

December 7, 2020

Ms. Vanessa Countryman
Secretary
Securities and Exchange Commission
100 F Street, N.E.
Washington, DC 20549

Re: Nasdaq BX, Inc.; Notice of Filing of Proposed Rule Change to Limit Short Term Options Series Intervals between Strikes Which are Available for Quoting and Trading on BX (File No. SR-BX-2020-032)

Dear Ms. Countryman:

Dash Financial Technologies (“Dash”) appreciates the opportunity to comment upon the above-referenced filing made by Nasdaq BX, Inc. (“BX Proposal”). Nasdaq BX (“BX”) is proposing amendments to Options 4, Section 5, limiting short term options series intervals where the expiration dates are over 21 days from the listing date.

By way of background, Dash is an industry-leading capital markets technology provider and a leading agency broker in the U.S., routing over 15% of the daily OCC options volume. Dash’s highly customizable and completely transparent trading solutions are used by the institutional trading community to optimize execution costs and achieve their trading performance goals for both equities and options.

As BX notes, the exchange is permitted to select up to fifty (50) option classes, and for each expiration date in that class, BX may open up to thirty (30) short term option series (also known as “weekly” options) for a short term expiration date, as well as additional series on option classes that are selected by other exchanges that employ a similar program. If BX opens less than 30 series for a short term expiration date, additional series may be opened for trading when the exchange deems it necessary to do so in order to maintain an orderly market, to meet customer demand or when the market price of the underlying security moves substantially from the exercise price or from the prices of the series already opened.

In time, the weekly program has resulted in a growth at a 8.9% compound annual growth rate (“CAGR”) between 2015 and 2020 when compared to standard expirations, which have grown at a more reasonable 4.3% CAGR. As BX notes, weeklies are now available on 16% of underlying products.

With over 1 million strikes in over 3,500 optionable names, and with options trading across 16 exchanges, it is not difficult to see why this growth has caused strain on market makers. If this proliferation is left unaddressed, the resulting inefficiencies will continue to erode market quality, widening spreads and reducing displayed liquidity.

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Dash strongly believes that the exchanges participating in the Options Listing Procedures Plan (“OLPP”) must work in a concerted manner to alleviate this issue. The exchanges’ inability to do so needs to be addressed as a matter of priority.

It is in this context that the BX Proposal must be commended. BX has put forth a thoughtful and data driven initial proposal to reducing the number of listed weekly options. Notably, the proposal would introduce strike interval limitations in series of options where the expiration date is more than twenty-one days from the listing date. By taking into account share price as well as the average daily volume, the BX Proposal is mindful of the needs of market participants.

BX also notes that it will monitor progress and that it intends for this proposal to be the first in a series of proposals to limit the number of listed options series on BX as well as other Nasdaq affiliated markets. We believe that the BX Proposal constitutes a positive step towards enhancing market quality in listed options, especially in listings with low investor interest. We support this approach and urge the remaining exchanges to follow suit.

We ask the Commission to consider the BX proposal favorably, while also urging the Commission to find ways to catalyze greater cooperation among the exchanges to reduce the number of strikes.

Sincerely,

A handwritten signature in black ink, appearing to read "Venu Palaparathi".

Venu Palaparathi
Managing Director, Dash Financial Technologies LLC