

Required fields are shown with yellow backgrounds and asterisks.

Page 1 of * 28	SECURITIES AND EXCHANGE COMMISSION WASHINGTON, D.C. 20549 Form 19b-4	File No.* SR - 2015 - * 013	Amendment No. (req. for Amendments *)
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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"/>
			Rule		
Pilot <input type="checkbox"/>	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)(6)
			<input checked="" type="checkbox"/> 19b-4(f)(2)	<input type="checkbox"/> 19b-4(f)(5)	
			<input type="checkbox"/> 19b-4(f)(3)	<input 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 806(e)(2) * <input type="checkbox"/>
Section 3C(b)(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 the fee schedule under Exchange Rule 7018 with respect to execution and routing of orders in securities priced at \$1 or more per share.

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 * Jonathan Last Name * Cayne

Title * Senior Associate General Counsel

E-mail * jonathan.cayne@nasdaq.com

Telephone * (301) 978-8493 Fax (301) 978-8472

Signature

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

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

(Title *)

Date 02/11/2015

By Edward S. Knight

Executive Vice President and General Counsel

edward.knight@nasdaq.com

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”)¹ and Rule 19b-4 thereunder,² NASDAQ OMX BX, Inc. (“BX” or “Exchange”) is filing with the Securities and Exchange Commission (“Commission”) a proposed rule change to amend the fee schedule under Exchange Rule 7018 with respect to execution and routing of orders in securities priced at \$1 or more per share.

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

(b) Not applicable.

(c) Not applicable.

2. Procedures of the Self-Regulatory Organization

The proposed rule change was approved by senior management of the Exchange pursuant to authority delegated by the Board of Directors of the Exchange on July 16, 2014. 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 Jonathan F. Cayne, Senior Associate General Counsel, at (301) 978-8493 (telephone).

¹ 15 U.S.C. 78s(b)(1).

² 17 CFR 240.19b-4.

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

a. Purpose

The Exchange is proposing to amend BX Rule 7018(a) and (e) to modify the fees and rebates assessed under the rule applicable to transactions in securities priced at \$1 or more. Specifically, the Exchange proposes to clarify and make uniform throughout BX Rule 7018(a) the term "Midpoint pegging", as well as in BX Rule 7018(e) regarding credits for retail orders. The Exchange also proposes to include within BX Rule 7018(a) a specific line item for a credit for an "Order with Midpoint pegging that removes liquidity" of \$0.0005 per share executed. The Exchange believes that these proposed changes increase transparency as to how a member's credit is determined, clarify the fee schedule, and do not change the overall current rate for such credits except for the one minor change noted above.³

Changing the language for non-displayed orders entered by a member that provides an average daily volume of 3.5 million or more shares (but less than 5 million shares) of non-displayed liquidity to include "other than orders with Midpoint pegging" instead of "including those pegged to the midpoint" results in no actual change. Currently, a member would never receive the \$0.0024 per share executed charge for an order with Midpoint pegging because instead the member would have qualified for the \$0.0005 per share executed charge for an order with Midpoint pegging entered by a member that provides an average daily volume of 2 million or more shares of non-

³ The addition of the language concerning price improvement to BX Rule 7018 merely reflects how the system for credits and fees already currently operates, which is why this new language does not change the overall current rates for such credits.

displayed liquidity during the month.

Additionally, the Exchange proposes to define “price improvement” to mean instances when the accepted price of an order differs from the executed price of an order and incorporate it where applicable in BX Rule 7018(a) and (e). The accepted price is the price the matching engine assigns an order based on the instructions submitted by the member. It may differ from a customer’s limit price because of the order type (e.g., pegging and post only orders) or for regulatory reasons (e.g., Reg SHO, Reg NMS compliance or other regulatory restrictions). The accepted price of an order will not be more aggressive than the customer’s limit price, and is often the same as the customer’s submitted limit price. An order can execute up to its accepted price and this is the least advantageous price at which an order can execute. Any execution price that is different than the accepted price must be more advantageous than the accepted price. Thus, executions where the accepted price does not equal the execution price are situations when the order is receiving price improvement versus its accepted price.

The Exchange also proposes to change the fee assessed for BTFY and BCRT orders in securities listed on The NASDAQ Stock Market LLC (“NASDAQ”) (“Tape C”), the New York Stock Exchange (“NYSE”) (“Tape A”) and on exchanges other than NASDAQ and the NYSE (“Tape B”) (collectively, the “Tapes”).

BTFY⁴ is a routing option under which orders check the order execution and trade reporting system owned and operated by BX (the “System”) for available shares only if so instructed by the entering firm and are thereafter routed to destinations on the System routing table. If shares remain unexecuted after routing, they are posted to the System

⁴ See BX Rule 4758(a)(v).

book. Once on the System book, should the order subsequently be locked or crossed by another market center, the System will not route the order to the locking or crossing market center.

BCRT⁵ is a routing option under which orders check the System and then route to PSX and NASDAQ. If shares remain unexecuted, they are posted to the System book or cancelled. Once on the System book, should the order subsequently be locked or crossed by another market center, the System will not route the order to the locking or crossing market center.

For BTFY and BCRT orders, the Exchange currently passes through all fees and rebates for orders that execute on PSX or NASDAQ. BTFY and BCRT orders executed on BX result in a pass through charge of \$0.0025 or \$0.0026 per share executed on PSX⁶ and \$0.0030 per share executed on NASDAQ.⁷ The Exchange is proposing to now assess a set charge of \$0.0030 per share executed for BTFY orders that execute on NYSE, NASDAQ or PSX and \$0.0007 per share executed for BTFY orders executed on any other venue. The Exchange is also proposing to now assess a set charge of \$0.0030 per share executed for BCRT orders that executes on PSX or NASDAQ in lieu of passing through credits and rebates.

BX is proposing to eliminate pass through fees and assess a set fee of \$0.0030 per share executed for both BTFY and BCRT. The Exchange currently passes through any routing fees charged and rebates to NASDAQ or PSX for these orders, which currently is

⁵ See BX Rule 4758(a)(vii).

⁶ See NASDAQ OMX PHLX LLC Pricing Schedule, Section VIII(a)(1).

⁷ See NASDAQ Rule 7018(a).

\$0.0030 per share executed on NASDAQ and varies by tape on PSX but also may vary based on changes to those exchange's respective fee schedules.

b. Statutory Basis

BX believes that the proposed rule change is consistent with the provisions of Section 6 of the Act,⁸ in general, and with Sections 6(b)(4) and 6(b)(5) of the Act,⁹ in particular, in that it provides for the equitable allocation of reasonable dues, fees and other charges among members and issuers and other persons using any facility or system which the Exchange operates or controls, and is designed to prevent fraudulent and manipulative acts and practices, to promote just and equitable principles of trade, to foster cooperation and coordination with persons engaged in regulating, clearing, settling, processing information with respect to, and facilitating transactions in securities, to remove impediments to and perfect the mechanism of a free and open market and a national market system, and, in general, to protect investors and the public interest; and are not designed to permit unfair discrimination between customers, issuers, brokers, or dealers.

The Exchange believes that the proposed changes (i) to make the term "Midpoint pegging" uniform throughout BX Rule 7018(a) and (e), to define "price improvement" to mean instances when the accepted price of an order differs from the executed price of an order and incorporate it where applicable in BX Rule 7018(a) and (e), (ii) to include within BX Rule 7018(a) a specific line item for a credit for an "Order with Midpoint pegging that removes liquidity" of \$0.0005 per share executed, and (iii) to change the

⁸ 15 U.S.C. 78f.

⁹ 15 U.S.C. 78f(b)(4) and (5).

language for non-displayed orders entered by a member that provides an average daily volume of 3.5 million or more shares (but less than 5 million shares) of non-displayed liquidity to include “other than orders with Midpoint pegging” instead of “including those pegged to the midpoint” are reasonable because they increase transparency as to how a member’s charges and credits are determined. The Exchange also believes that these changes are consistent with an equitable allocation of fees and are not unfairly discriminatory because the overall current rate for such credits will not change except for the one minor change noted above and they apply uniformly to all market participants to whom the fee schedule is applicable.

Additionally, the Exchange believes that the proposed changes to the charges assessed for BTFY and BCRT orders in securities of any Tape that execute on PSX are reasonable because they more closely align the fee received with the costs associated with providing routing services. The Exchange incurs costs in operating and supporting the routing function, which are in addition to the fees of other exchanges that it incurs when a routed order executes on another venue. To cover such costs, the Exchange assesses the proposed fee for other routed orders, such as BSTG and BSCN orders, which are assessed a charge of \$0.0030 per share executed.¹⁰ Thus, the current pass through fee results in a discount to the fee assessed for use of the routing function for other routed orders.

The Exchange also believes that the proposed changes are reasonable because they remove complexity from the fee schedule and assess a fee that is not dependent on knowing what the current liquidity removal rates are on PSX and NASDAQ. The

¹⁰ For a description of BSTG and BSCN routing strategies, see BX Rules 4758(a)(1)(A)(iii) and (iv).

Exchange believes that the proposed changes to BTFY and BCRT order fees are equitably allocated because all member firms that receive an execution on PSX and NASDAQ will be assessed a fee that is more closely aligned with the costs incurred by the Exchange, as noted above. Also, the Exchange believes that the proposed changes to BTFY and BCRT order fees as to PSX do not discriminate unfairly because they eliminate a distinction in the fees whereby discounted fees are charged for use of the Exchange's routing functionality. Moreover, the proposed changes do not discriminate unfairly because they eliminate a distinction in the routing fees whereby some fees are fixed and others are based on fee assessed by other markets. As noted above, most routing fees are based on a set fee, and are not tied to the fees of other markets.

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

The Exchange does not believe that the proposed rule changes will result in any burden on competition that is not necessary or appropriate in furtherance of the purposes of the Act, as amended.¹¹ BX notes that it operates in a highly competitive market in which market participants can readily favor over 40 different competing exchanges and alternative trading systems if they deem fee levels at a particular venue to be excessive, or rebate opportunities available at other venues to be more favorable. In such an environment, BX must continually adjust its fees to remain competitive with other exchanges. Because competitors are free to modify their own fees in response, and because market participants may readily adjust their order routing practices, BX believes that the degree to which fee changes in this market may impose any burden on competition is extremely limited.

¹¹ 15 U.S.C. 78f(b)(8).

In this instance, the changes to routing fees and credits do not impose a burden on competition because the Exchange's routing services are optional and are the subject of competition from other exchanges and broker-dealers that offer routing services, as well as the ability of members to develop their own routing capabilities. The standardization of fees for execution of BTFY and BCRT orders that route from BX to PSX or NASDAQ are reflective of a need to better align the fees received with the costs incurred in operating and supporting the routing function. It removes an unnecessarily complex process to determine the fee assessed with a set fee, which is consistent with other BX routing fees. Under the current fees, a member firm must know what the fee schedule is on PSX and NASDAQ at any given time. Thus, the changes will simplify the fee schedule by providing certainty to the fee assessed. For these reasons, the Exchange does not believe that any of the proposed changes will impair the ability of members or competing order execution venues to maintain their competitive standing in the financial markets. Moreover, because there are numerous competitive alternatives to the use of the Exchange, it is likely that BX will lose market share as a result of the changes if they are unattractive to market participants. Finally, the changes relating to Midpoint pegging also will not result in any burden on competition because they serve to clarify and enhance the understanding of members as to how rates are assigned.

Accordingly, BX does not believe that the proposed rule changes will impair the ability of members or competing order execution venues to maintain their competitive standing in the financial markets.

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

Written comments were neither solicited nor received.

6. Extension of Time Period for Commission Action

Not applicable.

7. Basis for Summary Effectiveness Pursuant to Section 19(b)(3) or for Accelerated Effectiveness Pursuant to Section 19(b)(2)

Pursuant to Section 19(b)(3)(A)(ii) of the Act,¹² BX has designated this proposal as establishing or changing a due, fee, or other charge imposed by the self-regulatory organization on any person, whether or not the person is a member of the self-regulatory organization, which renders the proposed rule change effective upon filing.

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

5. Text of the proposed rule change.

¹² 15 U.S.C. 78s(b)(3)(A)(ii).

EXHIBIT 1

SECURITIES AND EXCHANGE COMMISSION
(Release No. _____ ; File No. SR-BX-2015-013)

Self-Regulatory Organizations; NASDAQ OMX BX, Inc.; Notice of Filing of Proposed Rule Change to Amend the Fee Schedule under Exchange Rule 7018(a) with Respect to Transactions in Securities Priced at \$1 per Share or More

Pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 (“Act”)¹, and Rule 19b-4 thereunder,² notice is hereby given that on February 11, 2015, 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 the fee schedule under Exchange Rule 7018 with respect to transactions in securities priced at \$1 or more per share.

The text of the proposed rule change is also 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

¹ 15 U.S.C. 78s(b)(1).

² 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 Exchange is proposing to amend BX Rule 7018(a) and (e) to modify the fees and rebates assessed under the rule applicable to transactions in securities priced at \$1 or more. Specifically, the Exchange proposes to clarify and make uniform throughout BX Rule 7018(a) the term “Midpoint pegging”, as well as in BX Rule 7018(e) regarding credits for retail orders. The Exchange also proposes to include within BX Rule 7018(a) a specific line item for a credit for an “Order with Midpoint pegging that removes liquidity” of \$0.0005 per share executed. The Exchange believes that these proposed changes increase transparency as to how a member’s credit is determined, clarify the fee schedule, and do not change the overall current rate for such credits except for the one minor change noted above.³

Changing the language for non-displayed orders entered by a member that provides an average daily volume of 3.5 million or more shares (but less than 5 million shares) of non-displayed liquidity to include “other than orders with Midpoint pegging” instead of “including those pegged to the midpoint” results in no actual change.

Currently, a member would never receive the \$0.0024 per share executed charge for an

³ The addition of the language concerning price improvement to BX Rule 7018 merely reflects how the system for credits and fees already currently operates, which is why this new language does not change the overall current rates for such credits.

order with Midpoint pegging because instead the member would have qualified for the \$0.0005 per share executed charge for an order with Midpoint pegging entered by a member that provides an average daily volume of 2 million or more shares of non-displayed liquidity during the month.

Additionally, the Exchange proposes to define “price improvement” to mean instances when the accepted price of an order differs from the executed price of an order and incorporate it where applicable in BX Rule 7018(a) and (e). The accepted price is the price the matching engine assigns an order based on the instructions submitted by the member. It may differ from a customer’s limit price because of the order type (e.g., pegging and post only orders) or for regulatory reasons (e.g., Reg SHO, Reg NMS compliance or other regulatory restrictions). The accepted price of an order will not be more aggressive than the customer’s limit price, and is often the same as the customer’s submitted limit price. An order can execute up to its accepted price and this is the least advantageous price at which an order can execute. Any execution price that is different than the accepted price must be more advantageous than the accepted price. Thus, executions where the accepted price does not equal the execution price are situations when the order is receiving price improvement versus its accepted price.

The Exchange also proposes to change the fee assessed for BTFY and BCRT orders in securities listed on The NASDAQ Stock Market LLC (“NASDAQ”) (“Tape C”), the New York Stock Exchange (“NYSE”) (“Tape A”) and on exchanges other than NASDAQ and the NYSE (“Tape B”) (collectively, the “Tapes”).

BTFY⁴ is a routing option under which orders check the order execution and trade reporting system owned and operated by BX (the “System”) for available shares only if so instructed by the entering firm and are thereafter routed to destinations on the System routing table. If shares remain unexecuted after routing, they are posted to the System book. Once on the System book, should the order subsequently be locked or crossed by another market center, the System will not route the order to the locking or crossing market center.

BCRT⁵ is a routing option under which orders check the System and then route to PSX and NASDAQ. If shares remain unexecuted, they are posted to the System book or cancelled. Once on the System book, should the order subsequently be locked or crossed by another market center, the System will not route the order to the locking or crossing market center.

For BTFY and BCRT orders, the Exchange currently passes through all fees and rebates for orders that execute on PSX or NASDAQ. BTFY and BCRT orders executed on BX result in a pass through charge of \$0.0025 or \$0.0026 per share executed on PSX⁶ and \$0.0030 per share executed on NASDAQ.⁷ The Exchange is proposing to now assess a set charge of \$0.0030 per share executed for BTFY orders that execute on NYSE, NASDAQ or PSX and \$0.0007 per share executed for BTFY orders executed on any other venue. The Exchange is also proposing to now assess a set charge of \$0.0030 per share executed for BCRT orders that executes on PSX or NASDAQ in lieu of passing

⁴ See BX Rule 4758(a)(v).

⁵ See BX Rule 4758(a)(vii).

⁶ See NASDAQ OMX PHLX LLC Pricing Schedule, Section VIII(a)(1).

⁷ See NASDAQ Rule 7018(a).

through credits and rebates.

BX is proposing to eliminate pass through fees and assess a set fee of \$0.0030 per share executed for both BTFY and BCRT. The Exchange currently passes through any routing fees charged and rebates to NASDAQ or PSX for these orders, which currently is \$0.0030 per share executed on NASDAQ and varies by tape on PSX but also may vary based on changes to those exchange's respective fee schedules.

2. Statutory Basis

BX believes that the proposed rule change is consistent with the provisions of Section 6 of the Act,⁸ in general, and with Sections 6(b)(4) and 6(b)(5) of the Act,⁹ in particular, in that it provides for the equitable allocation of reasonable dues, fees and other charges among members and issuers and other persons using any facility or system which the Exchange operates or controls, and is designed to prevent fraudulent and manipulative acts and practices, to promote just and equitable principles of trade, to foster cooperation and coordination with persons engaged in regulating, clearing, settling, processing information with respect to, and facilitating transactions in securities, to remove impediments to and perfect the mechanism of a free and open market and a national market system, and, in general, to protect investors and the public interest; and are not designed to permit unfair discrimination between customers, issuers, brokers, or dealers.

The Exchange believes that the proposed changes (i) to make the term "Midpoint pegging" uniform throughout BX Rule 7018(a) and (e), to define "price improvement" to mean instances when the accepted price of an order differs from the executed price of an

⁸ 15 U.S.C. 78f.

⁹ 15 U.S.C. 78f(b)(4) and (5).

order and incorporate it where applicable in BX Rule 7018(a) and (e), (ii) to include within BX Rule 7018(a) a specific line item for a credit for an “Order with Midpoint pegging that removes liquidity” of \$0.0005 per share executed, and (iii) to change the language for non-displayed orders entered by a member that provides an average daily volume of 3.5 million or more shares (but less than 5 million shares) of non-displayed liquidity to include “other than orders with Midpoint pegging” instead of “including those pegged to the midpoint” are reasonable because they increase transparency as to how a member’s charges and credits are determined. The Exchange also believes that these changes are consistent with an equitable allocation of fees and are not unfairly discriminatory because the overall current rate for such credits will not change except for the one minor change noted above and they apply uniformly to all market participants to whom the fee schedule is applicable.

Additionally, the Exchange believes that the proposed changes to the charges assessed for BTFY and BCRT orders in securities of any Tape that execute on PSX are reasonable because they more closely align the fee received with the costs associated with providing routing services. The Exchange incurs costs in operating and supporting the routing function, which are in addition to the fees of other exchanges that it incurs when a routed order executes on another venue. To cover such costs, the Exchange assesses the proposed fee for other routed orders, such as BSTG and BSCN orders, which are assessed a charge of \$0.0030 per share executed.¹⁰ Thus, the current pass through fee results in a discount to the fee assessed for use of the routing function for other routed orders.

¹⁰ For a description of BSTG and BSCN routing strategies, see BX Rules 4758(a)(1)(A)(iii) and (iv).

The Exchange also believes that the proposed changes are reasonable because they remove complexity from the fee schedule and assess a fee that is not dependent on knowing what the current liquidity removal rates are on PSX and NASDAQ. The Exchange believes that the proposed changes to BTFY and BCRT order fees are equitably allocated because all member firms that receive an execution on PSX and NASDAQ will be assessed a fee that is more closely aligned with the costs incurred by the Exchange, as noted above. Also, the Exchange believes that the proposed changes to BTFY and BCRT order fees as to PSX do not discriminate unfairly because they eliminate a distinction in the fees whereby discounted fees are charged for use of the Exchange's routing functionality. Moreover, the proposed changes do not discriminate unfairly because they eliminate a distinction in the routing fees whereby some fees are fixed and others are based on fee assessed by other markets. As noted above, most routing fees are based on a set fee, and are not tied to the fees of other markets.

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

The Exchange does not believe that the proposed rule changes will result in any burden on competition that is not necessary or appropriate in furtherance of the purposes of the Act, as amended.¹¹ BX notes that it operates in a highly competitive market in which market participants can readily favor over 40 different competing exchanges and alternative trading systems if they deem fee levels at a particular venue to be excessive, or rebate opportunities available at other venues to be more favorable. In such an environment, BX must continually adjust its fees to remain competitive with other exchanges. Because competitors are free to modify their own fees in response, and

¹¹ 15 U.S.C. 78f(b)(8).

because market participants may readily adjust their order routing practices, BX believes that the degree to which fee changes in this market may impose any burden on competition is extremely limited.

In this instance, the changes to routing fees and credits do not impose a burden on competition because the Exchange's routing services are optional and are the subject of competition from other exchanges and broker-dealers that offer routing services, as well as the ability of members to develop their own routing capabilities. The standardization of fees for execution of BTFY and BCRT orders that route from BX to PSX or NASDAQ are reflective of a need to better align the fees received with the costs incurred in operating and supporting the routing function. It removes an unnecessarily complex process to determine the fee assessed with a set fee, which is consistent with other BX routing fees. Under the current fees, a member firm must know what the fee schedule is on PSX and NASDAQ at any given time. Thus, the changes will simplify the fee schedule by providing certainty to the fee assessed. For these reasons, the Exchange does not believe that any of the proposed changes will impair the ability of members or competing order execution venues to maintain their competitive standing in the financial markets. Moreover, because there are numerous competitive alternatives to the use of the Exchange, it is likely that BX will lose market share as a result of the changes if they are unattractive to market participants. Finally, the changes relating to Midpoint pegging also will not result in any burden on competition because they serve to clarify and enhance the understanding of members as to how rates are assigned.

Accordingly, BX does not believe that the proposed rule changes will impair the ability of members or competing order execution venues to maintain their competitive standing in the financial markets.

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

No written comments were either solicited or received.

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

The foregoing change has become effective pursuant to Section 19(b)(3)(A) of the Act¹² and paragraph (f) of Rule 19b-4¹³ 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.

IV. Solicitation of Comments

Interested persons are invited to submit written data, views, and arguments concerning the foregoing, including whether the proposed rule change is consistent with the Act. Comments may be submitted by any of the following methods:

Electronic comments:

- Use the Commission's Internet comment form (<http://www.sec.gov/rules/sro.shtml>); or
- Send an e-mail to rule-comments@sec.gov. Please include File Number SR-BX-2015-013 on the subject line.

¹² 15 U.S.C. 78s(b)(3)(A).

¹³ 17 CFR 240.19b-4(f).

Paper comments:

- Send paper comments in triplicate to Brent J. Fields, Secretary, Securities and Exchange Commission, 100 F Street, NE, Washington, DC 20549-1090.

All submissions should refer to File Number SR-BX-2015-013. 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-2015-013 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.¹⁴

Kevin M. O'Neill
Deputy Secretary

¹⁴ 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.

7018. NASDAQ OMX BX Equities System Order Execution and Routing

(a) The following charges and credits shall apply to the use of the order execution and routing services of the NASDAQ OMX BX Equities System by members for all securities priced at \$1 or more per share that it trades. As used in this rule, the term "Consolidated Volume" shall mean the total consolidated volume reported to all consolidated transaction reporting plans by all exchanges and trade reporting facilities during a month in equity securities, excluding executed orders with a size of less than one round lot. For purposes of calculating Consolidated Volume and the extent of a member's trading activity, expressed as a percentage of or ratio to Consolidated Volume, the date of the annual reconstitution of the Russell Investments Indexes shall be excluded from both total Consolidated Volume and the member's trading activity. As used in this rule, "price improvement" shall mean instances when the accepted price of an order differs from the executed price of an order.

Credit for entering order that accesses liquidity in the NASDAQ OMX BX Equities System:

Order that receives price improvement and executes against an order with [a m]Midpoint pegging[ed order]: \$0.0005 per share executed

Order with Midpoint pegging that removes liquidity: \$0.0005 per share executed

Order that accesses liquidity (excluding orders with Midpoint pegging and excluding orders that receive price improvement and execute against an order with Midpoint pegging[liquidity pegged to the midpoint]) entered by a member that accesses liquidity equal to or exceeding 0.1% of total Consolidated Volume during a month: \$0.0015 per share executed

Order that accesses liquidity (excluding orders with Midpoint pegging and excluding orders that receive price improvement and execute against an order with Midpoint pegging[liquidity pegged to the midpoint]) entered by a member with a daily average volume of liquidity provided in all securities during the month of 1 million or more shares: \$0.0013 per share executed

Order that accesses liquidity (excluding orders with Midpoint pegging and excluding orders that receive price improvement share \$0.0011 per share

and execute against an order with Midpoint pegging[liquidity pegged to the midpoint]) entered by a member that provides an average daily volume of at least 25,000, but less than 1 million, shares of liquidity during the month: executed

BSTG, BSCN, BMOP, BTFY, BCRT, BDRK or BCST order that accesses liquidity in the NASDAQ OMX BX Equities System (excluding orders with Midpoint pegging and excluding orders that receive price improvement and execute against an order with Midpoint pegging[an order that executes against a midpoint pegged order]): \$0.0011 per share executed

All other orders: \$0.0004 per share executed

Charge for providing liquidity through the NASDAQ OMX BX Equities System:

Displayed order entered by a Qualified Market Maker (Tier 1): \$0.0014 per share executed

Displayed order entered by a Qualified Market Maker (Tier 2): \$0.0017 per share executed

Displayed order entered by a member that adds liquidity equal to or exceeding 0.25% of total Consolidated Volume during a month: \$0.00165 per share executed

Displayed order entered by a member that provides an average daily volume of 2.5 million or more shares of liquidity during the month: \$0.0018 per share executed

Order with Midpoint pegging[ed order] entered by a member that provides an average daily volume of 2 million or more shares of non-displayed liquidity during the month: \$0.0005 per share executed

Order with Midpoint pegging[ed order] entered by a member that provides an average daily volume of 1 million or more, but less than 2 million, shares of non-displayed liquidity: \$0.0009 per share executed

Order with Midpoint pegging[ed order] entered by other \$0.0015 per share

member:	executed
Non-displayed orders (other than <u>orders with Midpoint pegging</u> [those pegged to the midpoint]) entered by a member that provides an average daily volume of 5 million or more shares of non-displayed liquidity:	\$0.0019 per share executed
Non-displayed orders (<u>other than orders with Midpoint pegging</u> [including those pegged to the midpoint]) entered by a member that provides an average daily volume of 3.5 million or more shares (but less than 5 million shares) of non-displayed liquidity:	\$0.0024 per share executed
All other non-displayed orders:	\$0.0028 per share executed
All other orders:	\$0.0020 per share executed

A firm may become a Qualified Market Maker (Tier 1) by:

(1) Being a member with (i) shares of liquidity provided and (ii) total shares of liquidity accessed and provided in all securities through one or more of its NASDAQ OMX BX Equities System MPIDs that represent more than 0.40% and 0.50%, respectively, of Consolidated Volume. For a member qualifying under this method, the member must have at least one Qualified MPID, that is, is an MPID through which, for at least 150 securities, the Qualified Market Maker quotes at the national best bid or offer ("NBBO") an average of at least 25% of the time during regular market hours (9:30 a.m. through 4:00 p.m.) during the month; or

(2) Being a member with (i) shares of liquidity provided and (ii) total shares of liquidity accessed and provided in all securities through one or more of its NASDAQ OMX BX Equities System MPIDs that represent more than 0.30% and 0.45%, respectively, of Consolidated Volume during the month. For a member qualifying under this method, the member must have at least one Qualified MPID, that is, an MPID through which, for at least 400 securities, the Qualified Market Maker quotes at the NBBO an average of at least 25% of the time during regular market hours (9:30 a.m. through 4:00 p.m.) during the month.

A firm may become a Qualified Market Maker (Tier 2) by:

(1) Having at least one Qualified MPID, that is, an MPID through which, for at least 300 securities, the Qualified Market Maker quotes at the NBBO an average of at least 75% of the time during the regular market hours (9:30 a.m. through 4:00 p.m.) during the month.

Charge for BSTG or BSCN order that executes in a venue other than the NASDAQ OMX BX Equities System: \$0.0030 per share executed at NYSE

\$0.0030 per share executed at venues other than NYSE

Charge for BMOP order that executes in a venue other than the NASDAQ OMX BX Equities System: \$0.0035 per share executed at NYSE

\$0.0035 per share executed at venues other than NYSE

Charge for BTFY order that executes in a venue other than the NASDAQ OMX BX Equities System: \$0.0030 per share executed at NYSE

\$0.0030 per share executed at NASDAQ

\$0.0030 per share executed at NASDAQ OMX PSX

\$0.0007 per share executed at venues other than NYSE, NASDAQ and NASDAQ OMX PSX

[For orders that execute at NASDAQ OMX PSX, NASDAQ OMX BX will pass through all fees assessed and rebates offered by NASDAQ OMX PSX

For orders that execute at NASDAQ, NASDAQ OMX BX will pass through all fees assessed and rebates offered by NASDAQ]

Charge for BCRT order that executes in a venue other than the NASDAQ OMX BX Equities System: [For orders that execute at NASDAQ OMX PSX, NASDAQ OMX BX will pass through all fees assessed and rebates offered by NASDAQ OMX PSX

For orders that execute at NASDAQ, NASDAQ OMX BX will pass

through all fees assessed and rebates offered by NASDAQ]

\$0.0030 per share executed at NASDAQ OMX PSX

\$0.0030 per share executed at NASDAQ

Charge for BDRK and BCST order that executes in a venue other than the NASDAQ OMX BX Equities System:

\$0.0010 per share executed

(b) - (d) No change.

(e) Retail Price Improvement Program Pricing for Retail Orders and Retail Price Improvement Orders

Notwithstanding the foregoing, the following fees and credits shall apply to execution of Retail Orders and Retail Price Improvement Orders under Rule 4780:

Charge for Retail Price Improvement Order that provides liquidity: \$0.0025 per share executed

Charge or Credit for Retail Orders that access liquidity:

Retail Order that accesses liquidity provided by a Retail Price Improvement Order: Credit of \$0.0025 per share executed

Retail Order that receives price improvement (when the accepted price of an order is different that the executed price of an order) and accesses non-Retail Price Improvement order with Midpoint pegging[midpoint liquidity]: Credit of \$0.0005 per share executed

Retail Order that accesses other liquidity on the Exchange book: Credit of \$0.0017 per share executed

Type 2 Retail Order that is routed to another trading venue for execution: The charge or credit otherwise applicable to routed orders under Rule 7018(a) or 7018(b)

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