

Required fields are shown with yellow backgrounds and asterisks.

Page 1 of * 19	SECURITIES AND EXCHANGE COMMISSION WASHINGTON, D.C. 20549 Form 19b-4		File No.* SR - 2014 - * 042	Amendment No. (req. for Amendments *)	
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"/>	Extension of Time Period for Commission Action * <input type="checkbox"/>	Date Expires * <input type="text"/>	Rule <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 Section 806(e)(1) * <input type="checkbox"/>			Security-Based Swap Submission pursuant to the Securities Exchange Act of 1934 Section 3C(b)(2) * <input type="checkbox"/>		
Exhibit 2 Sent As Paper Document <input checked="" type="checkbox"/>		Exhibit 3 Sent As Paper Document <input checked="" type="checkbox"/>			
<b>Description</b> Provide a brief description of the action (limit 250 characters, required when Initial is checked *).  Relating to BX Options Lead Market Maker Rules					
<b>Contact Information</b> 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 * Angela Last Name * Dunn Title * Associate General Counsel E-mail * angela.dunn@nasdaqomx.com Telephone * (215) 496-5692 Fax <input type="text"/>					
<b>Signature</b> 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 08/21/2014 By Edward S. Knight (Name *) Executive Vice President and General Counsel  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.  Persona Not Validated - 1383935917270,					

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 the 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 the “Exchange”) is filing with the Securities and Exchange Commission (“Commission”) a proposal to amend certain rule text related to an options rule at Chapter VI, Section 10, pertaining to system order executions on BX.

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 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 BX pursuant to authority delegated by the Board of Directors of BX on July 16, 2014. 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 Angela Saccomandi Dunn, Associate General Counsel, The NASDAQ OMX Group at (215) 496-5692.

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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

The purpose of the proposed rule change is to amend rule text in the BX Options Rules at Chapter VI, Section 10 to clarify certain language. A proposed rule change amending Chapter VI, Section 10 was recently approved by the Commission.<sup>3</sup> As part of that rule change, Chapter VI, Section 10, entitled “Book Processing” was amended to afford a Lead Market Maker (“LMM”) a participation entitlement if the LMM’s bid/offer is at the Exchange’s disseminated price and all Public Customer<sup>4</sup> orders have been fully executed.<sup>5</sup> In that proposal the Exchange explained the manner in which orders will be allocated in both a Size Pro-Rata and Price/Time scenario and provided examples. The text of the rule change specified that prior to remaining interest being allocated, an LMM

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<sup>3</sup> See Securities Exchange Act Release No. 72883 (August 20, 2014), \_\_\_\_\_ FR \_\_\_\_\_ (SR-BX-2014-035).

<sup>4</sup> See Chapter I, Section 1(50). The term “Public Customer” means a person that is not a broker or dealer in securities.

<sup>5</sup> The LMM participation entitlement is as follows with respect to Size Pro Rata executions : a BX Options LMM shall receive the greater of: the LMM’s Size Pro-Rata share pursuant to proposed rule BX Options Rule at Chapter VI, Section 10(1)(C)(2)(iii); 50% of remaining interest if there is one or no other Market Maker at that price; 40% of remaining interest if there are two other Market Makers at that price; or 30% of remaining interest if there are more than two other Market Makers at that price; or if rounding would result in an allocation of less than one contract, a BX Options LMM shall receive one contract. The LMM participation entitlement is as follows is as follows with respect to Price/Time executions: a BX Options LMM shall receive the greater of: (a) contracts the LMM would receive if the allocation was based on time priority with Public Customer priority pursuant to proposed BX Options Rule at Chapter VI, Section 10(1)(a); (b) 50% of remaining interest if there is one or no other Market Maker at that price; (c) 40% of remaining interest if there are two other Market Makers at that price; or (d) 30% of remaining interest if there are more than two other Market Makers at that price or if rounding would result in an allocation of less than one contract, a BX Options LMM shall receive one contract.

would receive an allocation based on the allocation methods noted in Chapter VI, Section 10.

While the Exchange believes that the rule text is clear on the allocations that the LMM shall be afforded, the Exchange is seeking to further amend Chapter VI, Section 10(1)(C)(1)(b)(2) to amend the sentence that currently states, “If there are contracts remaining after all LMM interest has been fully executed, such contracts shall be executed based on the Price/Time execution algorithm.” The Exchange proposes to amend the sentence to state, “If there are contracts remaining, such contracts shall be executed based on the Price/Time execution algorithm.” The Exchange believes that removing the words “after all LMM interest has been fully executed” will avoid any confusion such as that an LMM would not be entitled to a portion of the remainder. The Exchange intended those words to apply to the remaining contracts, which would be allocated after the LMM was afforded their allocation. The Exchange believes the proposed text would avoid any confusion as to its interpretation. The Exchange’s proposed change would also be added to Chapter VI, Section 10(2)(ii)(2). The Exchange would add the corresponding sentence to the Size Pro-Rata allocation as follows, “If there are contracts remaining, such contracts shall be executed based on the Size Pro-Rata execution algorithm.” The Exchange believes that adding the aforementioned sentence to Chapter VI, Section 10(2)(ii)(2) clarifies that the remaining contracts would be treated in a similar manner within the Size Pro-Rata allocation method.

The amendments proposed herein are in accordance with the text of the proposed rule change and the examples provided in the prior filing.<sup>6</sup> The Exchange does not

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<sup>6</sup> See note 3.

believe that the amendments are substantive, but rather are clarifying because the text adds specificity to allocation of remainder contracts. The allocation of remainder contracts is not impacted by this rule change. The amendments provide consistency to BX Rules to clarify that remainder contracts are treated in the same general manner under both allocation models.

b. Statutory Basis

The Exchange believes that its proposal is consistent with Section 6(b) of the Act<sup>7</sup> in general, and furthers the objectives of Section 6(b)(5) of the Act<sup>8</sup> in particular, in that it 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 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.

The Exchange believes that the non-substantive amendments to the rule text of Chapter VI, Section 10 will conform the wording in the rule text and add clarity. The Exchange believes that while the rule text does reflect the current allocation method, which will remain in place unaffected by this filing, by adding clarifying language the Exchange's text will be clear and concise.

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

The proposed rule change does not impose any burden on competition that is not necessary or appropriate in furtherance of the purposes of the Act. The proposed rule

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<sup>7</sup> 15 U.S.C. 78f(b).

<sup>8</sup> 15 U.S.C. 78f(b)(5).

change seeks to correct an error in rule text and make other clarifying changes to conform rule text to avoid confusion.

5. Self-Regulatory Organization's Statement on Comments on the Proposed Rule Change Received from Members, Participants, or Others

No written comments were either solicited or received.

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)

The foregoing rule change has become effective pursuant to Section 19(b)(3)(A)<sup>9</sup> of the Act and Rule 19b-4(f)(6) thereunder<sup>10</sup> in that it 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. The proposed rule change seeks to correct rule text in Chapter VI, Section 10 to add clarifying rule text and conform the wording in the rule.

Furthermore, Rule 19b-4(f)(6)(iii) requires a self-regulatory organization to give the Commission written notice of its intent to file a proposed rule change under that subsection at least five business days prior to the date of filing, or such shorter time as designated by the Commission. The Exchange has provided such notice. At any time within 60 days of the filing of the proposed rule change, the Commission summarily may

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<sup>9</sup> 15 U.S.C. 78s(b)(3)(A).

<sup>10</sup> 17 CFR 240.19b-4(f)(6).

temporarily suspend such rule change if it appears to the Commission that such action is: (i) necessary or appropriate in the public interest; (ii) for the protection of investors; or (iii) otherwise in furtherance of the purposes of the Act. If the Commission takes such action, the Commission shall institute proceedings to determine whether the proposed rule should be approved or disapproved. The Exchange respectfully requests that the Commission waive the pre-filing period and the 30 day operative delay period. Waiver of the pre-filing period and the operative delay is consistent with the protection of investors and the public interest because it will ensure that the clarification to the rule text is added in an expedited manner to the rule text. The Exchange believes that the amendments to the rule text will add clarity and specificity to the rule.

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

Not applicable.

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. Notice of proposed rule for publication in the Federal Register.

5. Applicable portion of the rule text.



Exhibit 1

SECURITIES AND EXCHANGE COMMISSION  
(Release No. \_\_\_\_\_ ; File No. SR-BX-2014-042)

Self-Regulatory Organizations; NASDAQ OMX BX, Inc.; Notice of Filing and Immediate Effectiveness of Proposed Rule Change Relating to BX Options Lead Market Maker Rules

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 August 21, 2014, NASDAQ OMX BX, Inc. (“BX” or “Exchange”) filed with the Securities and Exchange Commission (“SEC” or “Commission”) the proposed rule change as described in Items I, II, and III, below, which Items have been prepared by the Exchange. The Commission is publishing this notice to solicit comments on the proposed rule change from interested persons.

I. Self-Regulatory Organization's Statement of the Terms of Substance of the Proposed Rule Change

The Exchange proposes to amend certain rule text related to an options rule at Chapter VI, Section 10, pertaining to system order executions on BX.

The text of the proposed rule change is available on the Exchange’s Website at <http://nasdaqomxbx.cchwallstreet.com>, at the principal office of the Exchange, and at the Commission’s Public Reference Room.

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

In its filing with the Commission, the Exchange included statements concerning the purpose of and basis for the proposed rule change and discussed any comments it

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

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

received on the proposed rule change. The text of these statements may be examined at the places specified in Item IV below. The Exchange has prepared summaries, set forth in sections A, B, and C below, of the most significant aspects of such statements.

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

1. Purpose

The purpose of the proposed rule change is to amend rule text in the BX Options Rules at Chapter VI, Section 10 to clarify certain language. A proposed rule change amending Chapter VI, Section 10 was recently approved by the Commission.<sup>3</sup> As part of that rule change, Chapter VI, Section 10, entitled “Book Processing” was amended to afford a Lead Market Maker (“LMM”) a participation entitlement if the LMM’s bid/offer is at the Exchange’s disseminated price and all Public Customer<sup>4</sup> orders have been fully executed.<sup>5</sup> In that proposal the Exchange explained the manner in which orders will be

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<sup>3</sup> See Securities Exchange Act Release No. 72883 (August 20, 2014), \_\_\_\_\_ FR \_\_\_\_\_ (SR-BX-2014-035).

<sup>4</sup> See Chapter I, Section 1(50). The term “Public Customer” means a person that is not a broker or dealer in securities.

<sup>5</sup> The LMM participation entitlement is as follows with respect to Size Pro Rata executions : a BX Options LMM shall receive the greater of: the LMM’s Size Pro-Rata share pursuant to proposed rule BX Options Rule at Chapter VI, Section 10(1)(C)(2)(iii); 50% of remaining interest if there is one or no other Market Maker at that price; 40% of remaining interest if there are two other Market Makers at that price; or 30% of remaining interest if there are more than two other Market Makers at that price; or if rounding would result in an allocation of less than one contract, a BX Options LMM shall receive one contract. The LMM participation entitlement is as follows with respect to Price/Time executions: a BX Options LMM shall receive the greater of: (a) contracts the LMM would receive if the allocation was based on time priority with Public Customer priority pursuant to proposed BX Options Rule at Chapter VI, Section 10(1)(a); (b) 50% of remaining interest if there is one or no other Market Maker at that price; (c) 40% of remaining interest if there are two other Market Makers at that price; or (d) 30% of remaining interest if there are more than two other

allocated in both a Size Pro-Rata and Price/Time scenario and provided examples. The text of the rule change specified that prior to remaining interest being allocated, an LMM would receive an allocation based on the allocation methods noted in Chapter VI, Section 10.

While the Exchange believes that the rule text is clear on the allocations that the LMM shall be afforded, the Exchange is seeking to further amend Chapter VI, Section 10(1)(C)(1)(b)(2) to amend the sentence that currently states, “If there are contracts remaining after all LMM interest has been fully executed, such contracts shall be executed based on the Price/Time execution algorithm.” The Exchange proposes to amend the sentence to state, “If there are contracts remaining, such contracts shall be executed based on the Price/Time execution algorithm.” The Exchange believes that removing the words “after all LMM interest has been fully executed” will avoid any confusion such as that an LMM would not be entitled to a portion of the remainder. The Exchange intended those words to apply to the remaining contracts, which would be allocated after the LMM was afforded their allocation. The Exchange believes the proposed text would avoid any confusion as to its interpretation. The Exchange’s proposed change would also be added to Chapter VI, Section 10(2)(ii)(2). The Exchange would add the corresponding sentence to the Size Pro-Rata allocation as follows, “If there are contracts remaining, such contracts shall be executed based on the Size Pro-Rata execution algorithm.” The Exchange believes that adding the aforementioned sentence to

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Market Makers at that price or if rounding would result in an allocation of less than one contract, a BX Options LMM shall receive one contract.

Chapter VI, Section 10(2)(ii)(2) clarifies that the remaining contracts would be treated in a similar manner within the Size Pro-Rata allocation method.

The amendments proposed herein are in accordance with the text of the proposed rule change and the examples provided in the prior filing.<sup>6</sup> The Exchange does not believe that the amendments are substantive, but rather are clarifying because the text adds specificity to allocation of remainder contracts. The allocation of remainder contracts is not impacted by this rule change. The amendments provide consistency to BX Rules to clarify that remainder contracts are treated in the same general manner under both allocation models.

## 2. Statutory Basis

The Exchange believes that its proposal is consistent with Section 6(b) of the Act<sup>7</sup> in general, and furthers the objectives of Section 6(b)(5) of the Act<sup>8</sup> in particular, in that it 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 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.

The Exchange believes that the non-substantive amendments to the rule text of Chapter VI, Section 10 will conform the wording in the rule text and add clarity. The Exchange believes that while the rule text does reflect the current allocation method,

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<sup>6</sup> See note 3.

<sup>7</sup> 15 U.S.C. 78f(b).

<sup>8</sup> 15 U.S.C. 78f(b)(5).

which will remain in place unaffected by this filing, by adding clarifying language the Exchange's text will be clear and concise.

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

The proposed rule change does not impose any burden on competition that is not necessary or appropriate in furtherance of the purposes of the Act. The proposed rule change seeks to correct an error in rule text and make other clarifying changes to conform rule text to avoid confusion.

C. Self-Regulatory Organization's Statement on Comments on the Proposed Rule Change Received from Members, Participants, or Others

No written comments were either solicited or received.

III. Date of Effectiveness of the Proposed Rule Change and Timing for Commission Action

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 from the date on which it was filed, or such shorter time as the Commission may designate, it has become effective pursuant to Section 19(b)(3)(A)(ii) of the Act<sup>9</sup> and subparagraph (f)(6) of Rule 19b-4 thereunder.<sup>10</sup>

At any time within 60 days of the filing of the proposed rule change, the Commission summarily may temporarily suspend such rule change if it appears to the Commission that such action is: (i) necessary or appropriate in the public interest; (ii) for the protection of investors; or (iii) otherwise in furtherance of the purposes of the Act. If the Commission takes such action, the Commission shall institute proceedings to

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<sup>9</sup> 15 U.S.C. 78s(b)(3)(a)(ii).

<sup>10</sup> 17 CFR 240.19b-4(f)(6).

determine whether the proposed rule should be approved or disapproved. The Exchange has provided 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.

#### 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](mailto:rule-comments@sec.gov). Please include File Number SR-BX-2014-042 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-2014-042. 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, 100 F Street, NE, Washington, DC 20549, on official business days between the hours of 10:00 a.m. and 3:00 p.m. Copies of the filing also will be available for inspection and copying at the principal office of the Exchange. All comments received will be posted without change; the Commission does not edit personal identifying information from submissions. You should submit only information that you wish to make available publicly.

All submissions should refer to File Number SR-BX-2014-042 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>11</sup>

Kevin M O'Neill  
Deputy Secretary

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<sup>11</sup> 17 CFR 200.30-3(a)(12).

**EXHIBIT 5**

*New text is underlined; deleted text is in brackets.*

**NASDAQ OMX BX Rules**

\* \* \* \* \*

**Options Rules**

\* \* \* \* \*

**Chapter VI Trading Systems**

\* \* \* \* \*

**Sec. 10 Book Processing**

System orders shall be executed through the BX Book Process set forth below:

**(1) Execution Algorithm** - The Exchange will determine to apply, for each option, one of the following execution algorithms described in paragraphs (A) or (B). The Exchange will issue an Options Alert specifying which execution algorithm will govern which options any time it is modified.

**(A) Price/Time** - The System shall execute trading interest within the System in price/time priority, meaning it will execute all trading interest at the best price level within the System before executing trading interest at the next best price. Within each price level, if there are two or more quotes or orders at the best price, trading interest will be executed in time priority.

**(B) Size Pro-Rata** - The System shall execute trading interest within the System in price priority, meaning it will execute all trading interest at the best price level within the System before executing trading interest at the next best price. Within each price level, if there are two or more quotes or orders at the best price, trading interest will be executed based on the size of each Participant's quote or order as a percentage of the total size of all orders and quotes resting at that price. If the result is not a whole number, it will be rounded down to the nearest whole number. If there are residual contracts remaining after rounding, such contracts will be distributed one contract at a time to the remaining Participants in time priority.

**(C) Priority Overlays**

**(1) Priority Overlays Applicable to Price/Time Execution Algorithm:** the Exchange may apply the following designated Participant priority overlays, when the Price/Time execution algorithm is in effect:

(a) **Public Customer Priority:** the highest bid and lowest offer shall have priority except that Public Customer orders shall have priority over non-Public Customer



orders at the same price. If there are two or more Public Customer orders for the same options series at the same price, priority shall be afforded to such Public Customer orders in the sequence in which they are received by the System. For purposes of this Rule, a Public Customer order does not include a Professional Order. Public Customer Priority is always in effect when the Price/Time execution algorithm is in effect.

(b) Lead Market Maker (“LMM”) Priority: An LMM may be assigned by the Exchange in each option class in accordance with Chapter VII, Section 13. LMM participant entitlements shall only be in effect when the Public Customer Priority Overlay is also in effect. After all Public Customer orders have been fully executed, upon receipt of an order, provided the LMM’s bid/offer is at the Exchange’s disseminated price, the LMM will be afforded a participation entitlement. The LMM shall not be entitled to receive a number of contracts that is greater than the displayed size associated with such LMM. LMM participation entitlements will be considered after the opening process. The LMM participation entitlement is as follows:

(1) A BX Options LMM shall receive the greater of:

(a) contracts the LMM would receive if the allocation was based on time priority pursuant to subparagraph (1)(a) above with Public Customer priority;

(b) 50% of remaining interest if there is one or no other Market Maker at that price;

(c) 40% of remaining interest if there is two other Market Makers at that price; or

(d) 30% of remaining interest if there are more than two other Market Makers at that price.

If rounding would result in an allocation of less than one contract, a BX Options LMM shall receive one contract. Rounding will be up or down to the nearest integer.

(2) Orders for 5 contracts or fewer shall be allocated to the LMM. The Exchange will review this provision quarterly and will maintain the small order size at a level that will not allow orders of 5 contracts or less executed by the LMM to account for more than 40% of the volume executed on the Exchange.

If there are contracts remaining [after all LMM interest has been fully executed], such contracts shall be executed based on the Price/Time execution algorithm.

(2) Priority Overlays Applicable to Size Pro-Rata Execution Algorithm: the Exchange will apply the following designated Participant priority overlays, which are always in effect when the Size Pro-Rata execution algorithm is in effect.

- (i) Public Customer Priority: the highest bid and lowest offer shall have priority except that Public Customer orders shall have priority over non-Public Customer orders at the same price. If there are two or more Public Customer orders for the same options series at the same price, priority shall be afforded to such Public Customer orders in the sequence in which they are received by the System. For purposes of this Rule, a Public Customer order does not include a Professional Order. Public Customer Priority is always in effect when Size Pro-Rata execution algorithm is in effect.
- (ii) LMM Priority: An LMM may be assigned by the Exchange in each option class in accordance with Chapter VII, Section 13. After all Public Customer orders have been fully executed, upon receipt of an order, provided the LMM's bid/offer is at the Exchange's disseminated price, the LMM will be afforded a participation entitlement. The LMM shall not be entitled to receive a number of contracts that is greater than the displayed size associated with such LMM. LMM participation entitlements will be considered after the opening process. The LMM participation entitlement is as follows:

(1) A BX Options LMM shall receive the greater of:

- (a) the LMM's Size Pro-Rata share under (1)(C)(2)(iii) below;
- (b) 50% of remaining interest if there is one or no other Market Maker at that price;
- (c) 40% of remaining interest if there are two other Market Makers at that price; or
- (d) 30% of remaining interest if there are more than two other Market Makers at that price.

If rounding would result in an allocation of less than one contract, a BX Options LMM shall receive one contract. Rounding will be up or down to the nearest integer.

(2) Orders for 5 contracts or fewer shall be allocated to the LMM. The Exchange will review this provision quarterly and will maintain the small order size at a level that will not allow orders of 5 contracts or less executed by the LMM to account for more than 40% of the volume executed on the Exchange.

If there are contracts remaining, such contracts shall be executed based on the Size Pro-Rata execution algorithm.

(iii) Market Maker Priority: After all Public Customer orders have been fully executed and LMM participation entitlements applied, if applicable, BX Options Market Makers shall have priority over all other Participant orders at the same price. If there are two or more BX Options Market Maker quotes and orders for the same options series at the same price, those shall be executed based on the Size Pro-Rata execution algorithm. If there are contracts remaining after all Market Maker interest has been fully executed, such contracts shall be executed based on the Size Pro-Rata execution algorithm.

(2) - (7) No Change.

\* \* \* \* \*