

Required fields are shown with yellow backgrounds and asterisks.

Page 1 of * <input type="text" value="38"/>	SECURITIES AND EXCHANGE COMMISSION WASHINGTON, D.C. 20549 Form 19b-4	File No.* SR - <input type="text" value="2013"/> - * <input type="text" value="055"/>	Amendment No. (req. for Amendments *) <input type="text"/>
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Filing by NASDAQ OMX BX, Inc.  
Pursuant to Rule 19b-4 under the Securities Exchange Act of 1934

Initial * <input checked="" type="checkbox"/>	Amendment * <input type="checkbox"/>	Withdrawal <input type="checkbox"/>	Section 19(b)(2) * <input type="checkbox"/>	Section 19(b)(3)(A) * <input checked="" type="checkbox"/>	Section 19(b)(3)(B) * <input type="checkbox"/>
Pilot <input type="checkbox"/>			Rule		
Extension of Time Period for Commission Action * <input type="checkbox"/>		Date Expires * <input type="text"/>	<input type="checkbox"/> 19b-4(f)(1)	<input type="checkbox"/> 19b-4(f)(4)	
			<input type="checkbox"/> 19b-4(f)(2)	<input type="checkbox"/> 19b-4(f)(5)	
			<input type="checkbox"/> 19b-4(f)(3)	<input checked="" type="checkbox"/> 19b-4(f)(6)	

Notice of proposed change pursuant to the Payment, Clearing, and Settlement Act of 2010	Security-Based Swap Submission pursuant to the Securities Exchange Act of 1934
Section 806(e)(1) <input type="checkbox"/>	Section 3C(b)(2) <input type="checkbox"/>
Section 806(e)(2) <input type="checkbox"/>	

Exhibit 2 Sent As Paper Document <input type="checkbox"/>	Exhibit 3 Sent As Paper Document <input type="checkbox"/>
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**Description**

Provide a brief description of the action (limit 250 characters, required when Initial is checked \*).

A proposed rule change to amend certain procedural rules to implement the change in the expiration date for most option contracts to the third Friday of the expiration month instead of the Saturday following the third Friday.

**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 action.

First Name * <input type="text" value="Yolanda"/>	Last Name * <input type="text" value="Goettsch"/>
Title * <input type="text" value="Vice President and Associate General Counsel"/>	
E-mail * <input type="text" value="yolanda.goettsch@nasdaqomx.com"/>	
Telephone * <input type="text" value="(301) 978-8486"/>	Fax <input type="text" value="(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.

(Title \*)

Date <input type="text" value="10/11/2013"/>	Executive Vice President and General Counsel
By <input type="text" value="Edward S. Knight"/>	<input type="text"/>
(Name *)	

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.

SECURITIES AND EXCHANGE COMMISSION  
WASHINGTON, D.C. 20549

For complete Form 19b-4 instructions please refer to the EFFF website.

**Form 19b-4 Information \***

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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 \***

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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 1A- Notice of Proposed Rule Change, Security-Based Swap Submission, or Advance Notice by Clearing Agencies**

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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, security-based swap submission, or advance notice 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**

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Exhibit Sent As Paper Document

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**

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Exhibit Sent As Paper Document

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**

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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**

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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**

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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) under the Securities Exchange Act of 1934 (“Act”)<sup>1</sup> and Rule 19b-4 thereunder,<sup>2</sup> NASDAQ OMX BX, Inc. (“BX” or “Exchange”) is filing with the Securities and Exchange Commission (“SEC” or “Commission”) a proposed rule change to amend certain procedural rules to implement the change in the expiration date for most option contracts to the third Friday of the expiration month instead of the Saturday following the third Friday.

A notice of the proposed rule change for publication in the Federal Register is attached hereto as Exhibit 1 and a copy of the applicable rule change is attached hereto 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 the Exchange pursuant to authority delegated by the Board of Directors of the Exchange on July 17, 2013. Exchange staff will advise the Board of Directors of the Exchange of any action taken pursuant to delegated authority. No other action by the Exchange is necessary for the filing of the rule change.

Questions regarding this rule filing may be directed to Yolanda Goettsch, Vice President and Associate General Counsel, The NASDAQ OMX Group, at (301) 978-8486.

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<sup>1</sup> 15 U.S.C. 78s(b)(1).

<sup>2</sup> 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

On August 21, 2013, the Exchange filed to change the expiration date for most option contracts to the third Friday of the expiration month instead of the Saturday following the third Friday.<sup>3</sup> This proposed rule change is intended to clarify certain rule changes that were made in the Expiration Date Filing and to amend additional procedural and other rules intended to implement the change in expiration date for most option contracts to the third Friday of the expiration month instead of the Saturday following the third Friday.

The Exchange has adopted rules to change the expiration date for most option contracts to the third Friday of the expiration month instead of the Saturday following the third Friday.<sup>4</sup> The changes to the expiration date apply to all standard expiration contracts including those in which the rules are silent on the expiration date. Option contracts having non-standard expiration dates ("non-standard expiration contracts") were unaffected by the proposed rule changes, except that FLEX options having expiration dates later than February 1, 2015 cannot expire on a Saturday unless they are specified by The Options Clearing Corporation ("OCC") as grandfathered.<sup>5</sup>

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<sup>3</sup> See Securities Exchange Act Release No. 70258 (August 26, 2013), 78 FR 53797 (August 30, 2013)(SR-BX-2013-50)("Expiration Date Filing"). The changes proposed in the Expiration Date Filing were effective on filing and became operative on September 20, 2013.

<sup>4</sup> See Chapter XIV, Index Rules, Section 2(p)(definition of "expiration date").

<sup>5</sup> Examples of options with non-standard expiration contracts include: Quarterly Equity and Exchange-Traded Fund Shares ("ETFs") Option Series (Chapter IV,

The Exchange is making the proposed rule changes to further harmonize its rules in connection with a recently approved rule filing made by OCC which made substantially similar changes.<sup>6</sup> The Exchange believes that the industry must remain consistent in expiration dates, and, thus, is proposing to update its rules to remain consistent with those of OCC. In addition, the Exchange understands that other exchanges have and will be filing similar rules to effect this industry-wide initiative.<sup>7</sup>

In order to provide a smooth transition to the Friday expiration, OCC has begun to move the expiration exercise procedures to Friday for all standard expiration contracts even though the contracts would continue to expire on Saturday.<sup>8</sup> After February 1, 2015, virtually all standard expiration contracts will actually expire on Friday. The only standard expiration contracts that will expire on a Saturday after February 1, 2015 are certain options that were listed prior to the effectiveness of the OCC rule change, and a limited number of options that may be listed prior to necessary systems changes of the options exchanges. BX, along with the other option exchanges, has agreed not to list any

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Section 6, Commentary .04), Quarterly Options Series for indexes (Chapter XIV, Section 11(g)), Short Term Option Series (Chapter IV, Section 6, Commentary .07) and Short Term Option Series for indexes (Chapter XIV, Section 11(h)).

<sup>6</sup> See Securities Exchange Act Release No. 34-69772 (June 17, 2013), 78 FR 37645 (June 21, 2013)(order approving SR-OCC-2013-004).

<sup>7</sup> See Securities Exchange Act Release Nos. 70091 (August 1, 2013), 78 FR 48212 (August 7, 2013)(SR-CBOE-2013-073); 69996 (July 17, 2013), 78 FR 44183 (July 23, 2013)(SR-MIAX-2013-32); 70373 (September 11, 2013), 78 FR 57198 (September 17, 2013)(SR-NYSEMKT-2013-73); 70372 (September 11, 2013), 78 FR 57186 (September 17, 2013)(SR-NYSEARCA-2013-88); and 70488 (September 24, 2013), 78 FR 59998 (September 30, 2013)(SR-BOX-2013-45).

<sup>8</sup> See note 6 supra.

additional options with Saturday expiration dates falling after February 1, 2015. BX understands that the other exchanges are committed to the same listing schedule.<sup>9</sup>

Certain option contracts have already been listed with Saturday expiration dates as distant as January 2016 (which is the furthest out expiration as of the date of this filing). For these contracts, transitioning to a Friday expiration for newly listed option contracts expiring after February 1, 2015 would create a situation under which certain options with open interest would expire on a Saturday while other options with open interest would expire on a Friday in the same expiration month.

Clearing members have expressed a clear preference to not have a mix of options with open interest that expire on different days in a single month.<sup>10</sup> Accordingly, OCC represented in its recently approved filing that it will not issue and clear any new option contracts with a Friday expiration if existing option contracts of the same options class expire on the Saturday following the third Friday of the same month. However, Friday expiration processing will be in effect for these Saturday expiration contracts. As with standard expiration options during the transition period, exercise requests received after Friday expiration processing is complete but before the Saturday contract expiration time will continue to be processed without fines or penalties.

Since the rule changes implementing the change in expiration date apply only to new series of standard expiration contracts opened for trading consistent with the OCC rules and having expiration dates later than February 1, 2015, the Exchange is proposing to amend certain rules relating to the procedures of the Exchange. The proposed changes

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<sup>9</sup> See note 7 *supra*.

<sup>10</sup> Id.

take into account that, during a transition period, there will be options with open interest having both Friday and Saturday expiration dates.

More specifically, the Exchange is proposing to amend Chapter 1, General Provisions, Section 1(a)(25) to provide that European-style options can be exercised only on the expiration date if such day is a business day or, in the case of option contracts expiring on a day that is not a business day, the last business day prior to expiration.

In addition, the Exchange seeks to amend Chapter III, Business Conduct, Section 12(a)(ii) with respect to certain timing for restrictions on the exercise of option contracts. Specifically, the Exchange proposes to specify that the 10 business day period referenced in Section 12(a)(ii) includes the expiration date for an option contract that expires on a business day. With respect to index options, restrictions on exercise may be in effect until the opening of business on the business day of their expiration or, in the case of an option contract expiring on a day that is not a business day, on the last business day before the expiration date. In addition, Section 12(a)(iii)(2) would be amended to specify that exercises of expiring American-style, cash-settled index options would not be prohibited on an expiration date that is a business day (i.e., for Friday expirations), or, in the case of an option contract expiring on a non-business day (as is currently the case for Saturday expirations), on the last business day prior to expiration.

The Exchange also proposes to amend Chapter IV, Securities Traded on BX Options, Section 6(c) to differentiate between Friday and Saturday expirations. Specifically, the Exchange would specify that additional series of individual stock options may be added in unusual market conditions until the close of trading on the business day prior to expiration in the case of an option contract expiring on a business

day (i.e., Thursday for a Friday expiration), or, in the case of an option contract expiring on a day that is not a business day, and as is currently the case for Saturday expirations, until the close of trading on the second business day prior to expiration (i.e., until the close of trading on Thursday for Saturday expirations).

Additionally, the Exchange's proposal would change Chapter V, Regulation of Trading on BX Options, Section 6(f)(ii) to add greater specificity regarding the timing surrounding notifications to the Exchange of a Catastrophic Error. Specifically, the Exchange proposes to specify that, for such transactions in an expiring options series that take place on an expiration day that is a business day (i.e., for Friday expirations), a party must notify MarketWatch by 5:00 p.m. ET that same day. For such transactions in an options series that take place on the business day immediately prior to an expiration day that is not a business day (i.e., for Saturday expirations), a party must notify MarketWatch by 5:00 p.m. ET on such business day (i.e., on Friday).

The Exchange's proposal includes several proposed changes to Chapter VIII, Exercises and Deliveries, Section 1 in order to differentiate between Friday and Saturday expirations. First, the Exchange proposes to specify in Section 1(b) that special procedures apply to the exercise of equity options on the business day of their expiration (i.e., for Friday expirations), or, in the case of an option contract expiring on a day that is not a business day, and as is currently the case for Saturday expirations, on the last business day before their expiration. Second, the Exchange proposes to specify in Section 1(c) that, regarding exercise cut-off times, option holders have until 5:30 p.m. ET on the business day of their expiration (i.e., for Friday expirations), or, in the case of an option contract expiring on a day that is not a business day, and as is currently the case



for Saturday expirations, on the business day immediately prior to the expiration date.

Third, the Exchange proposes to specify in Section 1(h) that the advance notice described therein is applicable if provided by the Exchange on or before 5:30 p.m. ET on the business day (i.e., on Thursday) immediately prior to the business day of expiration (i.e., for Friday expirations), or, in the case of an option contract expiring on a day that is not a business day, and as is currently the case for Saturday expirations, the business day immediately prior to the last business day before the expiration date (i.e., Thursday for Saturday expirations). Fourth, the Exchange proposes to amend Section 1(i) at ii. to specify that the reference therein to “unusual circumstances” includes, but is not limited to, a significant news announcement concerning the underlying security of an option contract that is scheduled to be released just after the close on the business day the option contract expires (i.e., for Friday expirations), or, in the case of an option contract expiring on a day that is not a business day, and as is currently the case for Saturday expirations, the business day immediately prior to expiration. Fifth, the Exchange proposes to amend Section 1(l)iii., v., and vii. to correct a cross-reference. Sixth, the proposal also seeks to amend Section 1(l)viii.2) to specify that exercises of expiring American-style, cash-settled index option would not be prohibited on an expiration date that is a business day (i.e., for Friday expirations), or, in the case of an option contract expiring on a non-business day (as is currently the case for Saturday expirations), on the last business day prior to expiration.

Additionally, the Exchange seeks to amend Chapter XIV, Index Rules, Section 2(g) – (p) to reorder the defined terms into alphabetical order. In newly renumbered Section 2(h), the definition of “European-style index option” is modified to provide that

the term European-style index option means an option on an industry or market index that can be exercised only on the expiration date if such day is a business day or, in the case of option contracts expiring on a day that is not a business day, the last business day prior to expiration.

The Exchange also seeks to amend Section 11 of Chapter XIV, Index Rules to differentiate between Friday and Saturday expirations. The proposed rule change to Section 11(a)(5) would provide that the last day of trading for A.M.-settled index options would be the business day (i.e., on Thursday) immediately prior to the business day of expiration (i.e., for Friday expirations), or, in the case of an option contract expiring on a day that is not a business day, the business day immediately prior to the last business day before the expiration date (i.e., Thursday for Saturday expirations). In addition, the current index value at the expiration of an A.M.-settled index option would be determined on the business day of expiration (i.e., for Friday expirations), or, in the case of an option contract expiring on a day that is not a business day, on the last business day before its expiration (i.e., Friday). The Exchange also proposes to amend Section 11(a)(5)(i) to refer to Section 10(g) in order to correct a cross-reference. Additionally, it is proposed that Section 11(c)(2) would be amended to specify that new series of index option contracts may be added up to, but not on or after, the fourth business day prior to expiration for an option contract expiring on a business day (i.e., up to, but not on or after, the opening of trading on Monday morning for Friday expirations), or, in the case of an option contract expiring on a day that is not a business day, and as is currently the case for Saturday expirations, the fifth business day prior to expiration. The Exchange also proposes to amend Section 11(d) to more generally specify that the reported level of

the underlying index that is calculated by the reporting authority for the purposes of determining the current index value at expiration of an A.M.-settled index option may differ from the level of the index that is separately calculated and reported reflecting trading activity subsequent to the opening of trading in any of the underlying securities.

As stated above, the Exchange believes the proposed changes will keep the Exchange consistent with the processing at OCC and will enable the Exchange to give effect to the industry-wide initiative. In addition, the Exchange understands that other exchanges have filed similar rules to differentiate between Friday and Saturday expiration dates for standard options on listed classes.<sup>11</sup>

b. Statutory Basis

The Exchange believes the proposed rule change is consistent with the Securities Exchange Act of 1934 (the “Act”) and the rules and regulations thereunder applicable to the Exchange and, in particular, the requirements of Section 6(b) of the Act.<sup>12</sup>

Specifically, the Exchange believes the proposed rule change is consistent with the Section 6(b)(5)<sup>13</sup> requirements that the rules of an exchange be 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

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<sup>11</sup> See note 7 *supra*.

<sup>12</sup> 15 U.S.C. 78f (b).

<sup>13</sup> 15 U.S.C. 78f(b)(5).

interest. Additionally, the Exchange believes the proposed rule change is consistent with the Section 6(b)(5)<sup>14</sup> requirement that the rules of an exchange not be designed to permit unfair discrimination between customers, issuers, brokers, or dealers.

The Exchange believes that implementing the change to Friday expiration processing and eventually transitioning to Friday expiration for all monthly expiration contracts would foster cooperation and coordination with persons engaged in facilitating transactions in securities. In particular, the Exchange believes that keeping its rules consistent with those of the industry will protect all participants in the market by eliminating confusion and would facilitate the long-term goal of OCC and its clearing members to move the expiration process for all monthly expiration contracts from Saturday to Friday night. The proposed changes thus allow for a more orderly market by allowing all options markets, including the clearing agencies, to have the same expiration date for standard options and to have clarity around the procedures that apply during the transition period when both Friday and Saturday expirations will exist for standard options.

In addition, the proposed changes will foster cooperation and coordination with persons engaged in regulating clearing, settling, processing information with respect to, and facilitating transactions in securities by aligning a pivotal part of the options processing to be consistent industry wide. If the industry were to differ, investors would suffer from confusion and be more vulnerable to inadvertent violations of different exchange rules. The proposed changes do not permit unfair discrimination between any members because they are applied to all members equally. In the alternative, the

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<sup>14</sup> Id.

Exchange believes that the proposed rules help all members by keeping the Exchange consistent with OCC practices and those of other exchanges.

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 does not believe the proposed rule change will impose a burden on intramarket competition because it will be applied to all members equally. In addition, the Exchange does not believe the proposed rule change will impose any burden to intermarket competition because it will be applied industry-wide, apply to all market participants and is designed to allow OCC to streamline the expiration process for all monthly expiration contracts and increase operational efficiencies for OCC and its clearing members.

The proposed rule change is structured to enhance competition because the shift from an expiration date of the Saturday following the third Friday to the third Friday is anticipated to be adopted industry-wide and will apply to multiple listed classes. The proposed changes in turn will allow BX to continue to compete with other exchanges making similar rule changes. For the reasons above, the Exchange does not believe that the proposed rule change would impose a burden on competition.

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. The Exchange notes, however, that a favorable comment was submitted to the OCC filing.

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)

(a) The proposed rule change is filed for immediate effectiveness pursuant to Section 19(b)(3)(A) of the Act<sup>15</sup> and Rule 19b-4(f)(6)<sup>16</sup> thereunder.

(b) The Exchange designates that the proposed rule change 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. Additionally, the Exchange has given the Commission written notice of its intent to file the proposed rule change, along with a brief description and text of 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. Specifically, the Exchange does not believe that the proposed changes introduce any new concepts nor cause any new burden to members. In addition, the Exchange is merely changing Exchange rules to remain consistent with the OCC and the industry. The proposed rule change also is substantially similar to a rule change submitted by NYSE Arca.<sup>17</sup> The Exchange notes that when the proposed changes to the expiration date were introduced by the OCC, one favorable comment was received during the comment period. In addition, the issues noticed for comment in the OCC filing are almost identical to the

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<sup>15</sup> 15 U.S.C. 78s(b)(3)(A).

<sup>16</sup> 17 CFR 240.19b-4(f)(6).

<sup>17</sup> See Securities Exchange Act Release No. 70372 (September 11, 2013), 78 FR 57186 (September 17, 2013)(SR-NYSEARCA-2013-88).

issues being addressed in this filing. Thus, the Exchange does not believe that the proposed changes cause any controversy. Finally, because the OCC filing was recently approved by the Commission, the Exchange does not see the proposed language affecting the protection of investors or the public interest or imposing any significant burden on competition.

For the foregoing reasons, this rule filing qualifies as a “non-controversial” rule change under Rule 19b-4(f)(6), which renders the proposed rule change effective upon filing with the Commission. At any time within 60 days of the filing of this 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 will institute proceedings to determine whether the proposed rule change should be approved or disapproved.

(c) Not applicable.

(d) Not applicable.

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

As noted above, the proposed rule change is similar to the recently approved rule filing made by OCC.<sup>18</sup> In addition, NYSE Arca recently amended its rules to implement similar changes.<sup>19</sup> The Exchange notes that the proposal submitted by NYSE Arca makes additional changes that are not applicable to the Exchange’s proposed rule

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<sup>18</sup> See note 6 supra.

<sup>19</sup> See note 17 supra.

change.<sup>20</sup> The proposed Exchange rule filing amends the Exchange Rulebook to conform to the current OCC rules and give effect to this industry-wide initiative.

9. Security-Based Swap Submissions Filed Pursuant to Section 3C of the Act

Not applicable.

10. Advance Notices Filed Pursuant to Section 806(e) of the Payment, Clearing and Settlement Supervision Act

Not applicable.

11. Exhibits

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

5. Text of the proposed rule change.

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<sup>20</sup> Specifically, NYSE Arca also amended its Commentary .01 of Rule 6.17 (Verification of Compared Trades and Reconciliation of Uncompared Trades) and Rule 6.65 (Trading Halts and Suspensions) in its filing.



**EXHIBIT 1**SECURITIES AND EXCHANGE COMMISSION  
(Release No. 34- ; File No. SR-BX-2013-055)

Self-Regulatory Organizations; NASDAQ OMX BX, Inc.; Notice of Filing and Immediate Effectiveness of Proposed Rule Change to Implement Transition to Friday Expiration for Most Options Contracts

Pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 (“Act”),<sup>1</sup> and Rule 19b-4 thereunder,<sup>2</sup> notice is hereby given that on October 11, 2013, NASDAQ OMX BX, Inc. (“BX” or “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 the Substance of the Proposed Rule Change

The Exchange proposes to amend certain procedural rules to implement the change in the expiration date for most option contracts to the third Friday of the expiration month instead of the Saturday following the third Friday. The text of the proposed rule change is available at <http://nasdaqomxbx.cchwallstreet.com/>, at the Exchange’s principal office, 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

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<sup>1</sup> 15 U.S.C. 78s(b)(1).

<sup>2</sup> 17 CFR 240.19b-4.

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

On August 21, 2013, the Exchange filed to change the expiration date for most option contracts to the third Friday of the expiration month instead of the Saturday following the third Friday.<sup>3</sup> This proposed rule change is intended to clarify certain rule changes that were made in the Expiration Date Filing and to amend additional procedural and other rules intended to implement the change in expiration date for most option contracts to the third Friday of the expiration month instead of the Saturday following the third Friday.

The Exchange has adopted rules to change the expiration date for most option contracts to the third Friday of the expiration month instead of the Saturday following the third Friday.<sup>4</sup> The changes to the expiration date apply to all standard expiration contracts including those in which the rules are silent on the expiration date. Option contracts having non-standard expiration dates ("non-standard expiration contracts") were unaffected by the proposed rule changes, except that FLEX options having

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<sup>3</sup> See Securities Exchange Act Release No. 70258 (August 26, 2013), 78 FR 53797 (August 30, 2013)(SR-BX-2013-50)("Expiration Date Filing"). The changes proposed in the Expiration Date Filing were effective on filing and became operative on September 20, 2013.

<sup>4</sup> See Chapter XIV, Index Rules, Section 2(p)(definition of "expiration date").

expiration dates later than February 1, 2015 cannot expire on a Saturday unless they are specified by The Options Clearing Corporation (“OCC”) as grandfathered.<sup>5</sup>

The Exchange is making the proposed rule changes to further harmonize its rules in connection with a recently approved rule filing made by OCC which made substantially similar changes.<sup>6</sup> The Exchange believes that the industry must remain consistent in expiration dates, and, thus, is proposing to update its rules to remain consistent with those of OCC. In addition, the Exchange understands that other exchanges have and will be filing similar rules to effect this industry-wide initiative.<sup>7</sup>

In order to provide a smooth transition to the Friday expiration, OCC has begun to move the expiration exercise procedures to Friday for all standard expiration contracts even though the contracts would continue to expire on Saturday.<sup>8</sup> After February 1, 2015, virtually all standard expiration contracts will actually expire on Friday. The only standard expiration contracts that will expire on a Saturday after February 1, 2015 are certain options that were listed prior to the effectiveness of the OCC rule change, and a

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<sup>5</sup> Examples of options with non-standard expiration contracts include: Quarterly Equity and Exchange-Traded Fund Shares (“ETFs”) Option Series (Chapter IV, Section 6, Commentary .04), Quarterly Options Series for indexes (Chapter XIV, Section 11(g)), Short Term Option Series (Chapter IV, Section 6, Commentary .07) and Short Term Option Series for indexes (Chapter XIV, Section 11(h)).

<sup>6</sup> See Securities Exchange Act Release No. 34-69772 (June 17, 2013), 78 FR 37645 (June 21, 2013)(order approving SR-OCC-2013-004).

<sup>7</sup> See Securities Exchange Act Release Nos. 70091 (August 1, 2013), 78 FR 48212 (August 7, 2013)(SR-CBOE-2013-073); 69996 (July 17, 2013), 78 FR 44183 (July 23, 2013)(SR-MIAX-2013-32); 70373 (September 11, 2013), 78 FR 57198 (September 17, 2013)(SR-NYSEMKT-2013-73); 70372 (September 11, 2013), 78 FR 57186 (September 17, 2013)(SR-NYSEARCA-2013-88); and 70488 (September 24, 2013), 78 FR 59998 (September 30, 2013)(SR-BOX-2013-45).

<sup>8</sup> See note 6 supra.

limited number of options that may be listed prior to necessary systems changes of the options exchanges. BX, along with the other option exchanges, has agreed not to list any additional options with Saturday expiration dates falling after February 1, 2015. BX understands that the other exchanges are committed to the same listing schedule.<sup>9</sup>

Certain option contracts have already been listed with Saturday expiration dates as distant as January 2016 (which is the furthest out expiration as of the date of this filing). For these contracts, transitioning to a Friday expiration for newly listed option contracts expiring after February 1, 2015 would create a situation under which certain options with open interest would expire on a Saturday while other options with open interest would expire on a Friday in the same expiration month.

Clearing members have expressed a clear preference to not have a mix of options with open interest that expire on different days in a single month.<sup>10</sup> Accordingly, OCC represented in its recently approved filing that it will not issue and clear any new option contracts with a Friday expiration if existing option contracts of the same options class expire on the Saturday following the third Friday of the same month. However, Friday expiration processing will be in effect for these Saturday expiration contracts. As with standard expiration options during the transition period, exercise requests received after Friday expiration processing is complete but before the Saturday contract expiration time will continue to be processed without fines or penalties.

Since the rule changes implementing the change in expiration date apply only to new series of standard expiration contracts opened for trading consistent with the OCC

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<sup>9</sup> See note 7 supra.

<sup>10</sup> Id.

rules and having expiration dates later than February 1, 2015, the Exchange is proposing to amend certain rules relating to the procedures of the Exchange. The proposed changes take into account that, during a transition period, there will be options with open interest having both Friday and Saturday expiration dates.

More specifically, the Exchange is proposing to amend Chapter 1, General Provisions, Section 1(a)(25) to provide that European-style options can be exercised only on the expiration date if such day is a business day or, in the case of option contracts expiring on a day that is not a business day, the last business day prior to expiration.

In addition, the Exchange seeks to amend Chapter III, Business Conduct, Section 12(a)(ii) with respect to certain timing for restrictions on the exercise of option contracts. Specifically, the Exchange proposes to specify that the 10 business day period referenced in Section 12(a)(ii) includes the expiration date for an option contract that expires on a business day. With respect to index options, restrictions on exercise may be in effect until the opening of business on the business day of their expiration or, in the case of an option contract expiring on a day that is not a business day, on the last business day before the expiration date. In addition, Section 12(a)(iii)(2) would be amended to specify that exercises of expiring American-style, cash-settled index options would not be prohibited on an expiration date that is a business day (i.e., for Friday expirations), or, in the case of an option contract expiring on a non-business day (as is currently the case for Saturday expirations), on the last business day prior to expiration.

The Exchange also proposes to amend Chapter IV, Securities Traded on BX Options, Section 6(c) to differentiate between Friday and Saturday expirations. Specifically, the Exchange would specify that additional series of individual stock

options may be added in unusual market conditions until the close of trading on the business day prior to expiration in the case of an option contract expiring on a business day (i.e., Thursday for a Friday expiration), or, in the case of an option contract expiring on a day that is not a business day, and as is currently the case for Saturday expirations, until the close of trading on the second business day prior to expiration (i.e., until the close of trading on Thursday for Saturday expirations).

Additionally, the Exchange's proposal would change Chapter V, Regulation of Trading on BX Options, Section 6(f)(ii) to add greater specificity regarding the timing surrounding notifications to the Exchange of a Catastrophic Error. Specifically, the Exchange proposes to specify that, for such transactions in an expiring options series that take place on an expiration day that is a business day (i.e., for Friday expirations), a party must notify MarketWatch by 5:00 p.m. ET that same day. For such transactions in an options series that take place on the business day immediately prior to an expiration day that is not a business day (i.e., for Saturday expirations), a party must notify MarketWatch by 5:00 p.m. ET on such business day (i.e., on Friday).

The Exchange's proposal includes several proposed changes to Chapter VIII, Exercises and Deliveries, Section 1 in order to differentiate between Friday and Saturday expirations. First, the Exchange proposes to specify in Section 1(b) that special procedures apply to the exercise of equity options on the business day of their expiration (i.e., for Friday expirations), or, in the case of an option contract expiring on a day that is not a business day, and as is currently the case for Saturday expirations, on the last business day before their expiration. Second, the Exchange proposes to specify in Section 1(c) that, regarding exercise cut-off times, option holders have until 5:30 p.m. ET

on the business day of their expiration (i.e., for Friday expirations), or, in the case of an option contract expiring on a day that is not a business day, and as is currently the case for Saturday expirations, on the business day immediately prior to the expiration date.

Third, the Exchange proposes to specify in Section 1(h) that the advance notice described therein is applicable if provided by the Exchange on or before 5:30 p.m. ET on the business day (i.e., on Thursday) immediately prior to the business day of expiration (i.e., for Friday expirations), or, in the case of an option contract expiring on a day that is not a business day, and as is currently the case for Saturday expirations, the business day immediately prior to the last business day before the expiration date (i.e., Thursday for Saturday expirations). Fourth, the Exchange proposes to amend Section 1(i) at ii. to specify that the reference therein to “unusual circumstances” includes, but is not limited to, a significant news announcement concerning the underlying security of an option contract that is scheduled to be released just after the close on the business day the option contract expires (i.e., for Friday expirations), or, in the case of an option contract expiring on a day that is not a business day, and as is currently the case for Saturday expirations, the business day immediately prior to expiration. Fifth, the Exchange proposes to amend Section 1(l)iii., v., and vii. to correct a cross-reference. Sixth, the proposal also seeks to amend Section 1(l)viii.2) to specify that exercises of expiring American-style, cash-settled index option would not be prohibited on an expiration date that is a business day (i.e., for Friday expirations), or, in the case of an option contract expiring on a non-business day (as is currently the case for Saturday expirations), on the last business day prior to expiration.

Additionally, the Exchange seeks to amend Chapter XIV, Index Rules, Section 2(g) – (p) to reorder the defined terms into alphabetical order. In newly renumbered Section 2(h), the definition of “European-style index option” is modified to provide that the term European-style index option means an option on an industry or market index that can be exercised only on the expiration date if such day is a business day or, in the case of option contracts expiring on a day that is not a business day, the last business day prior to expiration.

The Exchange also seeks to amend Section 11 of Chapter XIV, Index Rules to differentiate between Friday and Saturday expirations. The proposed rule change to Section 11(a)(5) would provide that the last day of trading for A.M.-settled index options would be the business day (i.e., on Thursday) immediately prior to the business day of expiration (i.e., for Friday expirations), or, in the case of an option contract expiring on a day that is not a business day, the business day immediately prior to the last business day before the expiration date (i.e., Thursday for Saturday expirations). In addition, the current index value at the expiration of an A.M.-settled index option would be determined on the business day of expiration (i.e., for Friday expirations), or, in the case of an option contract expiring on a day that is not a business day, on the last business day before its expiration (i.e., Friday). The Exchange also proposes to amend Section 11(a)(5)(i) to refer to Section 10(g) in order to correct a cross-reference. Additionally, it is proposed that Section 11(c)(2) would be amended to specify that new series of index option contracts may be added up to, but not on or after, the fourth business day prior to expiration for an option contract expiring on a business day (i.e., up to, but not on or after, the opening of trading on Monday morning for Friday expirations), or, in the case



of an option contract expiring on a day that is not a business day, and as is currently the case for Saturday expirations, the fifth business day prior to expiration. The Exchange also proposes to amend Section 11(d) to more generally specify that the reported level of the underlying index that is calculated by the reporting authority for the purposes of determining the current index value at expiration of an A.M.-settled index option may differ from the level of the index that is separately calculated and reported reflecting trading activity subsequent to the opening of trading in any of the underlying securities.

As stated above, the Exchange believes the proposed changes will keep the Exchange consistent with the processing at OCC and will enable the Exchange to give effect to the industry-wide initiative. In addition, the Exchange understands that other exchanges have filed similar rules to differentiate between Friday and Saturday expiration dates for standard options on listed classes.<sup>11</sup>

## 2. Statutory Basis

The Exchange believes the proposed rule change is consistent with the Securities Exchange Act of 1934 (the “Act”) and the rules and regulations thereunder applicable to the Exchange and, in particular, the requirements of Section 6(b) of the Act.<sup>12</sup>

Specifically, the Exchange believes the proposed rule change is consistent with the Section 6(b)(5)<sup>13</sup> requirements that the rules of an exchange be 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,

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<sup>11</sup> See note 7 *supra*.

<sup>12</sup> 15 U.S.C. 78f (b).

<sup>13</sup> 15 U.S.C. 78f(b)(5).

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. Additionally, the Exchange believes the proposed rule change is consistent with the Section 6(b)(5)<sup>14</sup> requirement that the rules of an exchange not be designed to permit unfair discrimination between customers, issuers, brokers, or dealers.

The Exchange believes that implementing the change to Friday expiration processing and eventually transitioning to Friday expiration for all monthly expiration contracts would foster cooperation and coordination with persons engaged in facilitating transactions in securities. In particular, the Exchange believes that keeping its rules consistent with those of the industry will protect all participants in the market by eliminating confusion and would facilitate the long-term goal of OCC and its clearing members to move the expiration process for all monthly expiration contracts from Saturday to Friday night. The proposed changes thus allow for a more orderly market by allowing all options markets, including the clearing agencies, to have the same expiration date for standard options and to have clarity around the procedures that apply during the transition period when both Friday and Saturday expirations will exist for standard options.

In addition, the proposed changes will foster cooperation and coordination with persons engaged in regulating clearing, settling, processing information with respect to, and facilitating transactions in securities by aligning a pivotal part of the options processing to be consistent industry wide. If the industry were to differ, investors would

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<sup>14</sup> Id.

suffer from confusion and be more vulnerable to inadvertent violations of different exchange rules. The proposed changes do not permit unfair discrimination between any members because they are applied to all members equally. In the alternative, the Exchange believes that the proposed changes help all members by keeping the Exchange consistent with OCC practices and those of other exchanges.

B. 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 does not believe the proposed rule change will impose a burden on intramarket competition because it will be applied to all members equally. In addition, the Exchange does not believe the proposed rule change will impose any burden to intermarket competition because it will be applied industry-wide, apply to all market participants and is designed to allow OCC to streamline the expiration process for all monthly expiration contracts and increase operational efficiencies for OCC and its clearing members.

The proposed rule change is structured to enhance competition because the shift from an expiration date of the Saturday following the third Friday to the third Friday is anticipated to be adopted industry-wide and will apply to multiple listed classes. The proposed changes in turn will allow BX to continue to compete with other exchanges making similar rule changes. For the reasons above, the Exchange does not believe that the proposed rule change would impose a burden on competition.

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. The Exchange notes, however, that a favorable comment was submitted to the OCC filing.

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<sup>15</sup> and Rule 19b-4(f)(6)<sup>16</sup> thereunder.

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.

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<sup>15</sup> 15 U.S.C. 78s(b)(3)(A).

<sup>16</sup> 17 CFR 240.19b-4(f)(6). In addition, 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.

#### IV. Solicitation of Comments

Interested persons are invited to submit written data, views, and arguments concerning the foregoing, including whether the proposed rule change, as amended, 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](mailto:rule-comments@sec.gov). Please include File Number SR-BX-2013-055 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-2013-055. 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-2013-055, 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.<sup>17</sup>

Kevin M. O'Neill  
Deputy Secretary

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<sup>17</sup> 17 CFR 200.30-3(a)(12).

**EXHIBIT 5**

The text of the proposed rule change is below. Proposed new language is underlined; deletions are [bracketed].

## Options Rules

\* \* \* \* \*

**Chapter I General Provisions**

\* \* \* \* \*

**Sec. 1 Definitions**

(a) With respect to these BX Options Rules, the following terms shall have the meanings specified in this Section 1. A term defined elsewhere in the Rules of the Exchange shall have the same meaning with respect to this Chapter I, unless otherwise defined below.

(1) – (24) No change.

(25) The term "European-style option" means an options contract that, subject to the provisions of Chapter VIII, Section 1 of these Rules (relating to the cutoff time for exercise instructions) and to the Rules of the Clearing Corporation, can be exercised only on the business day of expiration, or, in the case of option contracts expiring on a day that is not a business day, the last business day prior to its expiration date.

(26) – (65) No change.

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**Chapter III Business Conduct**

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**Sec. 12 Other Restrictions on Options Transactions and Exercises**

(a) BX may impose such restrictions on transactions or exercises in one or more series of options of any class traded on BX Options as BX Regulation in its judgment deems advisable in the interests of maintaining a fair and orderly market in options contracts or in underlying securities, or otherwise deems advisable in the public interest or for the protection of investors.

i. No change.

**ii.** Notwithstanding the foregoing, during the ten (10) business days prior to the expiration date of a given series of options, other than index options, which shall include such expiration date for an option contract that expires on a business day, no restriction on exercise under this Section may be in effect with respect to that series of options. With respect to index options, restrictions on exercise may be in effect until the opening of business on the business day of their expiration or, in the case of an option contract expiring on a day that is not a business day, on the last business day before the expiration date.

**iii.** Exercises of American-style, cash-settled index options shall be prohibited during any time when trading in such options is delayed, halted, or suspended, subject to the following exceptions:

**1)** No change.

**2)** Exercises of expiring American-style, cash-settled index options shall not be prohibited on the business day of expiration, or in the case of an option contract expiring on a day that is not a business day, the last business day prior to their expiration;

**3) – 4)** No change.

**(b)** No change.

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## **Chapter IV Securities Traded on BX Options**

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### **Sec. 6 Series of Options Contracts Open for Trading**

**(a) – (b)** No change.

**(c)** Additional series of options of the same class may be opened for trading on BX Options when BX deems it necessary to maintain an orderly market, to meet Customer demand or when the market price of the underlying stock moves more than five strike prices from the initial exercise price or prices. The opening of a new series of options shall not affect the series of options of the same class previously opened. New series of options on an individual stock may be added until the beginning of the month in which the options contract will expire. Due to unusual market conditions, BX, in its discretion, may add a new series of options on an individual stock until the close of trading on the business day prior to the business day of expiration, or, in the case of an option contract expiring on a day that is not a business day, on the second business day prior to expiration.

**(d) – (g)** No change.



**Supplementary Material to Section 6**

.01 - .08 No change.

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**Chapter V Regulation of Trading on BX Options**

\* \* \* \* \*

**Sec. 6 Obvious and Catastrophic Errors**

(a) – (e) No change.

(f) *Catastrophic Errors*

(i) No change.

(ii) Catastrophic Error Procedure. If a party believes that it participated in a transaction that qualifies as a Catastrophic Error, it must notify MarketWatch via a written or electronic complaint by 8:30 am ET, on the first trading day following the execution. For transactions in an expiring options series that take place on an expiration day that is a business day, a party must notify MarketWatch by 5:00 pm ET that same day. For such transactions in an options series that take place on the business day immediately prior to an expiration day that is not a business day, a party must notify MarketWatch by 5:00 pm ET on such business day.

BX will not grant relief under this Section unless notification is made within the prescribed periods of time. Relief will not be granted if MarketWatch has previously rendered a decision with respect to the transaction in question pursuant to this Section. A BX Official, as defined in paragraph (d) above, shall administer the application of this Section.

(iii) No change.

(g) No change.

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**Chapter VIII Exercises and Deliveries**

\* \* \* \* \*

**Sec. 1 Exercise of Options Contracts**

(a) No change.

**(b)** Special procedures apply to the exercise of equity options on the business day of their expiration, or in the case of option contracts expiring on a day that is not a business day, on the last business day before their expiration ("expiring options"). Unless waived by The Options Clearing Corporation (also known in this Rule as the Clearing Corporation), expiring options are subject to the Exercise-by-Exception ("Ex-by-Ex") procedure under Clearing Corporation Rule 805. This Rule provides that, unless contrary instructions are given, option contracts that are in-the-money by specified amounts shall be automatically exercised. In addition to the Rules of the Clearing Corporation, the following BX Options requirements apply with respect to expiring options. Option holders desiring to exercise or not exercise expiring options must either:

**i. – ii.** No change.

**(c)** Exercise cut-off time. Option holders have until 5:30 p.m. Eastern Time on the business day of expiration, or, in the case of an option contract expiring on a day that is not a business day, on the business day immediately prior to[, or in the case of Quarterly Options Series on,] the expiration date, to make a final decision to exercise or not exercise an expiring option. Participants may not accept exercise instructions for customer or non-customer accounts after 5:30 p.m. Eastern Time.

**(d) – (g)** No change.

**(h)** In the event BX Options provides advance notice on or before 5:30 p.m. Eastern Time on the business day immediately prior to the business day of expiration, or, in the case of an option contract expiring on a day that is not a business day, the second business day immediately prior to [the last business day before] the expiration date indicating that a modified time for the close of trading in equity options on such business day of expiration, or, in the case of an option contract expiring on a day that is not a business day, such last business day before expiration will occur, then the deadline to make a final decision to exercise or not exercise an expiring option shall be 1 hour 30 minutes following the time announced for the close of trading on that day instead of the 5:30 p.m. Eastern Time deadline found in Paragraph (c) of this Section 1. However, Participants have until 7:30 Eastern Time to deliver a Contrary Exercise Advice or Advice Cancel to BX Options for customer accounts and noncustomer accounts where such Participant employs an electronic submission procedure with time stamp for the submission of exercise instructions. For non-customer accounts, Participants that do not employ an electronic procedure with time stamp for the submission of exercise instructions are required to deliver a Contrary Exercise Advice or Advice Cancel within 1 hour and 30 minutes following the time announced for the close of trading on that day instead of the 5:30 p.m. Eastern Time deadline found in Paragraph (d) of this Section 1.

**(i)** Modification of cut-off time.

**i.** No change.

**ii.** BX Options with at least one (1) business day prior advance notice, by 12:00 noon on such day, may establish a reduced cut-off time for the decision to exercise or not exercise an expiring option and for the submission of Contrary Exercise Advices on a case-by-

case basis due to unusual circumstances; provided, however, that under no circumstances should the exercise cut-off time and the time for submission of a Contrary Exercise Advice be before the close of trading. For purposes of this subparagraph (h) (ii), an "unusual circumstance" includes, but is not limited to, a significant news announcement concerning the underlying security of an option contract that is scheduled to be released just after the close on the business day the option contract expires, or, in the case of an option contract expiring on a day that is not a business day, the business day immediately prior to expiration.

**(j) – (k)** No change.

**(l)** Clearing Participants must follow the procedures of the Clearing Corporation when exercising American-style cash-settled index options contracts issued or to be issued in any account at the Clearing Corporation. Options Participants must also follow the procedures set forth below with respect to American-style cash-settled index options:

**i. – ii.** No change.

**iii.** BX Regulation may determine to extend the applicable deadline for the delivery of "exercise advice" and "advice cancel" notifications pursuant to this paragraph ([k]) if unusual circumstances are present.

**iv.** No change.

**v.** The failure of any Options Participant to follow the procedures in this paragraph ([k]) may result in the assessment of a fine, which may include but is not limited to disgorgement of potential economic gain obtained or loss avoided by the subject exercise, as determined by BX Regulation.

**vi.** No change.

**vii.** The procedures set forth in subparagraphs (i)-(ii) of this subparagraph ([k]) do not apply (a) on the business day prior to expiration in series expiring on a day other than a business day or (b) on the expiration day in series expiring on a business day.

**viii.** Exercises of American-style, cash-settled index options (and the submission of corresponding "exercise advice" and "advice cancel" forms) shall be prohibited during any time when trading in such options is delayed, halted, or suspended, subject to the following exceptions:

**1)** No change.

**2)** Exercises of expiring American-style, cash-settled index options shall not be prohibited on the business day of expiration, or in the case of index option contracts expiring on a day that is not a business day, the last business day prior to their expiration.

**3) - 4)** No change.

***Supplementary Material***

.01 - .05 No change.

\* \* \* \* \*

**Chapter XIV Index Rules**

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**Sec. 2 Definitions**

(a) – (f) No change.

**(g)** Unless separately defined elsewhere in these Rules, the term “expiration date” means (i) in the case of such an option expiring prior to February 1, 2015, the Saturday immediately following the third Friday of the expiration month of such option contract; and (ii) in the case of such an option expiring on or after February 1, 2015, the third Friday of the expiration month of such option contract, or if such Friday is a day on which the Exchange on which such option is listed is not open for business, the preceding day on which such Exchange is open for business. Notwithstanding the foregoing, in the case of certain options expiring on or after February 1, 2015 that the Clearing Corporation has designated as grandfathered, the term “expiration date” shall mean the Saturday immediately following the third Friday of the expiration month.

**([g]h)** The term "European-style index option" means an option on an industry or market index that can be exercised only on the business day of expiration, or, in the case of an option contract expiring on a day that is not a business day, on the last business day prior to the day it expires.

**([h]i)** The term "index multiplier" means the amount specified in the contract by which the current index value is to be multiplied to arrive at the value required to be delivered to the holder of a call or by the holder of a put upon valid exercise of the contract.

**([i]j)** The term "industry index" and "narrow-based index" mean an index designed to be representative of a particular industry or a group of related industries.

**([j]k)** The term "market index" and "broad-based index" mean an index designed to be representative of a stock market as a whole or of a range of companies in unrelated industries.

**([k]l)** The term "put" means an options contract under which the holder of the option has the right, in accordance with the terms and provisions of the option, to sell to the Clearing Corporation the current index value times the index multiplier.

**([l]m)** The term "Quarterly Option Series" means a series in an options class that is approved for listing and trading on the Exchange in which the series is opened for trading on any business day and expires at the close of business on the last business day of a calendar quarter.

**([m]n)** The term "reporting authority" with respect to a particular index means the institution or reporting service designated by BX as the official source for (1) calculating the level of the index from the reported prices of the underlying securities that are the basis of the index and (2) reporting such level. The reporting authority for each index approved for options trading on BX Options shall be Specified (as provided in Section 1 of this Chapter) in the Supplementary Material to this Section 2.

**([n]o)** The term "Short Term Option Series" means a series in an option class that is approved for listing and trading on the Exchange in which the series is opened for trading on any Thursday or Friday that is a business day and that expires on the Friday of the next business week. If a Thursday or Friday is not a business day, the series may be opened (or shall expire) on the first business day immediately prior to that Thursday or Friday, respectively.

**([o]p)** The term "underlying security" or "underlying securities" with respect to an index options contract means any of the securities that are the basis for the calculation of the index.

**([p])** Unless separately defined elsewhere in these Rules, the term "expiration date" means (i) in the case of such an option expiring prior to February 1, 2015, the Saturday immediately following the third Friday of the expiration month of such option contract; and (ii) in the case of such an option expiring on or after February 1, 2015, the third Friday of the expiration month of such option contract, or if such Friday is a day on which the Exchange on which such option is listed is not open for business, the preceding day on which such Exchange is open for business. Notwithstanding the foregoing, in the case of certain options expiring on or after February 1, 2015 that the Clearing Corporation has designated as grandfathered, the term "expiration date" shall mean the Saturday immediately following the third Friday of the expiration month.]

## **Supplementary Material to Section 2**

**.01** No change.

\* \* \* \* \*

## **Sec. 11 Terms of Index Options Contracts**

**(a)** General.

**(1) – (4)** No change.

**(5)** A.M.-Settled Index Options. The last day of trading for A.M.-settled index options shall be the business day prior to the business day of expiration, or, in the case of an option contract expiring on a day that is not a business day, the second business day preceding the expiration date. The current index value at the expiration of an A.M.-settled index option shall be determined, for all purposes under these Rules and the Rules of the

Clearing Corporation, on the business day of expiration, or, in the case of an option contract expiring on a day that is not a business day, on the last business day before its expiration date, by reference to the reported level of such index as derived from first reported sale (opening) prices of the underlying securities on such day, except that:

(i) In the event that the primary market for an underlying security does not open for trading on that day, the price of that security shall be determined, for the purposes of calculating the current index value at expiration, as set forth in Section 10[9](g) of this Chapter, unless the current index value at expiration is fixed in accordance with the Rules and By-Laws of the Clearing Corporation; and

(ii) No change.

(b) No change.

(c) Procedures for Adding and Deleting Strike Prices. The procedures for adding and deleting strike prices for index options are provided in Section 6 of Chapter IV of these Rules (Series of Options Contracts Open for Trading), as amended by the following:

(1) No change.

(2) New series of index options contracts may be added up to the fourth business day prior to the business day of expiration, or, in the case of an index option contract expiring on a day that is not a business day, up to the fifth business day prior to expiration.

(3) – (4) No change.

(d) Index Level[ on the Last Day of Trading]. The reported level of the underlying index that is calculated by the reporting authority[ on the expiration date] for purposes of determining the current index value at the expiration of an A.M.-settled index option may differ from the level of the index that is separately calculated and reported by the reporting authority and that reflects trading activity subsequent to the opening of trading in any of the underlying securities.

(e) - (h) No change.

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