whole or in part on the Exchange (i) only after being displayed on the Exchange's limit order book; and (ii) without routing any portion of the order to another market center. Member organizations may specify whether an Add Liquidity Order shall be cancelled or re-priced to the minimum price variation above the national best bid price (for sell orders) or below the national best offer price (for buy orders) if, at the time of entry, the order (i) is executable on the Exchange; or (ii) the order is not executable on the Exchange, but would lock or cross the national best bid or offer. If at the time of entry, an Add Liquidity Order would lock or cross one or more non-displayed orders or quotes on the Exchange, the Add Liquidity Order shall be cancelled or re-priced to the minimum price variation above the best non-displayed bid price (for sell orders) or below the best non-displayed offer price (for buy orders). Notwithstanding the aforementioned, if an Add Liquidity Order would not lock or cross an order or quote on the System but would lock or cross the NBBO, the order will be handled pursuant to Options 3, Section 5(d). An Add Liquidity Order will be ranked in the Exchange's limit order book in accordance with Options 3, Section 10. Add Liquidity Orders may only be submitted when an options series is open for trading.

The Exchange proposes to add the following sentence to the end of the order type description:

“Add Liquidity Orders may only have a time-in-force designation of Day.” The proposed text represents current System functionality.

Today, Add Liquidity Orders may only have a time-in-force designation of Day,³ so they would rest on the order book in the event that the order could not execute. An Add Liquidity Order may not remove liquidity from the order book. The Add Liquidity Order is designed to encourage displayed liquidity and offer member organizations greater flexibility to post liquidity on the Exchange, as a result, an Add Liquidity Order may not have a Time-in-Force of

³ A Time in Force designation of Day is described as an order to buy or sell entered with a TIF of “DAY,” which, if not executed, expires at the end of the day on which it was entered. All orders by their terms are Day orders unless otherwise specified. Day orders may be entered through FIX or OTTO. See Supplementary Material .02(a) to Options 3, Section 7.

Immediate-or-Cancel.⁴ Additionally, Options 3, Section 7(n) states that Add Liquidity Orders may only be submitted when an options series is open for trading.⁵ Add Liquidity Orders may not have a Time-in-Force of Good-Till-Date⁶ or Good-Till-Cancel⁷ because these designations persist into the next trading day and participate in the Opening Process if the orders do not execute. The Exchange's proposal adds clarity and transparency to the Exchange's rules and is a non-substantive amendment.

OTTO

The Exchange proposes to amend Supplementary Material .03(B) of Options 3, Section 7, related to "Ouch to Trade Options" or "OTTO," to note that the interface allows member organizations and their Sponsored Customers to connect, send, and receive messages related to orders, auction orders, and auction responses to *and from* the Exchange. The proposed rule text makes clear that member organizations and their Sponsored Customers may both send and receive messages to and from the Exchange. This amendment reflects current System functionality.

⁴ A Time in Force designation of Immediate-or-Cancel is described as an order entered with a TIF of "IOC" that is to be executed in whole or in part upon receipt. Any portion not so executed is to be treated as cancelled. See Supplementary Material .02(d) to Options 3, Section 7.

⁵ A Time-In-Force of "OPG" is not permissible. An Opening Only ("OPG") order is entered with a TIF of "OPG." This order can only be executed in the Opening Process pursuant to Options 3, Section 8. Any portion of the order that is not executed during the Opening Process is cancelled. OPG orders may not route. This order type is not subject to any protections listed in Options 3, Section 15, except Size Limitation and Market Wide Risk Protection. See Supplementary Material .02(e) to Options 3, Section 7.

⁶ An order to buy or sell entered with a TIF of "GTD," which, if not executed, will be cancelled at the sooner of the end of the expiration date assigned to the order, or the expiration of the series; provided, however, that GTD orders will be canceled in the event of a corporate action that results in an adjustment to the terms of an option contract. GTD orders may be entered through FIX. See Supplementary Material .02(c) to Options 3, Section 7.

⁷ An order to buy or sell entered with a TIF of "GTC" remains in force until the order is filled, canceled or the option contract expires; provided, however, that GTC orders will be canceled in the event of a corporate action that results in an adjustment to the terms of an option contract. GTC orders may be entered through FIX. See Supplementary Material .02(b) to Options 3, Section 7.

2. Statutory Basis

The Exchange believes that the proposed rule change is consistent with Section 6(b) of the Act,⁸ in general, and furthers the objectives of Section 6(b)(5) of the Act,⁹ in particular, in that it is designed to promote just and equitable principles of trade, to remove impediments to and perfect the mechanism of a free and open market and a national market system, and, in general to protect investors and the public interest.

The Exchange's proposal, which specifies that Add Liquidity Orders may only be entered as Day Orders, is consistent with the Act because the Exchange's proposal brings clarity, transparency, and readability to its rules without making any substantive changes.

OTTO

The Exchange's proposal to amend Supplementary Material .03(B) of Options 3, Section 7, related to OTTO, is consistent with the Act because the proposed rule text clarifies the rule text by making clear that member organizations and their Sponsored Customers may both send and receive messages to and from the Exchange. This amendment reflects current System functionality.

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 that is not necessary or appropriate in furtherance of the purposes of the Act.

Add Liquidity Order

The Exchange's proposal to restrict the Add Liquidity Order to a Time-in-Force of Day does not impose an intra-market burden on competition because no member organization will be able to enter an Add Liquidity Order with a Time-in-Force other than Day.

The Exchange's proposal to restrict the Add Liquidity Order to a Time-in-Force of Day does not impose an inter-market burden on competition because the proposal is non-substantive.

⁸ 15 U.S.C. 78f(b).

⁹ 15 U.S.C. 78f(b)(5).

OTTO

The Exchange's proposal to amend Supplementary Material .03(B) of Options 3, Section 7, related to OTTO, does not impose an undue burden on intra-market competition because all member organizations and their Sponsored Customers may utilize OTTO.

The Exchange's proposal to amend Supplementary Material .03(B) of Options 3, Section 7, related to OTTO, does not impose an undue burden on inter-market competition because the proposal harmonizes Phlx's rule text with Nasdaq GEMX, LLC ("GEMX") Supplementary Material .03(B) of Options 3, Section 7.

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 Exchange has filed the proposed rule change pursuant to Section 19(b)(3)(A) of the Act¹⁰ and Rule 19b-4(f)(6)¹¹ thereunder. Because the foregoing proposed rule change does not: (i) significantly affect the protection of investors or the public interest; (ii) impose any significant burden on competition; and (iii) become operative for 30 days from the date on which it was filed, or such shorter time as the Commission may designate, it has become effective pursuant to Section 19(b)(3)(A) of the Act¹² and Rule 19b-4(f)(6)¹³ 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

¹⁰ 15 U.S.C. 78(b)(3)(A).

¹¹ 17 CFR 240.19b-4(f)(6).

¹² 15 U.S.C. 78s(b)(3)(A).

¹³ 17 CFR 240.19b-4(f)(6). In addition, Rule 19b-4(f)(6)(iii) requires the Exchange to give the Commission written notice of the Exchange's intent to file the proposed rule change, along with a brief description and text of the proposed rule change, at least five business days prior to the date of filing of the proposed rule change, or such shorter time as designated by the Commission. The Exchange has satisfied this requirement.

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-2026-07 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-2026-07. 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-2026-07 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.¹⁴

Sherry R. Haywood,

Assistant Secretary.

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¹⁴ 17 CFR 200.30-3(a)(12).