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VIA FEDERAL EXPRESS

June 21, 2018

Eduardo A. Aleman
Assistant Secretary
Securities and Exchange Commission
100 F Street, N.E.
Washington, DC 20549-1090

Re: Request for Extension of Exemptive Order Pursuant to Rule 612(c) of Regulation NMS – BX Retail Price Improvement (RPI) Program

Dear Mr. Fields:

Pursuant to Rule 612(c) of Regulation NMS ("Reg NMS") under the Securities Exchange Act of 1934 (the "Exchange Act"), Nasdaq BX, Inc. ("BX" or "Exchange") requests that the Securities and Exchange Commission (the "Commission") approve an extension of the exemption applicable to the Exchange and Retail Price Improvement Orders ("RPI Orders") entered under the Exchange's Retail Price Improvement ("RPI") Program (the "Program")[1] from the provisions of Rule 612 (the "Sub-Penny Rule" or the "Rule") that prohibit a national securities exchange from accepting or ranking certain orders based on an increment smaller than the minimum pricing increment.

The exemption was initially granted by the Commission on November 28, 2014 for the RPI Program.[2] The exemption operates coterminous with the pilot period of the Program. The pilot period is set to expire on June 30, 2018,[3] and the exemption would expire on the same date. For

1 The Program is contained in BX Rule 4780 (the "Rule"), which is a pilot program operated by the Exchange. The Exchange has filed to extend the Program concurrently with this exemptive application.

2 The Sub-Penny Exemption was originally granted by the Commission concurrently with the approval of the Program. See Securities Exchange Act Release No. 73702 (November 28, 2014), 79 FR 72049 (December 4, 2014) (SR-BX-2014-048) ("RPI Approval Order").

3 The pilot was initially extended for one year in November 2015 and extended again for one year in December 2016 followed by a six-month extension in December 2017, so it is now scheduled to end on June 30, 2018. See Securities Exchange Act Release No. 76490

the reasons set forth below, the Exchange requests an extension of the exemption until December 31, 2018.

The Program was established on a pilot basis to attract certain retail order flow ("Retail Orders") to the Exchange. The Program allows such Retail Orders to receive potential price improvement. The Program is currently limited to trades occurring at prices equal to or greater than $1.00 per share. Under the Program, Exchange participants are able to provide potential price improvement to Retail Orders in the form non-displayed interest ("RPI interest") that is better than the national best bid that is a Protected Quotation ("Protected NBB") or the national best offer that is a Protected Quotation ("Protected NBO", and together with the Protected NBB, the "Protected NBB0").[4] When there is RPI interest in a particular security, the Exchange disseminates an indicator, known as the Retail Liquidity Identifier, indicating such interest exists. Retail Member Organizations ("RMOs") can submit a Retail Order to the Exchange, which would interact, to the extent possible, with available contra-side RPI interest.

As stated in the Exchange's previous letters requesting relief,[5] the Exchange believes that the quality of our markets and accuracy of price discovery depend on the interaction among a diverse set of market participants, including short-term, long-term, retail, and institutional investors. As was the case when the Commission granted the Sub-Penny Exemption, the vast majority of marketable retail order flow today is executed pursuant to bilateral agreements that are not exposed to the enhanced price competition and transparency occurring on exchanges. The Program continues to offer the potential to enhance the level of order interaction and price

(November 20, 2015), 80 FR 74165 (November 27, 2015) (SR-BX-2015-073); Securities Exchange Act Release No. 79448 (December 1, 2016), 81 FR 88290 (December 7, 2016) (SR-BX-2016-065); Securities Exchange Act Release No. 82192 (December 1, 2017), 82 FR 57809 (December 7, 2017) (SR-BX-2017-055).

4 The term Protected Quotation is defined in Chapter XII, Sec. 1(19) and has the same meaning as is set forth in Regulation NMS Rule 600(b)(58). The Protected NBBO is the best-priced protected bid and offer. Generally, the Protected NBBO and the national best bid and offer ("NBBO") will be the same. However, a market center is not required to route to the NBBO if that market center is subject to an exception under Regulation NMS Rule 611(b)(1) or if such NBBO is otherwise not available for an automatic execution. In such case, the Protected NBBO would be the best-priced protected bid or offer to which a market center must route interest pursuant to Regulation NMS Rule 611.

5 See Letters from Jeffrey S. Davis, Vice President and Deputy General Counsel and Secretary, NASDAQ OMX BX, Inc. to Brent J. Fields, Secretary, Securities and Exchange Commission dated October 10, 2014, November 12, 2015, and November 22, 2016, as well as to Eduardo A. Aleman, Assistant Secretary, Securities and Exchange Commission dated November 28, 2017.

competition experienced by retail order flow through market center competition. By extending the Sub-Penny Exemption, the Commission would allow exchanges to compete for retail orders in the same manner that OTC market makers have long done--by offering sub-penny prices. At the same time, the reasonable design and limited nature of the Program avoid any risk of quote flickering because sub-penny prices are not disseminated. In addition, the Program does not undermine the incentive of market participants to display orders because the marketable Retail Orders that are routed to the Program would not otherwise be exposed to price competition, but, rather, executed pursuant to bilateral internalization arrangements.

Because of the Exchange's gradual implementation of the Program and given its preliminary participation and results, extending the exemptions for the Program would provide additional opportunities for greater participation in the Program and assessment of the results of such participation. As such, the Exchange believes that extending the exemptions is appropriate because it will allow the Exchange and the Commission additional time to analyze data regarding the Program that the Exchange has committed to provide. Accordingly, the Exchange requests that the previously provided exemptions be extended to December 31, 2018, because the Program serves the public interest and otherwise protects investors.

Thank you in advance for your consideration of this request.

Sincerely,

Jeffrey S. Davis