

SECURITIES AND EXCHANGE COMMISSION
(Release No. 34-73446; File No. SR-BX-2014-050)

October 28, 2014

Self-Regulatory Organizations; NASDAQ OMX BX, Inc.; Notice of Filing and Immediate Effectiveness of Proposed Rule Change Relating to Collection of Exchange Fees

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 October 16, 2014, NASDAQ OMX BX, Inc. (“BX” or “Exchange”) filed with the Securities and Exchange Commission (“SEC” or “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 Exchange Rule 7011, which is currently reserved, and entitle it “Collection of Exchange Fees and Other Claims” and require each BX member, and all applicants for registration as such, to provide a clearing account number for an account at the National Securities Clearing Corporation (“NSCC”) for purposes of permitting the Exchange to debit certain fees, fines, charges and/or other monetary sanctions or other monies due and owing to the Exchange.

The text of the proposed rule change is available on the Exchange’s Website at <http://nasdaqomxbx.cchwallstreet.com>, at the principal office of the Exchange, and at the Commission’s Public Reference Room.

¹ 15 U.S.C. 78s(b)(1).

² 17 CFR 240.19b-4.

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 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

The purpose of the proposed rule change is to amend Rule 7011 to require BX members, and all applicants for registration as such, to provide a clearing account number for an account at NSCC for purposes of permitting the Exchange to debit any undisputed or final fees, fines, charges and/or other monetary sanctions or other monies due and owing to the Exchange or other charges related to certain 7000 series rules³ and the 8000⁴ series rules which are due and owing to BX. The Exchange would entitle Rule 7011 "Collection of Exchange Fees and Other Claims."

Currently, the Exchange requires all Options Participants to provide such an NSCC account number.⁵ The Exchange believes that the proposed debiting process for BX members

³ The 7000 series rules in the BX Rulebook list charges for membership, services and equipment. Only the Rules which require payment to the Exchange would be subject to direct debit. By way of example, Rule 7003, Registration and Processing Fees, fees are collected by FINRA.

⁴ The 8000 series rules in the BX Rulebook list sanctions associated with disciplinary actions. Any disciplinary fines or sanctions collected pursuant to the 8000 series shall be subject to direct debit to the extent described within this rule change. See also note 6 for exceptions to debits.

⁵ See Chapter XV, Section 1 in the BX Rules.

that conduct an equities business would create an efficient method of collecting undisputed or final fees, fines, charges and/or other monetary sanctions or monies due and owing to the Exchange.⁶ Further, this proposal would provide a cost savings to the Exchange in that it would alleviate administrative processes related to the collection of monies owed to the Exchange by BX members conducting an equities business, as it does today for BX Options Participants. Collection matters divert staff resources away from the Exchange's regulatory and business purposes. In addition, the debiting process would prevent BX member accounts from becoming overdue.

The Exchange proposes to require BX members and applicants to provide a clearing account number for an account at NSCC in order to permit the Exchange to debit any undisputed or final fees, fines, charges and/or monetary sanctions or other monies due and owing to the Exchange or other charges related to the 7000 series rules, as specified below, and the 8000 series rules. Specifically, the following 7000 series Rules will be subject to proposed Rule 7011: 7001 (Membership Fees), 7015 (Access Services), 7016 (BX Pre-Trade Risk Management), 7018 (NASDAQ OMX BX Equities System Order Execution and Routing), 7021 (BX Trading and Compliance Data Package Fee), 7027 (Aggregation of Activity of Affiliated Members), 7029 (Installation, Removal or Relocation), 7030 (Other Services), 7034 (Co-Location Services), 7051 (Direct Connectivity to BX), 7055 (Short Sale Monitor), 7058 (QView).

The Exchange would send a monthly invoice⁷ to each BX member on approximately the

⁶ The Exchange will not debit accounts for fees that are unusually large or for special circumstances, unless such debiting is requested by the BX member.

⁷ The monthly invoice will indicate that the amount on the invoice will be debited from the designated NSCC account. Each month, the Exchange will send a file to the BX member's clearing firm which will indicate the amounts to be debited from each member. If a BX member is "self-clearing", no such file would be sent as the member would receive the invoice, as noted above, which would indicate the amount to be debited.

3th – 10th business day of the following month.⁸ The Exchange would also send a file to NSCC each month on approximately the 23rd of the following month to initiate the debit of the appropriate amount stated on the BX member's invoice for the prior month. Because the BX member would receive an invoice well before any monies are debited (normally within two weeks), the BX member would have adequate time to contact the staff with any questions concerning its invoice. If a BX member disagrees with the invoice, the Exchange would not commence the debit until the dispute is resolved. Specifically, the Exchange will not include the disputed amount in the debit if the member has disputed the amount in writing to the Exchange's designated staff by the 15th of the month, or the following business day if the 15th is not a business day, and the amount in dispute is at least \$10,000 or greater.

Once NSCC receives the file from the Exchange, NSCC would proceed to debit the amounts indicated from the clearing members account. In the instance where the BX member clears through an Exchange clearing member, the estimated transaction fees owed to the Exchange are typically debited by the clearing member on a daily basis in order to ensure adequate funds have been escrowed. The Exchange would debit any monies owed including undisputed or final fees, fines, charges and/or monetary sanctions or monies due and owed to the Exchange.⁹ The Exchange believes that the debit process would eliminate the risk of unpaid invoices because of the large amounts of capital held at NSCC by BX members.

⁸ BX members may receive invoices either electronically, by mail or by both methods.

⁹ This includes, among other things, fines and sanctions which result from disciplinary proceedings or actions taken pursuant to the 8000 series of BX Rules. With respect to disciplinary proceedings, the Exchange would not debit any monies until such action is final. The Exchange would not consider an action final until all appeal periods have run and/or all appeal timeframes are exhausted. With respect to non-disciplinary actions, the Exchange would similarly not take action to debit a member account until all appeal periods have run and/or all appeal timeframes are exhausted. Any uncontested

The Exchange proposes this rule change become operative with respect to December 2014 billing. The Exchange will debit December 2014 billing in January 2015 pursuant to the process described in this rule change.¹⁰ The Exchange will notify BX members of this rule change in an Equity Trader Alert to provide its members ample time to provide the Exchange with the information necessary for the direct debit and prepare for the change to the collection process. BX members will be required to provide an NSCC number prior to January 1, 2015.

2. Statutory Basis

The Exchange believes that its proposal is consistent with Section 6(b) of the Act¹¹ in general, and furthers the objectives of Section 6(b)(5) of the Act¹² in particular, in that it is 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 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 by providing BX members with an efficient process to pay undisputed or final fees, fines, charges and/or monetary sanctions or monies dues and owing to the Exchange.

The Exchange believes that its proposal to debit NSCC accounts is reasonable because it would ease the BX member's administrative burden in paying monthly invoices, avoid overdue balances and provide same day collection from all BX members who owe monies to the Exchange.

disciplinary or non-disciplinary actions will be debited, and the amount due will appear on the BX member's invoice prior to the actual NSCC debit.

¹⁰ The initial debit will include all outstanding fees through December 2014.

¹¹ 15 U.S.C. 78f(b).

¹² 15 U.S.C. 78f(b)(5).

The Exchange believes that its proposal to debit NSCC accounts is equitable and not unfairly discriminatory because it will apply to all BX members in a uniform manner. Today, the debit process is applied to all Options Participants.

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 that is not necessary or appropriate in furtherance of the purposes of the Act. With this proposal, the proposed debit process would apply uniformly to all BX members as it does today with all Options Participants.

Further, this proposal would provide a cost savings to the Exchange in that it would alleviate administrative processes related to the collection of monies owed to the Exchange for BX members conducting an equities business, as it does today for BX Options Participants. Collection matters divert staff resources away from the Exchange's regulatory and business purposes. In addition, the debiting process would prevent BX member accounts from becoming overdue.

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

No written comments were either solicited or received.

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

Because the foregoing proposed rule change does not significantly affect the protection of investors or the public interest; does not impose any significant burden on competition; and by its terms does not become operative for 30 days from the date on which it was filed, or such shorter time as the Commission may designate, it has become effective pursuant to Section

19(b)(3)(A)¹³ of the Act and Rule 19b-4(f)(6) thereunder.¹⁴

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.

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-2014-050 on the subject line.

Paper comments:

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

All submissions should refer to File Number SR-BX-2014-050. 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

¹³ 15 U.S.C. 78s(b)(3)(A).

¹⁴ 17 CFR 240.19b-4(f)(6).

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 offices 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-2014-050, 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.¹⁵

Kevin M. O' Neill
Deputy Secretary

¹⁵ 17 CFR 200.30-3(a)(12).