

SECURITIES AND EXCHANGE COMMISSION
(Release No. 34-82059; File No. SR-BX-2017-051)

November 13, 2017

Self-Regulatory Organizations; Nasdaq BX, Inc.; Notice of Filing and Immediate Effectiveness of Proposed Rule Change to Amend the Exchange's Options Pricing at Chapter XV, Section 2

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 1, 2017, Nasdaq 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 the Options Pricing at Chapter XV, Section 2, entitled "BX Options Market—Fees and Rebates," which governs pricing for BX members using the BX Options Market ("BX Options"). The Exchange proposes to modify certain fees for transactions in options overlying Select Symbols,³ as further discussed below.

The text of the proposed rule change is available on the Exchange's website at <http://nasdaqbx.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.

³ The following are Select Symbols: ASHR, DIA, DXJ, EEM, EFA, EWJ, EWT, EWW, EWY, EWZ, FAS, FAZ, FXE, FXI, FXP, GDX, GLD, HYG, IWM, IYR, KRE, OIH, QID, QLD, QQQ, RSX, SDS, SKF, SLV, SRS, SSO, TBT, TLT, TNA, TZA, UNG, URE, USO, UUP, UVXY, UYG, VXX, XHB, XLB, XLE, XLF, XLI, XLK, XLP, XLU, XLV, XLY, XME, XOP, XRT. See Chapter XV, Section 2(1).

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 Exchange proposes to amend Chapter XV, Section 2(1), which includes pricing for transactions in Select Symbol options, to increase the Firm⁴ fee to add liquidity and fee to remove liquidity in Select Symbols. Select Symbols represent some of the highest volume Penny Pilot options traded on the Exchange and in the industry. The fees and rebates applicable to Select Symbol options in Chapter XV, Section 2(1) are designed to attract more order flow to BX Options, particularly in these high volume symbols, and apply to Customers,⁵ BX Options

⁴ The term "Firm" or ("F") applies to any transaction that is identified by a Participant for clearing in the Firm range at OCC. See Chapter XV.

⁵ The term "Customer" or ("C") applies to any transaction that is identified by a Participant for clearing in the Customer range at OCC which is not for the account of broker or dealer or for the account of a "Professional" (as that term is defined in Chapter I, Section 1(a)(48)). See Chapter XV.

Market Makers,⁶ Non-Customers⁷ and Firms as follows:

(1) Fees for Execution of Contracts on the BX Options Market:

* * * * *

Select Symbols Options Tier Schedule

		Rebate to Add Liquidity	Fee to Add Liquidity	Rebate to Remove Liquidity	Fee to Remove Liquidity	Fee to Add Liquidity
	When:	Customer	BX Options Market Maker	Customer	BX Options Market Maker	BX Options Market Maker
	Trading with:	Non-Customer or BX Options Market Maker, or Firm	Customer	Non-Customer, BX Options Market Maker, Customer, or Firm	Customer	Non-Customer or BX Options Market Maker, or Firm
Tier 1	Participant executes less than 0.05% of total industry customer equity and ETF option ADV contracts per month.	\$0.00	\$0.44	\$0.00	\$0.42	\$0.14
Tier 2	Participant executes 0.05% to less than 0.15% of total industry customer equity and ETF option ADV contracts per month.	\$0.10	\$0.44	\$0.25	\$0.42	\$0.10

⁶ The term “BX Options Market Maker” or (“M”) is a Participant that has registered as a Market Maker on BX Options pursuant to Chapter VII, Section 2, and must also remain in good standing pursuant to Chapter VII, Section 4. In order to receive Market Maker pricing in all securities, the Participant must be registered as a BX Options Market Maker in at least one security. See Chapter XV.

⁷ As set forth in note 1 to Chapter XV, Section 2(1), a Non-Customer includes a Professional, Broker-Dealer and Non-BX Options Market Maker.

		Rebate to Add Liquidity	Fee to Add Liquidity	Rebate to Remove Liquidity	Fee to Remove Liquidity	Fee to Add Liquidity
	When:	Customer	BX Options Market Maker	Customer	BX Options Market Maker	BX Options Market Maker
	Trading with:	Non-Customer or BX Options Market Maker, or Firm	Customer	Non-Customer, BX Options Market Maker, Customer, or Firm	Customer	Non-Customer or BX Options Market Maker, or Firm
Tier 3	Participant executes 0.15% or more of total industry customer equity and ETF option ADV contracts per month	\$0.20	\$0.40	\$0.37	\$0.39	\$0.04
Tier 4	Participant executes greater than 10,000 PRISM Agency Contracts per month; or Participant executes BX Options Market Maker volume of 0.30% or more of total industry customer equity and ETF options ADV per month	\$0.25	\$0.29	\$0.37	\$0.25	\$0.00

BX Options Select Symbol List

The following are Select Symbols: ASHR, DIA, DXJ, EEM, EFA, EWJ, EWT, EWW, EWY, EWZ, FAS, FAZ, FXE, FXI, FXP, GDX, GLD, HYG, IWM, IYR, KRE, OIH, QID, QLD, QQQ, RSX, SDS, SKF, SLV, SRS, SSO, TBT, TLT, TNA, TZA, UNG, URE, USO, UUP, UVXY, UYG, VXX, XHB, XLB, XLE, XLF, XLI, XLK, XLP, XLU, XLV, XLY, XME, XOP, XRT

- Firm fee to add liquidity and fee to remove liquidity in Select Symbols Options will be \$0.33 per contract, regardless of counterparty.
- Non-Customer fee to add liquidity and fee to remove liquidity in Select Symbols Options will be \$0.46 per contract, regardless of counterparty.

- BX Options Market Maker fee to remove liquidity in Select Symbols Options will be \$0.46 per contract when trading with Firm, Non-Customer, or BX Options Market Maker.
- Customer fee to add liquidity in Select Symbols Options when contra to another Customer is \$0.33 per contract.
- Volume from all products listed on BX Options will apply to the Select Symbols Options Tiers.

* * * * *

The Exchange proposes to increase the \$0.33 per contract Firm fee to add liquidity and fee to remove liquidity in Select Symbols to raise revenue for the Exchange and help defray costs. As proposed, the Firm fee to add liquidity and fee to remove liquidity in Select Symbols will be \$0.37 per contract, regardless of counterparty. The pricing for all other transactions in Select Symbol options as set forth above will remain unchanged.

2. Statutory Basis

The Exchange believes that its proposal is consistent with Section 6(b) of the Act,⁸ in general, and furthers the objectives of Sections 6(b)(4) and 6(b)(5) of the Act,⁹ 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, and is not designed to permit unfair discrimination between customers, issuers, brokers, or dealers.

The Exchange believes that its proposal to increase the Firm fee to add liquidity and fee to remove liquidity in Select Symbols, as discussed above, is reasonable because the proposed change is a modest increase to help defray costs and remains lower than the Firm fee to add liquidity and fee to remove liquidity in all other Penny Pilot options that are not options in Select

⁸ 15 U.S.C. 78f(b).

⁹ 15 U.S.C. 78f(b)(4) and (5).

Symbols.¹⁰ As discussed above, the pricing for all other transactions in Select Symbol options will remain unchanged. Furthermore, the Exchange notes that the proposed Firm fees for Select Symbols remain competitive with the fees of other options markets.¹¹ Accordingly, the Exchange believes that despite the proposed increase in Firm fees as described above, the pricing model in Chapter XV, Section 2(1) for Select Symbols will continue to attract order flow to BX Options, particularly in these high volume symbols, to the benefit of all market participants.

The Exchange also believes that the proposed increase of the Firm fee to add liquidity and fee to remove liquidity in Select Symbols is equitable and not unfairly discriminatory because the Exchange will apply the same fee to all similarly situated members. For the reasons discussed above, the proposed fee continues to provide an incentive for Firms to transact order flow on the Exchange, which order flow brings increased liquidity to the Exchange for the benefit of all Exchange participants. To the extent the purpose of the proposed Firm fee is achieved, all market participants should benefit from the improved market liquidity.

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. As discussed above, the Exchange believes that the proposed Firm fees for Select Symbol options remain competitive with those on other options markets and will continue to attract order flow to the

¹⁰ The Exchange currently charges a \$0.45 per contract Firm fee to add liquidity and a \$0.46 per contract Firm fee to remove liquidity in all other Penny Pilot options that are not in Select Symbol options. See Chapter XV, Section 2(1).

¹¹ See, e.g., MIAX Options Fee Schedule at: https://www.miaxoptions.com/sites/default/files/fee_schedule-files/MIAX_Options_Fee_Schedule_10112017.pdf. See also, e.g., Nasdaq PHLX LLC Pricing Schedule at: http://nasdaqphlx.cchwallstreet.com/NASDAQPHLXTools/PlatformViewer.asp?selectednode=chp_1_4_1&manual=%2Fnasdaqomxphlx%2Fphlx%2Fphlx-rulesbrd%2F

Exchange. The Exchange 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, or rebate opportunities available at other venues to be more favorable. In such an environment, the Exchange must continually review, and consider adjusting, its fees and rebates to remain competitive with other exchanges. For the reasons described above, the Exchange believes that the proposed fee changes reflect this competitive environment.

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

The foregoing rule change has become effective pursuant to Section 19(b)(3)(A)(ii) of the Act.¹²

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: (i) necessary or appropriate in the public interest; (ii) for the protection of investors; or (iii) 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:

¹² 15 U.S.C. 78s(b)(3)(A)(ii).

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-2017-051 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-2017-051. 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 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.

Persons submitting comments are cautioned that we do not redact or edit personal identifying information from comment submissions. You should submit only information that you wish to

make available publicly. All submissions should refer to File Number SR-BX-2017-051, 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.¹³

Eduardo A. Aleman
Assistant Secretary

¹³ 17 CFR 200.30-3(a)(12).