Proposed Rule Change by NASDAQ OMX BX, Inc.

Pursuant to Rule 19b-4 under the Securities Exchange Act of 1934

Description

Provide a brief description of the proposed rule change (limit 250 characters, required when Initial is checked *).

A proposed rule change to terminate a revenue sharing program with Correlix, Inc., and delete the associated fees set forth in NASDAQ OMX BX Rule 7034e.

Contact Information

Provide the name, telephone number and e-mail address of the person on the staff of the self-regulatory organization prepared to respond to questions and comments on the proposed rule change.

First Name * Amy
Title * Associate General Counsel
E-mail * amy.horton@nasdaqomx.com
Telephone * (301) 978-8077
Fax (301) 978-8472

Signature

Pursuant to the requirements of the Securities Exchange Act of 1934,

has duly caused this filing to be signed on its behalf by the undersigned thereunto duly authorized officer.

Date 07/19/2012
By Edward S. Knight

Executive Vice President and General Counsel

(Note *)

NOTE: Clicking the button at right will digitally sign and lock this form. A digital signature is as legally binding as a physical signature, and once signed, this form cannot be changed.
### Form 19b-4 Information (required)

The self-regulatory organization must provide all required information, presented in a clear and comprehensible manner, to enable the public to provide meaningful comment on the proposal and for the Commission to determine whether the proposal is consistent with the Act and applicable rules and regulations under the Act.

### Exhibit 1 - Notice of Proposed Rule Change (required)

The Notice section of this Form 19b-4 must comply with the guidelines for publication in the Federal Register as well as any requirements for electronic filing as published by the Commission (if applicable). The Office of the Federal Register (OFR) offers guidance on Federal Register publication requirements in the Federal Register Document Drafting Handbook, October 1998 Revision. For example, all references to the federal securities laws must include the corresponding cite to the United States Code in a footnote. All references to SEC rules must include the corresponding cite to the Code of Federal Regulations in a footnote. All references to Securities Exchange Act Releases must include the release number, release date, Federal Register cite, Federal Register date, and corresponding file number (e.g., SR-[SRO]-xx-xx). A material failure to comply with these guidelines will result in the proposed rule change being deemed not properly filed. See also Rule 0-3 under the Act (17 CFR 240.0-3).

### Exhibit 2 - Notices, Written Comments, Transcripts, Other Communications

Copies of notices, written comments, transcripts, other communications. If such documents cannot be filed electronically in accordance with Instruction F, they shall be filed in accordance with Instruction G.

### Exhibit 3 - Form, Report, or Questionnaire

 Copies of any form, report, or questionnaire that the self-regulatory organization proposes to use to help implement or operate the proposed rule change, or that is referred to by the proposed rule change.

### Exhibit 4 - Marked Copies

The full text shall be marked, in any convenient manner, to indicate additions to and deletions from the immediately preceding filing. The purpose of Exhibit 4 is to permit the staff to identify immediately the changes made from the text of the rule with which it has been working.

### Exhibit 5 - Proposed Rule Text

The self-regulatory organization may choose to attach as Exhibit 5 proposed changes to rule text in place of providing it in Item I and which may otherwise be more easily readable if provided separately from Form 19b-4. Exhibit 5 shall be considered part of the proposed rule change.

### Partial Amendment

If the self-regulatory organization is amending only part of the text of a lengthy proposed rule change, it may, with the Commission's permission, file only those portions of the text of the proposed rule change in which changes are being made if the filing (i.e., partial amendment) is clearly understandable on its face. Such partial amendment shall be clearly identified and marked to show deletions and additions.
1. **Text of Proposed Rule Change**

   (a) Pursuant to the provisions of Section 19(b)(1) of the Securities Exchange Act of 1934 ("Act")\(^1\) and Rule 19b-4 thereunder,\(^2\) NASDAQ OMX BX, Inc. ("BX" or "Exchange") is filing with the Securities and Exchange Commission ("Commission") a proposed rule change to terminate a revenue sharing program with Correlix, Inc. ("Correlix"), and delete the associated fees set forth in NASDAQ OMX BX Rule 7034(e).

   A notice of the proposed rule change for publication in the **Federal Register** is attached hereto as Exhibit 1 and the text of the proposed rule change is attached as Exhibit 5.

   (b) Not applicable.

   (c) Not applicable.

2. **Procedures of the Self-Regulatory Organization**

   The proposed rule change was approved by senior management of BX pursuant to authority delegated by the Board of Directors of BX on July 10, 2012. BX staff will advise the Board of Directors of BX of any action taken pursuant to delegated authority. No other action by BX is necessary for the filing of the rule change.

   Questions regarding this rule filing may be directed to Amy Horton, Associate General Counsel, The NASDAQ OMX Group, Inc., at 301-978-8077.

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\( ^{2} 17\) CFR 240.19b-4.
3. Self-Regulatory Organization’s Statement of the Purpose of, and Statutory Basis for, the Proposed Rule Change

a. Purpose

BX proposes to eliminate its revenue-sharing program with Correlinx, which was adopted to provide users of the Exchange real-time analytical tools to measure the latency of orders to and from its systems. In 2010, the Commission approved the revenue-sharing program, as well as a flexible free trial period for new users.\(^3\) Under the program, the Exchange contracted with Correlinx to receive 30% of the total monthly subscription fees received by Correlinx from parties who contracted directly with Correlinx to use its RaceTeam latency measurement service on the Exchange. The Exchange now proposes to terminate the revenue sharing relationship with Correlinx due to the lack of customer interest in the measurement tools offered. It also proposes to delete from the rulebook the listing of fees for the service, so as to eliminate any confusion on the part of customers.\(^4\)

b. Statutory Basis

BX believes that the proposed rule change is consistent with the provisions of Section 6 of the Act,\(^5\) in general, and with Section 6(b)(5) of the Act,\(^6\) in particular, in

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\(^4\) The NASDAQ Stock Market recently filed a similar rule filing eliminating its revenue sharing relationship with Correlinx and deleting from its rulebook the listing of fees for the service, due to lack of customer interest in the tools. See Exchange Act Release No. 67285 (June 27, 2012) 77 FR 39551 (July 3, 2012) (SR-NASDAQ-2012-74).


that the proposal 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 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. Specifically, BX believes ending the revenue sharing agreement and eliminating the associated fee for a product that customers have not chosen to utilize is responsive to market participants and eliminates confusion about offered products.

4. **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 believes that terminating the revenue sharing agreement and deleting the fee schedule in the rulebook will not burden competition since the latency measurement tools are not currently being used by any customers.

5. **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.

6. **Extension of Time Period for Commission Action**

Not applicable.
7. Basis for Summary Effectiveness Pursuant to Section 19(b)(3) or for Accelerated Effectiveness Pursuant to Section 19(b)(2)

Pursuant to Section 19(b)(3)(A) of the Act and Rule 19b-4(f)(6) thereunder, the Exchange has designated this proposal as one that effects a change that: (i) does not significantly affect the protection of investors or the public interest; (ii) does not impose any significant burden on competition; and (iii) by its terms, does not become operative for 30 days after the date of the filing, or such shorter time as the Commission may designate if consistent with the protection of investors and the public interest.

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.

Furthermore, a proposed rule change filed pursuant to Rule 19b-4(f)(6) under the Act normally does not become operative for 30 days after the date of its filing. However, Rule 19b-4(f)(6) permits the Commission to designate a shorter time if such action is consistent with the protection of investors and the public interest.

The Exchange requests that the Commission waive the 30-day operative delay and designate the proposed rule change to become operative upon filing, so as to eliminate confusion on the part of potential customers regarding the availability of the Correlix RaceTeam offering.

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8. **Proposed Rule Change Based on Rules of Another Self-Regulatory Organization or of the Commission**

   The proposed rule change is not based on the rules of another self-regulatory organization.

9. **Exhibits**

   1. Completed notice of proposed rule change for publication in the Federal Register.

   5. Text of the proposed rule change.
Self-Regulatory Organizations; NASDAQ OMX BX, Inc.; Notice of Filing and Immediate Effectiveness of Proposed Rule Change to Terminate Revenue Sharing Agreement and Delete Associated Fees

Pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 (“Act”), notice is hereby given that on July 19, 2012, NASDAQ OMX BX, Inc. (“BX” or the “Exchange”) filed with the Securities and Exchange Commission (“Commission”) a proposed rule change as described in Items I and II 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

BX proposes a rule change to terminate a revenue sharing program with Correlinx, Inc. (“Correlinx”), and delete the associated fees set forth in NASDAQ OMX BX Rule 7034(e). The text of the proposed rule change is available at http://nasdaqomxbx.cchwallstreet.com/, at BX’s principal office, and at the Commission’s Public Reference Room.

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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 self-regulatory organization 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 those statements may be examined at the places specified in Item III below. The Exchange has prepared summaries, set forth in sections A, B, and C below, of the most significant parts of such statements.

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

1. Purpose

BX proposes to eliminate its revenue-sharing program with Correllex, which was adopted to provide users of the Exchange real-time analytical tools to measure the latency of orders to and from its systems. In 2010, the Commission approved the revenue-sharing program, as well as a flexible free trial period for new users. Under the program, the Exchange contracted with Correllex to receive 30% of the total monthly subscription fees received by Correllex from parties who contracted directly with Correllex to use its RaceTeam latency measurement service on the Exchange. The Exchange now proposes to terminate the revenue sharing relationship with Correllex due to the lack of customer interest in the measurement tools offered. It also proposes to delete from the

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rulebook the listing of fees for the service, so as to eliminate any confusion on the part of customers.4

2. **Statutory Basis**

BX believes that the proposed rule change is consistent with the provisions of Section 6 of the Act,5 in general, and with Section 6(b)(5) of the Act,6 in particular, in that the proposal 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 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. Specifically, BX believes ending the revenue sharing agreement and eliminating the associated fee for a product that customers have not chosen to utilize is responsive to market participants and eliminates confusion about offered products.

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. Specifically, the Exchange believes that terminating the revenue sharing agreement and deleting fees from its rulebook the listing of fees for the service, due to lack of customer interest in the tools. See Exchange Act Release No. 67285 (June 27, 2012) 77 FR 39551 (July 3, 2012) (SR-NASDAQ-2012-74).

### Footnotes

4 The NASDAQ Stock Market recently filed a similar rule filing eliminating its revenue sharing relationship with Correlix and deleting from its rulebook the listing of fees for the service, due to lack of customer interest in the tools. See Exchange Act Release No. 67285 (June 27, 2012) 77 FR 39551 (July 3, 2012) (SR-NASDAQ-2012-74).


sharing agreement and deleting the associated fee in the rulebook will not burden competition since the latency measurement tools are not currently being used by any customers.

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

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 and Rule 19b-4(f)(6) thereunder.

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.

The Exchange has requested that the Commission waive the 30-day operative delay and designate the proposed rule change to become operative upon filing, so as to eliminate confusion on the part of potential customers regarding the availability of the Correlix RaceTeam offering.

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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-2012-054 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-2012-054. 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 Web site (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 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-2012-054 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.9

Kevin M. O’Neill
Deputy Secretary

The text of the proposed rule change is below. Proposed new language is underlined; proposed deletions are in brackets.

**NASDAQ OMX BX Equity Rules**

**7034. Co-Location Services**

The following charges are assessed by NASDAQ OMX BX, Inc., for co-location services: ¹

(a) – (d) No Change

[(e) Correlinx Latency Measurement Services (Provided and Billed by Correlinx, Inc.)] ²

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**Latency Measurement**

<table>
<thead>
<tr>
<th>Description</th>
<th>Installation Fee</th>
<th>Ongoing Monthly Fee</th>
</tr>
</thead>
<tbody>
<tr>
<td>First Unique MPID (up to 25 port connections)</td>
<td>$0</td>
<td>$3000</td>
</tr>
<tr>
<td>Additional Unique MPID(s) (up to 25 port connections)</td>
<td>$0</td>
<td>$1000</td>
</tr>
<tr>
<td>Additional 25 Port Connection Block(s) (per MPID)</td>
<td>$0</td>
<td>$1000</td>
</tr>
</tbody>
</table>

¹ Co-location services provided by NASDAQ Technology Services LLC.

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