[redacted]

<u>VIA ELECTRONIC SUBMISSION</u>

Vanessa Countryman, Secretary
U.S. Securities and Exchange Commission
100 F. Street, N.E.
Washington, DC 20549-1090

Re: <u>File No. SR-BX-2020-032: Nasdaq BX, Inc. (“BX”); Notice of Filing of Proposed Rule Change to Amend Options 4, Section 5, to Limit Short Term Options Series Intervals between Strikes Which are Available for Quoting and Trading on BX (File No. SR-BX-2020-032)</u>

Dear Ms. Countryman:

The Options Clearing Corporation (“OCC”)[1] hereby respectfully submits this comment in support of the Notice of Filing of Proposed Rule Change to Amend Options 4, Section 5, to Limit Short Term Options Series Intervals between Strikes Which are Available for Quoting and Trading on BX, which was submitted to the Commission on October 23, 2020 (“BX Proposal”). Additionally, OCC has reviewed the letter submitted by the Securities Industry and Financial Markets Association (“SIFMA”) on December 4, 2020. OCC acknowledges and agrees with the points made by SIFMA.

Today, BX’s listing rules permit BX, after a particular class of options (call option contracts or put option contracts relating to a specific underlying stock, Exchange-Traded Fund Share, or ETN) has been approved for listing and trading on BX, to open for trading series of options therein. BX may list series of options for trading on a weekly, monthly, or quarterly basis. The BX Proposal seeks to limit the intervals between strikes for multiply listed equity options classes, excluding Exchange-Traded Fund Shares and ETNs, within the Short Term Options Series program that have an expiration date more than twenty-one days from the listing date. OCC strongly supports the BX Proposal.

OCC estimates that there are over one million strikes available at all exchanges, but up to 40% or more never trade. This is a highly inefficient use of resources by the industry – market makers are required to quote these strikes and technical challenges result for market participants responsible for consuming and processing the quotes on a real-time basis. OCC believes the decrease in strike listing density would promote industry efficiency and reduce investor confusion, as the current method of listing numerous related strikes that never trade creates

[1] OCC is registered as a clearing agency with the Securities and Exchange Commission (“Commission”) and as a derivatives clearing organization with the Commodity Futures Trading Commission. The Financial Stability Oversight Council has designated OCC as a systemically important financial market utility.

[redacted] this reduction in strikes would likely come without any corresponding loss in volume or investor choice, as BX is only proposing to modify strike listing density.

In addition to reducing potential investor confusion created by strikes that never trade, the reduction in the number of strikes would reduce associated processing burdens. OCC's processing burden would be reduced during its daily management of the very large and comprehensive file containing all strikes eligible for trading across all of its participant exchanges. Furthermore, the reduction in size of the comprehensive strikes file would also lower the processing burden for all consumers of the file.

We appreciate the opportunity to comment on the BX Proposal. If you have any questions, please do not hesitate to contact me at [redacted].

Sincerely,

Joseph P. Kamnik
Chief Regulatory Counsel