

SECURITIES AND EXCHANGE COMMISSION
(Release No. 34-65912; File No. SR-BX-2011-082)

December 8, 2011

Self-Regulatory Organizations; NASDAQ OMX BX, Inc.; Notice of Filing and Immediate Effectiveness of Proposed Rule Change to Modify Pricing For BX Members Using the NASDAQ OMX BX Equities System

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 November 29, 2011, NASDAQ OMX BX, Inc. (“BX” or 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 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 modify pricing for BX Members using the NASDAQ OMX BX Equities System. The Exchange will implement the proposed rule on December 1, 2011.

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.

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

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

BX is proposing to modify its fees for trades that execute at prices at or above \$1. BX has a pricing model under which members are charged for the execution of quotes/orders posted on the BX book (i.e., quotes/orders that provide liquidity), while members receive a rebate for orders that access liquidity. Since BX introduced this pricing model in 2009, several other exchanges have emulated it, including the EDGA Exchange, the BATS-Y Exchange, and the CBOE Stock Exchange ("CBSX"). Currently, the credit provided for orders that access liquidity is \$0.0014 per share executed if the order is entered through a BX Equities System Market Participant Identifier ("MPID") through which the member accesses an average daily volume of 3.5 million or more shares of liquidity, or through which it provides an average daily volume of 25,000 or more shares of liquidity during the month. Members receive a credit of \$0.0005 per share executed with respect to orders that access liquidity but that do not qualify for the requirements of this pricing tier. Effective December 1, 2011, BX will expand the criteria that enable an order to receive the higher credit to include orders entered through an MPID through which the member routes an average daily volume of 25,000 or more shares. The change reflects the fact that effective November 14, 2011, BX began offering an optional routing service to its members.³ Accordingly, as a means to incentivize members to use the new routing functionality,

³ Securities Exchange Act Release No. 65470 (October 3, 2011), 76 FR 62489 (October 7, 2011) (SR-BX-2011-048).

BX believes that it is appropriate to provide a discount to members that route significant volumes of orders using BX.

2. Statutory Basis

BX believes that the proposed rule change is consistent with the provisions of Section 6 of the Act,⁴ in general, and with Section 6(b)(4) of the Act,⁵ in particular, in that it provides for the equitable allocation of reasonable dues, fees and other charges among members and issuers and other persons using any facility or system which BX operates or controls. All similarly situated members are subject to the same fee structure, and access to BX is offered on fair and non-discriminatory terms.

The proposed change will increase the credit paid to members that access liquidity at BX in circumstances where such members also route a specified volume of orders using BX. Because members that use the BX router will pay a fee for routed orders, and because routed orders will generally check the BX book before routing and therefore may partially execute at BX, increased use of the BX router has the potential both to increase BX's revenue and to increase the volume of order flow that checks the BX book. Such an increase in order flow may, in turn, encourage members that seek to post liquidity to post non-marketable orders at BX, thereby increasing the depth of the BX book and encouraging still greater volumes of order flow to be directed to BX. Accordingly, BX believes that it is reasonable to offer a credit to members that make significant use of the BX router to encourage these potential benefits to its market quality. BX further believes that the proposed change is equitable because (i) members that receive the higher credit due to use of the BX router will also be paying fees associated with routing orders, (ii) other members may benefit from increased use of the BX router due to the

⁴ 15 U.S.C. 78f.

⁵ 15 U.S.C. 78f(b)(4).

potential for associated benefits to overall market quality, and (iii) existing means of receiving a credit of \$0.0014 per share executed for liquidity-accessing orders remain unchanged. As a general matter, BX also believes that it is reasonable and equitable to use pricing incentives, such as a higher rebate for accessing liquidity, to encourage members to increase their participation in the market.

Finally, BX notes that it operates in a highly competitive market in which market participants can readily favor competing venues if they deem fee levels at a particular venue to be excessive. In such an environment, BX must continually adjust its fees to remain competitive with other exchanges and with alternative trading systems that have been exempted from compliance with the statutory standards applicable to exchanges. BX believes that the proposed rule change reflects this competitive environment because it will use pricing incentives to encourage greater use of BX's routing and execution facilities.

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

The Exchange 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. Because the market for order execution and routing is extremely competitive, members may readily opt to disfavor BX's execution and routing services if they believe that alternatives offer them better value. For this reason and the reasons discussed in connection with the statutory basis for the proposed rule change, BX does not believe that the proposed changes will impair the ability of members or competing order execution venues to maintain their competitive standing in the financial markets.

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.

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 Act.⁶ 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-2011-082 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-2011-082. This file number should be included on the subject line if e-mail is used. To help the Commission process and review

⁶ 15 U.S.C. 78s(b)(3)(A)(ii).

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 the 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-2011-082 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.⁷

Kevin M. O'Neill
Deputy Secretary

⁷ 17 CFR 200.30-3(a)(12).