SECURITIES AND EXCHANGE COMMISSION
(Release No. 34-70746; File No. SR-BX-2013-055)

October 23, 2013

Self-Regulatory Organizations; NASDAQ OMX BX, Inc.; Notice of Filing and Immediate Effectiveness of Proposed Rule Change to Implement Transition to Friday Expiration for Most Options Contracts

Pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 (the "Act")[1] and Rule 19b-4 thereunder,[2] notice is hereby given that on October 11, 2013, NASDAQ OMX BX LLC ("BX" or "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 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 certain procedural rules to implement the change in the expiration date for most option contracts to the third Friday of the expiration month instead of the Saturday following the third Friday. The text of the proposed rule change is available at http://nasdaqomxbx.cchwallstreet.com/, at the Exchange's principal office, and at the Commission's Public Reference Room.

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

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

[2] 17 CFR 240.19b-4.

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.

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

1. Purpose

On August 21, 2013, the Exchange filed to change the expiration date for most option contracts to the third Friday of the expiration month instead of the Saturday following the third Friday.[3] This proposed rule change is intended to clarify certain rule changes that were made in the Expiration Date Filing and to amend additional procedural and other rules intended to implement the change in expiration date for most option contracts to the third Friday of the expiration month instead of the Saturday following the third Friday.

The Exchange has adopted rules to change the expiration date for most option contracts to the third Friday of the expiration month instead of the Saturday following the third Friday.[4] The changes to the expiration date apply to all standard expiration contracts including those in which the rules are silent on the expiration date. Option contracts having non-standard expiration dates ("non-standard expiration contracts") were unaffected by the proposed rule changes, except that FLEX options having expiration dates later than February 1, 2015 cannot expire on a Saturday unless they are specified by The Options Clearing Corporation ("OCC") as grandfathered.[5]

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3 See Securities Exchange Act Release No. 70258 (August 26, 2013), 78 FR 53797 (August 30, 2013)(SR-BX-2013-50)("Expiration Date Filing"). The changes proposed in the Expiration Date Filing were effective on filing and became operative on September 20, 2013.

4 See Chapter XIV, Index Rules, Section 2(p)(definition of "expiration date").

5 Examples of options with non-standard expiration contracts include: Quarterly Equity and Exchange-Traded Fund Shares ("ETFs") Option Series (Chapter IV, Section 6, Commentary .04), Quarterly Options Series for indexes (Chapter XIV, Section 11(g)),

The Exchange is making the proposed rule changes to further harmonize its rules in connection with a recently approved rule filing made by OCC which made substantially similar changes.[6] The Exchange believes that the industry must remain consistent in expiration dates, and, thus, is proposing to update its rules to remain consistent with those of OCC. In addition, the Exchange understands that other exchanges have and will be filing similar rules to effect this industry-wide initiative.[7]

In order to provide a smooth transition to the Friday expiration, OCC has begun to move the expiration exercise procedures to Friday for all standard expiration contracts even though the contracts would continue to expire on Saturday.[8] After February 1, 2015, virtually all standard expiration contracts will actually expire on Friday. The only standard expiration contracts that will expire on a Saturday after February 1, 2015 are certain options that were listed prior to the effectiveness of the OCC rule change, and a limited number of options that may be listed prior to necessary systems changes of the options exchanges. BX, along with the other option exchanges, has agreed not to list any additional options with Saturday expiration dates falling after February 1, 2015. BX understands that the other exchanges are committed to the same listing schedule.[9]

Short Term Option Series (Chapter IV, Section 6, Commentary .07) and Short Term Option Series for indexes (Chapter XIV, Section 11(h)).

6 See Securities Exchange Act Release No. 34-69772 (June 17, 2013), 78 FR 37645(June 21, 2013)(order approving SR-OCC-2013-004).

7 See Securities Exchange Act Release Nos. 70091 (August 1, 2013), 78 FR 48212 (August 7, 2013)(SR-CBOE-2013-073); 69996 (July 17, 2013), 78 FR 44183 (July 23, 2013)(SR-MIAX-2013-32); 70373 (September 11, 2013), 78 FR 57198 (September 17, 2013)(SR-NYSEMKT-2013-73); 70372 (September 11, 2013), 78 FR 57186 (September 17, 2013)(SR-NYSEARCA-2013-88); and 70488 (September 24, 2013), 78 FR 59998 (September 30, 2013)(SR-BOX-2013-45).

8 See note 6 supra.

9 See note 7 supra.

Certain option contracts have already been listed with Saturday expiration dates as distant as January 2016 (which is the furthest out expiration as of the date of this filing). For these contracts, transitioning to a Friday expiration for newly listed option contracts expiring after February 1, 2015 would create a situation under which certain options with open interest would expire on a Saturday while other options with open interest would expire on a Friday in the same expiration month.

Clearing members have expressed a clear preference to not have a mix of options with open interest that expire on different days in a single month.[10] Accordingly, OCC represented in its recently approved filing that it will not issue and clear any new option contracts with a Friday expiration if existing option contracts of the same options class expire on the Saturday following the third Friday of the same month. However, Friday expiration processing will be in effect for these Saturday expiration contracts. As with standard expiration options during the transition period, exercise requests received after Friday expiration processing is complete but before the Saturday contract expiration time will continue to be processed without fines or penalties.

Since the rule changes implementing the change in expiration date apply only to new series of standard expiration contracts opened for trading consistent with the OCC rules and having expiration dates later than February 1, 2015, the Exchange is proposing to amend certain rules relating to the procedures of the Exchange. The proposed changes take into account that, during a transition period, there will be options with open interest having both Friday and Saturday expiration dates.

More specifically, the Exchange is proposing to amend Chapter 1, General Provisions, Section 1(a)(25) to provide that European-style options can be exercised only on the expiration

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[10] Id.

date if such day is a business day or, in the case of option contracts expiring on a day that is not a business day, the last business day prior to expiration.

In addition, the Exchange seeks to amend Chapter III, Business Conduct, Section 12(a)(ii) with respect to certain timing for restrictions on the exercise of option contracts. Specifically, the Exchange proposes to specify that the 10 business day period referenced in Section 12(a)(ii) includes the expiration date for an option contract that expires on a business day. With respect to index options, restrictions on exercise may be in effect until the opening of business on the business day of their expiration or, in the case of an option contract expiring on a day that is not a business day, on the last business day before the expiration date. In addition, Section 12(a)(iii)(2) would be amended to specify that exercises of expiring American-style, cash-settled index options would not be prohibited on an expiration date that is a business day (i.e., for Friday expirations), or, in the case of an option contract expiring on a non-business day (as is currently the case for Saturday expirations), on the last business day prior to expiration.

The Exchange also proposes to amend Chapter IV, Securities Traded on BX Options, Section 6(c) to differentiate between Friday and Saturday expirations. Specifically, the Exchange would specify that additional series of individual stock options may be added in unusual market conditions until the close of trading on the business day prior to expiration in the case of an option contract expiring on a business day (i.e., Thursday for a Friday expiration), or, in the case of an option contract expiring on a day that is not a business day, and as is currently the case for Saturday expirations, until the close of trading on the second business day prior to expiration (i.e., until the close of trading on Thursday for Saturday expirations).

Additionally, the Exchange's proposal would change Chapter V, Regulation of Trading on BX Options, Section 6(f)(ii) to add greater specificity regarding the timing surrounding notifications to the Exchange of a Catastrophic Error. Specifically, the Exchange proposes to specify that, for such transactions in an expiring options series that take place on an expiration day that is a business day (i.e., for Friday expirations), a party must notify MarketWatch by 5:00 p.m. ET that same day. For such transactions in an options series that take place on the business day immediately prior to an expiration day that is not a business day (i.e., for Saturday expirations), a party must notify MarketWatch by 5:00 p.m. ET on such business day (i.e., on Friday).

The Exchange's proposal includes several proposed changes to Chapter VIII, Exercises and Deliveries, Section 1 in order to differentiate between Friday and Saturday expirations. First, the Exchange proposes to specify in Section 1(b) that special procedures apply to the exercise of equity options on the business day of their expiration (i.e., for Friday expirations), or, in the case of an option contract expiring on a day that is not a business day, and as is currently the case for Saturday expirations, on the last business day before their expiration. Second, the Exchange proposes to specify in Section 1(c) that, regarding exercise cut-off times, option holders have until 5:30 p.m. ET on the business day of their expiration (i.e., for Friday expirations), or, in the case of an option contract expiring on a day that is not a business day, and as is currently the case for Saturday expirations, on the business day immediately prior to the expiration date. Third, the Exchange proposes to specify in Section 1(h) that the advance notice described therein is applicable if provided by the Exchange on or before 5:30 p.m. ET on the business day (i.e., on Thursday) immediately prior to the business day of expiration (i.e., for Friday expirations), or, in the case of an option contract expiring on a day that is not a business day, and as is currently the case for Saturday expirations, the business day immediately prior to the last business day before the expiration date (i.e., Thursday for Saturday expirations). Fourth, the Exchange proposes to amend Section 1(i) at ii. to specify that the reference therein to "unusual circumstances" includes, but is not limited to, a significant news announcement concerning the underlying security of an option contract that is scheduled to be released just after the close on the business day the option contract expires (i.e., for Friday expirations), or, in the case of an option contract expiring on a day that is not a business day, and as is currently the case for Saturday expirations, the business day immediately prior to expiration. Fifth, the Exchange proposes to amend Section 1(l)iii., v., and vii. to correct a cross-reference. Sixth, the proposal also seeks to amend Section 1(l)viii.2) to specify that exercises of expiring American-style, cash-settled index option would not be prohibited on an expiration date that is a business day (i.e., for Friday expirations), or, in the case of an option contract expiring on a non-business day (as is currently the case for Saturday expirations), on the last business day prior to expiration.

Additionally, the Exchange seeks to amend Chapter XIV, Index Rules, Section 2(g) – (p) to reorder the defined terms into alphabetical order. In newly renumbered Section 2(h), the definition of "European-style index option" is modified to provide that the term European-style index option means an option on an industry or market index that can be exercised only on the expiration date if such day is a business day or, in the case of option contracts expiring on a day that is not a business day, the last business day prior to expiration.

The Exchange also seeks to amend Section 11 of Chapter XIV, Index Rules to differentiate between Friday and Saturday expirations. The proposed rule change to Section 11(a)(5) would provide that the last day of trading for A.M.-settled index options would be the business day (i.e., on Thursday) immediately prior to the business day of expiration (i.e., for Friday expirations), or, in the case of an option contract expiring on a day that is not a business day, the business day immediately prior to the last business day before the expiration date (i.e., Thursday for Saturday expirations). In addition, the current index value at the expiration of an A.M.-settled index option would be determined on the business day of expiration (i.e., for Friday expirations), or, in the case of an option contract expiring on a day that is not a business day, on the last business day before its expiration (i.e., Friday). The Exchange also proposes to amend Section 11(a)(5)(i) to refer to Section 10(g) in order to correct a cross-reference. Additionally, it is proposed that Section 11(c)(2) would be amended to specify that new series of index option contracts may be added up to, but not on or after, the fourth business day prior to expiration for an option contract expiring on a business day (i.e., up to, but not on or after, the opening of trading on Monday morning for Friday expirations), or, in the case of an option contract expiring on a day that is not a business day, and as is currently the case for Saturday expirations, the fifth business day prior to expiration. The Exchange also proposes to amend Section 11(d) to more generally specify that the reported level of the underlying index that is calculated by the reporting authority for the purposes of determining the current index value at expiration of an A.M.-settled index option may differ from the level of the index that is separately calculated and reported reflecting trading activity subsequent to the opening of trading in any of the underlying securities.

As stated above, the Exchange believes the proposed changes will keep the Exchange consistent with the processing at OCC and will enable the Exchange to give effect to the industry-wide initiative. In addition, the Exchange understands that other exchanges have filed similar rules to differentiate between Friday and Saturday expiration dates for standard options on listed classes.[11]

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[11] See note 7 supra.

2. Statutory Basis

The Exchange believes the proposed rule change is consistent with the Securities Exchange Act of 1934 (the "Act") and the rules and regulations thereunder applicable to the Exchange and, in particular, the requirements of Section 6(b) of the Act.[12] Specifically, the Exchange believes the proposed rule change is consistent with the Section 6(b)(5)[13] requirements that the rules of an exchange be designed to prevent fraudulent and manipulative acts and practices, to promote just and equitable principles of trade, to foster cooperation and coordination with persons engaged in regulating, clearing, settling, processing information with respect to, and facilitating transactions in securities, 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. Additionally, the Exchange believes the proposed rule change is consistent with the Section 6(b)(5)[14] requirement that the rules of an exchange not be designed to permit unfair discrimination between customers, issuers, brokers, or dealers.

The Exchange believes that implementing the change to Friday expiration processing and eventually transitioning to Friday expiration for all monthly expiration contracts would foster cooperation and coordination with persons engaged in facilitating transactions in securities. In particular, the Exchange believes that keeping its rules consistent with those of the industry will protect all participants in the market by eliminating confusion and would facilitate the long-term goal of OCC and its clearing members to move the expiration process for all monthly expiration contracts from Saturday to Friday night. The proposed changes thus allow for a more orderly market by allowing all options markets, including the clearing agencies, to have the same

12 15 U.S.C. 78f (b).

13 15 U.S.C. 78f(b)(5).

14 Id.

expiration date for standard options and to have clarity around the procedures that apply during the transition period when both Friday and Saturday expirations will exist for standard options.

In addition, the proposed changes will foster cooperation and coordination with persons engaged in regulating clearing, settling, processing information with respect to, and facilitating transactions in securities by aligning a pivotal part of the options processing to be consistent industry wide. If the industry were to differ, investors would suffer from confusion and be more vulnerable to inadvertent violations of different exchange rules. The proposed changes do not permit unfair discrimination between any members because they are applied to all members equally. In the alternative, the Exchange believes that the proposed changes help all members by keeping the Exchange consistent with OCC practices and those of other exchanges.

B. Self-Regulatory Organization's Statement on Burden on Competition

BX does not believe that the proposed rule change will result in any burden on competition that is not necessary or appropriate in furtherance of the purposes of the Act, as amended. Specifically, the Exchange does not believe the proposed rule change will impose a burden on intramarket competition because it will be applied to all members equally. In addition, the Exchange does not believe the proposed rule change will impose any burden to intermarket competition because it will be applied industry-wide, apply to all market participants and is designed to allow OCC to streamline the expiration process for all monthly expiration contracts and increase operational efficiencies for OCC and its clearing members.

The proposed rule change is structured to enhance competition because the shift from an expiration date of the Saturday following the third Friday to the third Friday is anticipated to be adopted industry-wide and will apply to multiple listed classes. The proposed changes in turn will allow BX to continue to compete with other exchanges making similar rule changes. For the reasons above, the Exchange does not believe that the proposed rule change would impose a burden on competition.

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

Written comments were neither solicited nor received. The Exchange notes, however, that a favorable comment was submitted to the OCC filing.

III. Date of Effectiveness of the Proposed Rule Change and Timing for Commission Action

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 after the date of the filing, or such shorter time as the Commission may designate, it has become effective pursuant to 19(b)(3)(A) of the Act[15] and Rule 19b-4(f)(6)[16] 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 Commission shall institute proceedings to determine whether the proposed rule should be approved or disapproved.

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

16 17 CFR 240.19b-4(f)(6). In addition, Rule 19b-4(f)(6) requires a self-regulatory organization to give the Commission written notice of its intent to file 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.

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 (http://www.sec.gov/rules/sro.shtml); or
- Send an e-mail to rule-comments@sec.gov. Please include File Number SR-BX-2013-055 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-2013-055. 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, NE, Washington, DC 20549, on official business days between the hours of 10:00 a.m. and 3:00 p.m. 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 publicly available. All submissions should refer to File Number SR-BX-2013-055 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.[17]

Kevin M. O'Neill
Deputy Secretary

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[17] 17 CFR 200.30-3(a)(12).