SECURITIES AND EXCHANGE COMMISSION
(Release No. 34-65293; File No. SR-BX-2011-063)

September 8, 2011

Self-Regulatory Organizations; NASDAQ OMX BX, Inc.; Notice of Filing and Immediate Effectiveness of Proposed Rule Change to Amend the BOX Fee Schedule

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 August 31, 2011, NASDAQ OMX BX, Inc. (the "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 self-regulatory organization. The Exchange filed the proposed rule change pursuant to Section 19(b)(3)(A)(ii) of the Act,[3] and Rule 19b-4(f)(2) thereunder,[4] which renders the proposal effective upon filing with the Commission. The Commission is publishing this notice to solicit comments on the proposed rule from interested persons.

I. Self-Regulatory Organization's Statement of the Terms of Substance of the Proposed Rule Change

NASDAQ OMX BX, Inc. (the "Exchange") proposes to amend the Fee Schedule of the Boston Options Exchange Group, LLC ("BOX"). While changes to the BOX Fee Schedule pursuant to this proposal will be effective upon filing, the changes will become operative on September 1, 2011. The text of the proposed changes is attached as Exhibit 5. The text of the proposed rule change is available from the principal office of the

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[1] 15 U.S.C. 78s(b)(1).

[2] 17 CFR 240.19b-4.

[3] 15 U.S.C. 78s(b)(3)(A)(ii).

[4] 17 CFR 240.19b-4(f)(2).

Exchange, at the Commission's Public Reference Room, and also on the Exchange's Internet website at http://nasdaqomxbx.cchwallstreet.com/NASDAQOMXBX/Filings/.

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 self-regulatory organization 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 self-regulatory organization 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

Section 1 Trading Fees for Public Customer Accounts

Currently, the trading fee for Public Customers is $0.10 per executed contract for all non-PIP[5] transactions. The Exchange proposes to reduce this fee to $0.07.

Section 2 Trading Fees for Broker-Dealer Proprietary Accounts

Currently, the trading fee for broker-dealer proprietary accounts is $0.25 per contract traded for all classes and all transactions. The Exchange proposes to increase this fee to $0.40 per contract traded for all non-PIP transactions.

Fees and Credits in Section 7a

Currently, Section 7a of the BOX Fee Schedule specifies a $0.55 credit for removing liquidity and $0.55 fee for adding liquidity for transactions in options classes

[5] See Price Improvement Period ("PIP") in Chapter V, Section 18 of the BOX Trading Rules.

not in the Penny Pilot program ("Non-Penny classes") on the BOX Book, and a $0.15 credit for removing liquidity and $0.15 fee for adding liquidity for transactions in Penny Pilot classes. These credits and fees apply equally to all account types, whether Public Customer, Broker Dealer, or Market Maker, and are in addition to any applicable trading fees, as described in Sections 1 through 3 of the BOX Fee Schedule.

The Exchange proposes to increase the existing credits and fees within Section 7a for transactions in Non-Penny classes on the BOX Book from $0.55 to $0.65, and in Penny Pilot classes, from $0.15 to $0.22.

<u>Correction to QQQ Symbol in Section 7d</u>

The Exchange also proposes a technical correction to the symbol for the QQQQs referenced in various provisions of Section 7d of the BOX Fee Schedule. The correct symbol is QQQ and was previously incorrectly referenced as QQQQ.

The proposed decrease in transaction fees for Public Customers, increase in fees for broker-dealer proprietary accounts, and increase in the credit for removing liquidity and fee for adding liquidity on BOX are generally intended to attract additional order flow and increase liquidity for the benefit of all BOX market participants. Additionally, BOX notes that it is one of nine options markets in the national market system for standardized options. Sending orders to and trading on BOX is entirely voluntary. Under these circumstances, BOX transaction fees must be competitive to attract order flow, execute orders, and grow its market. As such, BOX believes its fees are fair and reasonable.

2. <u>Statutory Basis</u>

The Exchange believes that the proposal is consistent with the requirements of Section 6(b) of the Act,[6] in general, and Section 6(b)(4) of the Act,[7] in particular, in that it provides for the equitable allocation of reasonable dues, fees, and other charges among its members and other persons using its facilities. The Exchange believes the changes proposed are an equitable allocation of reasonable fees and charges among BOX Options Participants. The Exchange also believes that there is an equitable allocation of reasonable credits among BOX Options Participants.

The Exchange believes that it is equitable to provide a credit to any Participant that removes liquidity from the BOX Book. The Exchange further believes an increase in this credit may attract additional order flow to BOX, resulting in greater liquidity to the benefit of all market participants. The Exchange believes that the proposed fee for adding liquidity and credit for removing liquidity in non-PIP transactions are equitable and non-discriminatory because such fees and credits apply uniformly to all categories of participants, across all account types and options classes. Further, the Exchange believes the proposed fees and credits related to non-PIP transactions to be reasonable. BOX operates within a highly competitive market in which market participants can readily direct order flow to any of eight other competing venues if they deem fees at a particular venue to be excessive. The changes proposed by this filing are intended to attract order flow to BOX by offering incentives to all market participants to submit their orders to BOX.

The Exchange notes that this proposed rule change will increase both the fees and credit for non-PIP transactions. The result is that BOX will collect an increased fee from

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6 15 U.S.C. 78f(b).

7 15 U.S.C. 78f(b)(4).

Participants that add liquidity on BOX and credit another Participant an equal amount for removing liquidity. Stated otherwise, the collection of the increased fees will not result in additional revenue to BOX, but will simply allow BOX to provide the credit incentive to Participants to attract additional order flow. The Exchange believes it is appropriate to provide incentives to market participants to direct order flow to remove liquidity from BOX, similar to various and widely-used payment for order flow programs used by other options exchanges. While BOX provides incentives to market participants to remove liquidity from BOX, the cumulative effect of the changes proposed will be an increase in fees for those participants that add liquidity in non-PIP transactions. The Exchange believes that incentives provided to those that remove liquidity will attract additional order flow to BOX. Further, the Exchange believes that a cumulative increase in transaction fees will not deter participants from adding liquidity on BOX, and that they will be more likely to add more liquidity to the BOX market so that they may interact with those participants seeking to remove liquidity.

The Exchange believes the transaction fees proposed for non-PIP transactions in broker-dealer proprietary accounts are reasonable. As stated above, BOX operates within a highly competitive business. The proposed increase in fees charged to broker-dealer proprietary accounts is designed to be comparable to the costs that such accounts would be charged at competing venues. Further, and as stated above, the Exchange believes that participants that add liquidity on BOX will not be impaired by the cumulative increase to fees on broker-dealer proprietary accounts proposed.

Moreover, the Exchange believes it is equitable and not unfairly discriminatory to charge broker-dealer proprietary accounts comparably higher fees than BOX Market

Makers. Market Makers have obligations that other Participants do not. In particular, they must maintain active two-sided markets in the classes in which they are appointed, and must meet certain minimum quoting requirements. As such, the Exchange believes it is appropriate that Market Makers be charged lower transaction fees on BOX. The Exchange also believes it is equitable and not unfairly discriminatory that Public Customer be charged lower transaction fees than broker-dealers on BOX. The securities markets generally, and BOX in particular, have historically aimed to improve markets for investors and develop various features within the market structure for customer benefit. As such, the Exchange believes the proposed reduction in Public Customer transaction fees is appropriate and not unfairly discriminatory.

The Exchange believes the proposed reduction in Public Customer transaction fees is reasonable. The Exchange believes it promotes the best interests of investors to have lower transaction costs for Public Customers, and that the proposed reduction in fees will attract additional Public Customer order flow to BOX. Additionally and as previously stated, the Exchange believes the proposed increase in the credit for removing liquidity will attract additional order flow to BOX, providing greater liquidity to the benefit of all market participants.

The proposed changes will allow the fees charged on BOX to remain competitive with other exchanges as well as apply such fees in a manner which is equitable among all BOX Participants. The Exchange believes the proposed transaction fees and credits are fair and reasonable and must be competitive with fees and credits in place on other exchanges. Further, the Exchange believes that this competitive marketplace impacts the fees and credits present on BOX today and influences the proposal set forth above.

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.

C. Self-Regulatory Organization's Statement on Comments on the Proposed Rule Change Received from Members, Participants, or Others

The Exchange has neither solicited nor received comments on the proposed rule change.

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 Exchange Act[8] and Rule 19b-4(f)(2) thereunder,[9] because it establishes or changes a due, fee, or other charge applicable only to a member.

At any time within 60 days of the filing of the proposed rule change, the Commission summarily may temporarily suspend the rule change if it appears to the Commission that the action is necessary or appropriate in the public interest, for the protection of investors, or would otherwise further the purposes of the Act.

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:

[8] 15 U.S.C. 78s(b)(3)(A)(ii).

[9] 17 CFR 240.19b-4(f)(2).

- Use the Commission's Internet comment form (http://www.sec.gov/rules/sro.shtml); or
- Send an e-mail to rule-comments@sec.gov. Please include File Number SR-BX-2011-063 on the subject line.

Paper Comments:

- Send paper comments in triplicate to Elizabeth M. Murphy, Secretary, Securities and Exchange Commission, 100 F Street, NE, Washington, DC 20549-1090.

All submissions should refer to File Number SR-BX-2011-063. This file number should be included on the subject line if e-mail 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 (http://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, NW, Washington, D.C. 20549, on official business days between the hours of 10:00 a.m. and 3:00 p.m. The text of the proposed rule change is available on the Commission's website at http://www.sec.gov. Copies of such filing also will be available for inspection and copying at the principal office of the Exchange. All comments received will be posted without change; the Commission does not edit personal identifying information from submissions. You should submit only information that you wish to make available publicly. All submissions should refer to File Number SR-BX-2011-063 and should be submitted on or before [insert date 21 days from publication in the Federal Register].

For the Commission, by the Division of Trading and Markets, pursuant to delegated authority.[10]

Elizabeth M. Murphy
Secretary

10 17 CFR 200.30-3(a)(12).