

The changes below will be operative on the dates indicated. For changes with unspecified dates, the Exchange will specify the exact dates in an Options Trader Alert at least 30 days prior to the operative date.

New text is underlined; deleted text is in brackets.

Nasdaq BX, Inc. Rules

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Options Rules

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Options 3 Options Trading Rules

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Section 13. Price Improvement Auction (“PRISM”)

A Participant may electronically submit for execution an order it represents as agent on behalf of a Public Customer, broker dealer, or any other entity (“PRISM Order”) against principal interest or against any other order (except as provided in sub-paragraph (i)(F) below) it represents as agent (an “Initiating Order”) provided it submits the PRISM Order for electronic execution into the PRISM Auction (“Auction”) pursuant to this Rule.

(i) Auction Eligibility Requirements. All options traded on the Exchange are eligible for PRISM. A Participant (the “Initiating Participant”) may initiate an Auction provided all of the following are met:

*****Operative on or before the end of Q2 2026*****

(A) If the PRISM Order is for less than 50 option contracts, and if the difference between the National Best Bid and National Best Offer (“NBBO”) or the internal BBO is \$0.01, the Initiating Participant must stop the entire PRISM Order at a price that is:

(1) \$0.01 better than the NBBO or the internal BBO on the **opposite side** of the market from the PRISM Order, and

(2) on the **same side** of the market as the PRISM Order,

(a) equal to or better than the NBBO, and

(b) better than any Limit Order **[or quote]** on the Limit Order book. If the PRISM Order is for a Non-Public Customer, the PRISM Order must also be better than any quote on the same side of the market as the PRISM Order.

*****Operative on or before the end of Q2 2026*****

(B) If the PRISM Order is for the account of a Public Customer and such order is for 50 option contracts or more, or if the difference between the NBBO or the internal BBO is greater than \$0.01, the Initiating Participant must stop the entire PRISM Order at a price that is:

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(1) equal to or better than the internal BBO and NBBO on the **opposite side** of the market from the PRISM Order, and

(2) on the **same side** of the market as the PRISM Order,

(a) at least \$0.01 better than any Limit Order **[or quote]** on the Limit Order book, and

(b) equal to or better than the NBBO.

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(ii) Auction Process. Only one Auction may be conducted at a time in any given series. Once commenced, an Auction may not be cancelled and shall proceed as follows:

(A) Auction Period and PRISM Auction Notification (“PAN”).

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****Operative on or before Q2 2026****

(8) A PAN response must be equal to or better than the better of the internal BBO and displayed NBBO: (1) on the same side of the market at the [time of receipt]start of the PRISM Auction[PAN response]; and (2) on the opposite side of the market at the time the PAN response is received. PAN responses may be modified or cancelled during the Auction. **[A PAN response submitted with a price that is outside the NBBO will be rejected.]**

(9) PAN responses on the same side of the market as the PRISM Order are considered invalid and will be rejected.

****Operative on 02/27/2025****

(10) Multiple PAN responses from the same Participant may be submitted during the Auction. Multiple orders at a particular price point submitted by a Participant in response to a PAN may not exceed, in the aggregate, the size of the PRISM Order. However, a Participant using the same badge/mnemonic may only submit a single PAN response per auction ID for a given auction. If an additional PAN response is submitted for the same auction ID from the same badge/mnemonic, then that PAN response will automatically replace the previous PAN response.

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Section 15. Risk Protections

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(b) The following are order and quote risk protections on BX:

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(1) **Acceptable Trade Range.** After the Opening Process, the system will calculate an Acceptable Trade Range to limit the range of prices at which an order or quote will be allowed to execute. The Acceptable Trade Range is calculated by taking the reference price, plus or minus a value to be determined by the Exchange. (i.e., the reference price - (x) for sell orders/quotes and the reference price + (x) for buy orders/quotes). Upon receipt of a new order/quotes, the reference price is the better of the NBB or internal best bid for sell orders/quotes and the better of the NBO or internal best offer for buy orders/quotes or the last price at which the order/quote is posted whichever is higher for a buy order/quote or lower for a sell order/quote. The Acceptable Trade Range will not be available for All-or-None Orders or Minimum Quantity Orders.

(A) If an order/quote reaches the outer limit of the Acceptable Trade Range (the “Threshold Price”) without being fully executed, it will be posted at the Threshold Price for a brief period, not to exceed one second (“Posting Period”), to allow more liquidity to be collected. Upon posting, either the current Threshold Price of the order/quote or an updated NBB for buy orders/quotes or the NBO for sell orders/quotes (whichever is higher for a buy order/quote or lower for a sell order/quotes) then becomes the reference price for calculating a new Acceptable Trade Range. If the order/quote remains unexecuted after the Posting Period, a new Acceptable Trade Range will be calculated and the order/quote will execute, route, or post up to the new Threshold Price, unless a Participant[s] has requested that their orders or quotes be returned if the orders/quotes would post[ed] at the outer limit of the Acceptable Trade Range (in which case, the orders/quotes will be returned). This process will repeat until either (i) the order/quote is executed, cancelled, or posted at its limit price or (ii) the order/quote has been subject to a configurable number of instances of the Acceptable Trade Range as determined by the Exchange (in which case it will be returned).

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*****Operative on 02/27/2025*****

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