

Required fields are shown with yellow backgrounds and asterisks.

Filing by NASDAQ OMX BX, Inc.  
 Pursuant to Rule 19b-4 under the Securities Exchange Act of 1934

Initial *	Amendment *	Withdrawal	Section 19(b)(2) *	Section 19(b)(3)(A) *	Section 19(b)(3)(B) *
<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
			Rule		
Pilot	Extension of Time Period for Commission Action *	Date Expires *	<input type="checkbox"/> 19b-4(f)(1)	<input type="checkbox"/> 19b-4(f)(4)	
<input type="checkbox"/>	<input type="checkbox"/>	<input type="text"/>	<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) *	Section 806(e)(2) *
<input type="checkbox"/>	<input type="checkbox"/>
	Section 3C(b)(2) *
	<input type="checkbox"/>

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

**Description**

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

Relating to NASDAQ OMX BX Equities Market Participant Registration and Sponsored Access

**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 \* Angela Last Name \* Dunn

Title \* Associate General Counsel

E-mail \* angela.dunn@nasdaqomx.com

Telephone \* (215) 496-5692 Fax

**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 04/07/2015 Executive Vice President and General Counsel

By Edward S. Knight

(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 the Proposed Rule Change

(a) NASDAQ OMX BX, Inc. (“BX” or “Exchange”), 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> is filing with the Securities and Exchange Commission (“Commission”) a proposal to amend Rule 4611, entitled “NASDAQ OMX BX Equities Market Participant Registration” and adopt a new Rule 4615, entitled “Sponsored Participants.”

The Exchange requests that the Commission waive the 30-day operative delay period contained in Exchange Act Rule 19b-4(f)(6)(iii).<sup>3</sup>

A notice of the proposed rule change for publication in the Federal Register is attached hereto as Exhibit 1. 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 (the “Board”) on July 16, 2014. Exchange staff will advise the Board of any action taken pursuant to delegated authority. No other action is necessary for the filing of the rule change.

Questions and comments on the proposed rule change may be directed to Angela Saccomandi Dunn, Associate General Counsel, The NASDAQ OMX Group, Inc. at (215)

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

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

<sup>3</sup> 17 CFR 240.19b-4(f)(6)(iii).

496-5692.

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 4611, entitled “NASDAQ OMX BX Equities Market Participant Registration” to: (i) amend this rule, which today applies solely to members conducting an equities business on the Exchange, to apply to the rule text to members conducting an options business on the Exchange; and (ii) delete 4611(d) pertaining to Sponsored Access and relocate the text to new Rule 4615 and also apply the rule to members transacting an options business.

Exchange Rule 4611 today applies solely to the BX Equities market. This rule explains the various conditions that registration with the Exchange shall be conditioned upon initially and then subsequently imposing a continuing obligation to comply with the requirements. The requirements include a relationship with a clearing agency, compliance with Rules and procedures for use of the Trading System, rules concerning equipment usage, and compliance with rules regarding the acceptance and settlement of a trade. Rule 4611 requires reporting of noncompliance by the member and permits the Exchange to impose temporary restrictions to address a system problem. At the time this rule was adopted in 2008 the Exchange did not operate an options market. In 2012, BX received approval to establish a new options market.<sup>4</sup> At this time, the Exchange intends to apply the provisions of Rule 4611 to all of its members similar to the NASDAQ Stock Market LLC (“Nasdaq”)

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<sup>4</sup> See Securities Exchange Act Release No. 67256 (Jun 26, 2012), 77 FR 39277 (July 2, 2012) (SR-BX-2012-030).

Rule 4611.<sup>5</sup> The Exchange is removing all references to “Equities” in Rule 4611 and adding the word “BX,” where appropriate, to apply the Rule to all members of the Exchange, including equities and options members.

The Exchange also proposes to relocate the rule applicable to Sponsored Participant from Rule 4611(d) to a new Rule 4615 to create a separate rule and apply the rule to both equity and options members. Today, 4611(d) refers solely to equity members of the Exchange. The Exchange proposes to title the new rule “Sponsored Participants.”

A Sponsored Participant is an entity with authorized electronic access to the Exchange for the entry and execution of orders. A Sponsored Participant trades under a Sponsoring Member’s execution and clearing identity pursuant to a sponsorship arrangement. The rules continue to require the Sponsoring Member to take responsibility for the Sponsored Participant’s activity on the Exchange. Similar to current Rule 4611(d), the relocated rule text imposes the same responsibilities as the current rule for Sponsored Participants, except that members conducting an options business on the Exchange will also have the ability to offer Sponsored Access.

By way of background, new Rule 4615, similar to Rule 4611(d) continues to require the following elements for the Sponsored Access. First, the Sponsored Participant and its Sponsoring Member must have entered into and maintained an Access Agreement with the Exchange. The Sponsoring Member must designate the Sponsored Participant by name in an addendum to the Access Agreement. Second, there must be a Sponsored Participant Agreement between the Sponsoring Member and the Sponsored Participant that contains certain sponsorship provisions, enumerated in full in Rule

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<sup>5</sup> See Nasdaq Rule 4611(d).

4615(b)(ii). The orders of the Sponsored Participant are binding in all respects on the Sponsoring Member. The Sponsoring Member is responsible for the actions of the Sponsored Participant. In addition to the Sponsoring Member being required to comply with the Exchange Certificate of Incorporation, By-Laws, Rules and procedures of the Exchange, the Sponsored Participant shall do so as if such Sponsored Participant were an Exchange member. The Sponsored Participant shall maintain, keep current and provide to the Sponsoring Member a list of individuals authorized to obtain access to the Exchange on behalf of the Sponsored Participant. The Sponsored Participant shall familiarize its authorized individuals with all of the Sponsored Participant's obligations under this Rule and will assure that they receive appropriate training prior to any use or access to the Exchange. The Sponsored Participant may not permit anyone other than authorized individuals to use or obtain access to the Exchange.<sup>6</sup> The Sponsored Participant shall take reasonable security precautions to prevent unauthorized use or access to the Exchange, including unauthorized entry of information into the Exchange, and agrees that it is responsible for any and all orders, trades and other messages and instructions entered, transmitted or received under identifiers, passwords and security codes of authorized individuals, and for the trading and other consequences thereof. The Sponsored Participant acknowledges its responsibility to establish adequate procedures and controls that permit it to effectively monitor its employees', agents' and Participants' use and access to the Exchange for compliance with the terms of this agreement. Finally, the Sponsored Participant shall pay when due all amounts, if any, payable to Sponsoring

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<sup>6</sup> If the Exchange determines that an authorized individual has caused a Member to violate the Exchange's Rules, the Exchange could direct the Member to suspend or withdraw the person's status as an authorized individual.

Member, the Exchange, or any other third parties that arise from the Sponsored Participant's access to and use of the Exchange. Such amounts include, but are not limited to applicable exchange and regulatory fees. Third, the Sponsoring Member must provide the Exchange with a Sponsored Participant Addendum to its Access Agreement acknowledging its responsibility for the orders, executions and actions of its Sponsored Participant at issue.

The Exchange would apply the Sponsored Participant rule to members conducting an options business on the Exchange. Today the rule applies solely to members conducting an equities business on the Exchange. The Exchange intends to offer sponsored access in the same manner as NASDAQ to members conducting an options and an equities business.<sup>7</sup>

The Exchange is removing all references to “Equities” in Rule 4611 and adding the word “BX,” where appropriate, to apply the Rule to all members of the Exchange, equities and options members.

b. Statutory Basis

The Exchange believes that its proposal is consistent with Section 6(b) of the Act<sup>8</sup> in general, and furthers the objectives of Section 6(b)(5) of the Act<sup>9</sup> in particular, in that it is designed to promote just and equitable principles of trade, 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, by continuing to permit market participants gain access to a marketplace. Specifically, the Exchange believes the

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<sup>7</sup> See Nasdaq Rule 4611(d).

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

<sup>9</sup> 15 U.S.C. 78f(b)(5).

proposed rule change is consistent with the Section 6(b)(5) requirements that the rules of an exchange be designed to promote just and equitable principles of trade, to prevent fraudulent and manipulative acts, 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 to perfect the mechanism for a free and open market and a national market system, and, in general, to protect investors and the public interest.<sup>10</sup>

With respect to Rule 4611, the proposed amendments would permit the Rule to be equally applicable to all members of the Exchange, equity and options. Today, the rule applies solely to equity members. The Exchange intends to offer uniform access and permit members conducting an equities and options business on the Exchange to similarly offer Sponsored Access as is the case today on the Nasdaq market with new Rule 4615.<sup>11</sup> Similarly, the Exchange intends to impose equal obligations for accessing the System on members conducting either an equities or an options business with revised Rule 4611. The Exchange believes that applying these rules in a uniform manner to all members (equity and options) would result in uniform application of Exchange rules.

Additionally, the Exchange believes the proposed rule changes are consistent with the Section 6(b)(5) requirement that the rules of a national securities exchange be designed to not permit unfair discrimination between customer, issuers, brokers or

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<sup>10</sup> Id.

<sup>11</sup> See Nasdaq Rule 4611(d).

dealers.<sup>12</sup> New Rule 4615 continues to make clear the obligations of the Sponsoring Members.

The Exchange believes that the changes proposed herein should serve to help market participants seeking access to its marketplace. The Exchange believes that proposed Rule 4615, similar to current Rule 4611(d), allows the Exchange to receive from Sponsoring Members certain information in a uniform format, which aids the Exchange's efforts to monitor and regulate BX's markets and its members and aids the prevention of fraudulent and manipulative practices.

The Exchange believes that the proposed rule change is designed to avoid unfair discrimination among members, as the proposed rule change provides for the Exchange to impose requirements on members in an objective manner. The proposed amendments extend the requirements in Rule 4611 and the access in new Rule 4615 to both equity and options members. Finally, the proposed rule change will help remove impediments to and promote a free and open market and a national market system because it is consistent with rules in place at other exchanges and imposes substantially similar requirements on its members.

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

The Exchange does not believe that the proposed rule change will impose any burden on competition that is not necessary or appropriate in furtherance of the purposes of the Act. Rule 4611 obligations would apply uniformly to both equity and options members. Similarly, new Rule 4615 will treat all members, equity and options members, in a uniform fashion. The proposed rule change seeks to provide clear guidelines on the

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<sup>12</sup> Id.

responsibilities of all parties that provide Sponsored Access as well as the responsibilities owed by Sponsored Members. The proposed rule is similar to other exchange rules.

The proposed rule change does not impose any undue burden on competition, rather it seeks to uniformly apply both Rule 4611 and new Rule 4615 to all members, equity and options.

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>13</sup> of the Act and Rule 19b-4(f)(6)<sup>14</sup> thereunder, 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 does not significantly affect the protection of investors or the public interest, nor does it impose any significant burden on competition, rather it seeks to enable Sponsored Members to gain access to the marketplace. Newly proposed

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<sup>13</sup> 15 U.S.C. 78s(b)(3)(A).

<sup>14</sup> 17 CFR 240.19b-4(f)(6).

Rule 4615 is similar to rule text at other exchanges.<sup>15</sup> The amendments to Rule 4611 and new Rule 4615 would apply in a uniform manner to both equities and options members.

Rule 19b-4(f)(6) requires a self-regulatory organization to give the Commission written notice of its intent to file the proposed rule change at least five business days prior to the date of filing of the proposed rule change, or such shorter time as designated by the Commission. The Exchange has satisfied this requirement. Furthermore, a proposed rule change filed pursuant to Rule 19b-4(f)(6) under the Act<sup>16</sup> normally does not become operative for 30 days after the date of its filing. However, Rule 19b-4(f)(6)<sup>17</sup> permits the Commission to designate a shorter time if such action is consistent with the protection of investors and the public interest.

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 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

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<sup>15</sup> The proposed rule text is similar to NASDAQ OMX PHLX LLC (“Phlx”) Rule 1094, the International Securities Exchange LLC (“ISE”) Rule 706, the Chicago Board Options Exchange Incorporated (“CBOE”) Rule 6.20A and NYSE ARCA, Inc. (“NYSE Arca”) Rule 7.29.

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

<sup>17</sup> Id.

the Commission takes such action, the Commission shall institute proceedings to determine whether the proposed rule should be approved or disapproved.

A proposed rule change filed under Rule 19b-4(f)(6) normally does not become operative prior to 30 days after the date of filing. Rule 19b-4(f)(6)(iii), however, permits the Commission to designate a shorter time if such action is consistent with the protection of investors and the public interest. The Exchange requests that the Commission waive the 30-day pre-operative waiting period contained in Rule 19b-4(f)(6)(iii) so that the Exchange may update its current rule pertaining to Sponsored Access to conform its Rule with that of other exchanges<sup>18</sup> and also oblige options members, with respect to System access requirements, in a similar manner as equity members to comply with Rule 4611.

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

Proposed Rule 4615 is substantially similar to Phlx rule 1094, ISE Rule 706, NYSE Arca Rule 7.29, and CBOE Rule 6.20A.

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>18</sup> See note 15.

Exhibit 1

SECURITIES AND EXCHANGE COMMISSION  
(Release No. \_\_\_\_\_ ; File No. SR-BX-2015-021)

Self-Regulatory Organizations; Notice of Filing and Immediate Effectiveness of Proposed Rule Change by NASDAQ OMX BX, Inc. Relating to NASDAQ OMX BX Equities Market Participant Registration and Sponsored Access

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 April 7, 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 Rule 4611, entitled “NASDAQ OMX BX Equities Market Participant Registration” and adopt a new Rule 4615, entitled “Sponsored Participants.”

The Exchange requests that the Commission waive the 30-day operative delay period contained in Exchange Act Rule 19b-4(f)(6)(iii).<sup>3</sup>

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.

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

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

<sup>3</sup> 17 CFR 240.19b-4(f)(6)(iii).

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 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 4611, entitled “NASDAQ OMX BX Equities Market Participant Registration” to: (i) amend this rule, which today applies solely to members conducting an equities business on the Exchange, to apply to the rule text to members conducting an options business on the Exchange; and (ii) delete 4611(d) pertaining to Sponsored Access and relocate the text to new Rule 4615 and also apply the rule to members transacting an options business.

Exchange Rule 4611 today applies solely to the BX Equities market. This rule explains the various conditions that registration with the Exchange shall be conditioned upon initially and then subsequently imposing a continuing obligation to comply with the requirements. The requirements include a relationship with a clearing agency, compliance with Rules and procedures for use of the Trading System, rules concerning equipment usage, and compliance with rules regarding the acceptance and settlement of a trade. Rule 4611 requires reporting of noncompliance by the member and permits the Exchange to impose temporary restrictions to address a system problem. At the time this rule was adopted in

2008 the Exchange did not operate an options market. In 2012, BX received approval to establish a new options market.<sup>4</sup> At this time, the Exchange intends to apply the provisions of Rule 4611 to all of its members similar to the NASDAQ Stock Market LLC (“Nasdaq”) Rule 4611.<sup>5</sup> The Exchange is removing all references to “Equities” in Rule 4611 and adding the word “BX,” where appropriate, to apply the Rule to all members of the Exchange, including equities and options members.

The Exchange also proposes to relocate the rule applicable to Sponsored Participant from Rule 4611(d) to a new Rule 4615 to create a separate rule and apply the rule to both equity and options members. Today, 4611(d) refers solely to equity members of the Exchange. The Exchange proposes to title the new rule “Sponsored Participants.”

A Sponsored Participant is an entity with authorized electronic access to the Exchange for the entry and execution of orders. A Sponsored Participant trades under a Sponsoring Member’s execution and clearing identity pursuant to a sponsorship arrangement between such non-member and an Exchange member.<sup>6</sup> Specifically, the Exchange proposes to continue to permit members conducting an equities business to be sponsored by Sponsoring Members, and thereby access the Exchange, subject to certain requirements. The rules continue to require the Sponsoring Member to take responsibility for the Sponsored

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<sup>4</sup> See Securities Exchange Act Release No. 67256 (Jun 26, 2012), 77 FR 39277 (July 2, 2012) (SR-BX-2012-030).

<sup>5</sup> See Nasdaq Rule 4611(d).

<sup>6</sup> Only members may access the System. The Commission adopted Rule 15c3-5 under the Act, which, among other things, requires broker-dealers providing others with access to an exchange or alternative trading system to establish, document, and maintain a system of risk management controls and supervisory procedures reasonably designed to manage the financial, regulatory, and other risks of providing such access. See Securities Exchange Act Release No. 63241 (November 3, 2010), [75 FR 69792](#) (November 15, 2010). Rule 15c3-5 requires members to filter all non-member orders prior to being sent to the Exchange.

Participant's activity on the Exchange. Similar to current Rule 4611(d), the relocated rule text imposes the same responsibilities as the current rule for Sponsored Participants, except that members conducting an options business on the Exchange will also have the ability to offer Sponsored Access.

By way of background, new Rule 4615, similar to Rule 4611(d) continues to require the following elements for the Sponsored Access. First, the Sponsored Participant and its Sponsoring Member must have entered into and maintained an Access Agreement with the Exchange. The Sponsoring Member must designate the Sponsored Participant by name in an addendum to the Access Agreement. Second, there must be a Sponsored Participant Agreement between the Sponsoring Member and the Sponsored Participant that contains certain sponsorship provisions, enumerated in full in Rule 4615(b)(ii). The orders of the Sponsored Participant are binding in all respects on the Sponsoring Member. The Sponsoring Member is responsible for the actions of the Sponsored Participant. In addition to the Sponsoring Member being required to comply with the Exchange Certificate of Incorporation, By-Laws, Rules and procedures of the Exchange, the Sponsored Participant shall do so as if such Sponsored Participant were an Exchange member. The Sponsored Participant shall maintain, keep current and provide to the Sponsoring Member a list of individuals authorized to obtain access to the Exchange on behalf of the Sponsored Participant. The Sponsored Participant shall familiarize its authorized individuals with all of the Sponsored Participant's obligations under this Rule and will assure that they receive appropriate training prior to any use or access to the Exchange. The Sponsored Participant may not permit anyone other than

authorized individuals to use or obtain access to the Exchange.<sup>7</sup> The Sponsored Participant shall take reasonable security precautions to prevent unauthorized use or access to the Exchange, including unauthorized entry of information into the Exchange, and agrees that it is responsible for any and all orders, trades and other messages and instructions entered, transmitted or received under identifiers, passwords and security codes of authorized individuals, and for the trading and other consequences thereof. The Sponsored Participant acknowledges its responsibility to establish adequate procedures and controls that permit it to effectively monitor its employees', agents' and Participants' use and access to the Exchange for compliance with the terms of this agreement. Finally, the Sponsored Participant shall pay when due all amounts, if any, payable to Sponsoring Member, the Exchange, or any other third parties that arise from the Sponsored Participant's access to and use of the Exchange. Such amounts include, but are not limited to applicable exchange and regulatory fees. Third, the Sponsoring Member must provide the Exchange with a Sponsored Participant Addendum to its Access Agreement acknowledging its responsibility for the orders, executions and actions of its Sponsored Participant at issue.

The Exchange would apply the Sponsored Participant rule to members conducting an options business on the Exchange. Today the rule applies solely to members conducting an equities business on the Exchange. The Exchange intends to offer sponsored access in the same manner as NASDAQ to members conducting an options and an equities business.<sup>8</sup>

The Exchange is removing all references to "Equities" in Rule 4611 and adding the

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<sup>7</sup> If the Exchange determines that an authorized individual has caused a Member to violate the Exchange's Rules, the Exchange could direct the Member to suspend or withdraw the person's status as an authorized individual.

<sup>8</sup> See Nasdaq Rule 4611(d).

word “BX,” where appropriate, to apply the Rule to all members of the Exchange, equities and options members.

2. Statutory Basis

The Exchange believes that its proposal is consistent with Section 6(b) of the Act<sup>9</sup> in general, and furthers the objectives of Section 6(b)(5) of the Act<sup>10</sup> in particular, in that it is designed to promote just and equitable principles of trade, 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, by continuing to permit market participants gain access to a marketplace. Specifically, the Exchange believes the proposed rule change is consistent with the Section 6(b)(5) requirements that the rules of an exchange be designed to promote just and equitable principles of trade, to prevent fraudulent and manipulative acts, 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 to perfect the mechanism for a free and open market and a national market system, and, in general, to protect investors and the public interest.<sup>11</sup>

With respect to Rule 4611, the proposed amendments would permit the Rule to be equally applicable to all members of the Exchange, equity and options. Today, the rule applies solely to equity members. The Exchange intends to offer uniform access and permit members conducting an equities and options business on the Exchange to

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<sup>9</sup> 15 U.S.C. 78f(b).

<sup>10</sup> 15 U.S.C. 78f(b)(5).

<sup>11</sup> Id.

similarly offer Sponsored Access as is the case today on the Nasdaq market with new Rule 4615.<sup>12</sup> Similarly, the Exchange intends to impose equal obligations for accessing the System on members conducting either an equities or an options business with revised Rule 4611. The Exchange believes that applying these rules in a uniform manner to all members (equity and options) would result in uniform application of Exchange rules.

Additionally, the Exchange believes the proposed rule changes are consistent with the Section 6(b)(5) requirement that the rules of a national securities exchange be designed to not permit unfair discrimination between customer, issuers, brokers or dealers.<sup>13</sup> The Exchange also believes the proposed rule change is consistent with the Section 6(b)(6)<sup>14</sup> requirement that the rules of an exchange provide that its members and persons associated with its members be appropriately disciplined for violation of the provisions of the Act, the rules and regulations thereunder, or the rules of the exchange, by expulsion, suspension, limitation of activities, functions, and operations, fine, censure, being suspended or barred from being associated with a member, or any other fitting sanction. New Rule 4615 continues to make clear the obligations of the Sponsoring Members.

With respect to new Rule 4615, the Commission adopted Rule 15c3-5 under the Act, which, among other things, requires broker-dealers providing others with access to an exchange or alternative trading system to establish, document, and maintain a system of risk management controls and supervisory procedures reasonably designed to manage

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<sup>12</sup> See Nasdaq Rule 4611(d).

<sup>13</sup> Id.

<sup>14</sup> 15 U.S.C. 78f(b)(6).

the financial, regulatory, and other risks of providing such access.<sup>15</sup> Rule 15c3-5 requires members to filter all non-member orders prior to being sent to the Exchange. The Exchange's Rule codifies the practices and requirements related to access to the Trading System to require the appropriate filters.

The Exchange believes that the changes proposed herein should serve to help market participants seeking access to its marketplace. Proposed Rule 4615 is consistent with Rule 15c3-5 under the Act, and the Exchange believes the proposed rule change promotes compliance by members with the market access requirements under that rule. The Exchange believes that proposed Rule 4615, similar to current Rule 4611(d), allows the Exchange to receive from members certain information in a uniform format, which aids the Exchange's efforts to monitor and regulate BX's markets and its members and aids the prevention of fraudulent and manipulative practices.

The Exchange believes that the proposed rule change is designed to avoid unfair discrimination among members, as the proposed rule change provides for the Exchange to impose requirements on members in an objective manner. The proposed amendments extend the requirements in Rule 4611 and the access in new Rule 4615 to both equity and options members. Finally, the proposed rule change will help remove impediments to and promote a free and open market and a national market system because it is consistent with rules in place at other exchanges and imposes substantially similar requirements on its members.

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<sup>15</sup> See Securities Exchange Act Release No. 63241 (November 3, 2010), 75 FR 69792 (November 15, 2010).

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

The Exchange does not believe that the proposed rule change will impose any burden on competition that is not necessary or appropriate in furtherance of the purposes of the Act. Rule 4611 obligations would apply uniformly to both equity and options members. Similarly, new Rule 4615 will treat all members, equity and options members, in a uniform fashion. The proposed rule change seeks to provide clear guidelines on the responsibilities of all parties that provide Sponsored Access as well as the responsibilities owed by Sponsored Members. The proposed rule is similar to other exchange rules.

The proposed rule change does not impose any undue burden on competition, rather it seeks to uniformly apply both Rule 4611 and new Rule 4615 to all members, equity and options.

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 significantly affect the protection of investors or the public interest; does not impose any significant burden on competition; and by its terms does not 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)<sup>16</sup> of the Act and Rule 19b-4(f)(6) thereunder.<sup>17</sup>

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<sup>16</sup> 15 U.S.C. 78s(b)(3)(A).

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

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

#### IV. Solicitation of Comments

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

##### Electronic comments:

- Use the Commission's Internet comment form (<http://www.sec.gov/rules/sro.shtml>); or
- Send an e-mail to [rule-comments@sec.gov](mailto:rule-comments@sec.gov). Please include File Number SR-BX-2015-021 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-2015-021. 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-2015-021 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>18</sup>

Brent J. Fields  
Deputy Secretary

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<sup>18</sup> 17 CFR 200.30-3(a)(12).

**EXHIBIT 5**

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

**NASDAQ OMX BX Rules**

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**4611. NASDAQ OMX BX [Equities]Market Participant Registration**

(a) Participation in the NASDAQ OMX BX [Equities] Market as a[n] BX Market Maker, [Equities Market Maker, Equities] BX ECN or Order Entry Firm requires current registration as such with the Exchange. Such registration shall be conditioned upon the participant's initial and continuing compliance with the following requirements:

- (1) execution of applicable agreements with the Exchange;
- (2) membership in, or access arrangement with a participant of, a clearing agency registered with the Commission which maintains facilities through which NASDAQ OMX BX [Equities] Market compared trades may be settled;
- (3) compliance with all applicable rules and operating procedures of the Exchange and the Commission in their use of the System;
- (4) maintenance of the physical security of the equipment located on the premises of the [Equities] BX Market Maker, [Equities] BX ECN or Order Entry Firm to prevent the improper use or access to Exchange systems, including unauthorized entry of information into the NASDAQ OMX BX [Equities] Market; and
- (5) acceptance and settlement of each NASDAQ OMX BX [Equities] Market trade that the NASDAQ OMX BX [Equities] Market identifies as having been effected by such participant, or if settlement is to be made through another clearing member, guarantee of the acceptance and settlement of such identified NASDAQ OMX BX [Equities] Market trade by the clearing member on the regularly scheduled settlement date.

A member's registration shall become effective upon receipt by the member of notice of an approval of registration by the Exchange. The registration required hereunder will apply solely to the qualification of a Participant to participate in the System. Such registration shall not be conditioned upon registration in any particular NASDAQ OMX BX [Equities] Market securities.

(b) Each [Equities]BX Market Maker, [Equities]BX ECN or Order Entry Firm shall be under a continuing obligation to inform the Exchange of noncompliance with any of the registration requirements set forth above.

(c) The Exchange may impose upon any [Equities]BX Market Maker, [Equities]BX ECN or Order Entry Firm such temporary restrictions upon the automated entry or updating of orders or Quotes/Orders as the Exchange may determine to be necessary to protect the integrity of the

Exchange's systems. For example, such temporary restrictions may be necessary to address a system problem at a particular [Equities]BX Market Maker, [Equities]BX ECN or Order Entry Firm or at the Exchange, or an unexpected period of extremely high message traffic. The scope of any such restrictions shall be communicated to the affected [Equities]BX Market Maker, [Equities]BX ECN or Order Entry Firm in writing.

**[(d) Sponsored Participants.** A Sponsored Participant may obtain authorized access to the NASDAQ OMX BX Equities Market only if such access is authorized in advance by one or more Exchange members as follows:

**(1)** Sponsored Participants must enter into and maintain customer agreements with one or more Sponsoring Members establishing proper relationship(s) and account(s) through which the Sponsored Participant may trade on the NASDAQ OMX BX Equities Market. Such customer agreement(s) must incorporate the Sponsorship Provisions set forth in paragraph (2) below.

**(2)** For a Sponsored Participant to obtain and maintain authorized access to the NASDAQ OMX BX Equities Market, a Sponsored Participant and its Sponsoring Member must agree in writing to the following Sponsorship Provisions:

**(A)** Sponsored Participant and its Sponsoring Member must have entered into and maintained a User Agreement with the Exchange. The Sponsoring Member must designate the Sponsored Participant by name in its User Agreement as such.

**(B)** Sponsoring Member acknowledges and agrees that

**(i)** All orders entered by the Sponsored Participants and any person acting on behalf of or in the name of such Sponsored Participant and any executions occurring as a result of such orders are binding in all respects on the Sponsoring Member and

**(ii)** Sponsoring Member is responsible for any and all actions taken by such Sponsored Participant and any person acting on behalf of or in the name of such Sponsored Participant.

**(C)** Sponsoring Member shall comply with the Exchange's Certificate of Incorporation, Bylaws, Rules and procedures with regard to the NASDAQ OMX BX Equities Market and Sponsored Participant shall comply with the Exchange's Certificate of Incorporation, Bylaws, Rules and procedures with regard to the NASDAQ OMX BX Equities Market, as if Sponsored Participant were an Exchange Member.

**(D)** Sponsored Participant shall maintain, keep current and provide to the Sponsoring Member a list of individuals authorized to obtain access to the NASDAQ OMX BX Equities Market on behalf of the Sponsored Participant.

**(E)** Sponsored Participant shall familiarize its authorized individuals with all of the Sponsored Participant's obligations under this Rule and will assure that they receive appropriate training prior to any use or access to the NASDAQ OMX BX Equities Market.

(F) Sponsored Participant may not permit anyone other than authorized individuals to use or obtain access to the NASDAQ OMX BX Equities Market.

(G) Sponsored Participant shall take reasonable security precautions to prevent unauthorized use or access to the NASDAQ OMX BX Equities Market, including unauthorized entry of information into the NASDAQ OMX BX Equities Market, or the information and data made available therein. Sponsored Participant understands and agrees that Sponsored Participant is responsible for any and all orders, trades and other messages and instructions entered, transmitted or received under identifiers, passwords and security codes of authorized individuals, and for the trading and other consequences thereof.

(H) Sponsored Participant acknowledges its responsibility to establish adequate procedures and controls that permit it to effectively monitor its employees', agents' and customers' use and access to the NASDAQ OMX BX Equities Market for compliance with the terms of this agreement.

(I) Sponsored Participant shall pay when due all amounts, if any, payable to Sponsoring Member, the Exchange, or any other third parties that arise from the Sponsored Participant's access to and use of the NASDAQ OMX BX Equities Market. Such amounts include, but are not limited to applicable exchange and regulatory fees.

(3) The Sponsoring Member must provide the Exchange with a Notice of Consent acknowledging its responsibility for the orders, executions and actions of its Sponsored Participant at issue.]

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#### **4615. [Reserved] Sponsored Participants**

(a) The Exchange shall be available for entry and execution of orders by Sponsored Participants with authorized access. To obtain authorized access to the Exchange, each Sponsored Participant must enter into a Sponsored Participant Agreement with the Exchange in such form as the Exchange may provide.

(b) Sponsored Participants. A Sponsored Participant may obtain authorized access to the BX Market only if such access is authorized in advance by one or more Exchange members as follows:

(i) Sponsored Participants must enter into and maintain customer agreements with one or more Sponsoring Members establishing proper relationship(s) and account(s) through which the Sponsored Participant may trade on the BX Market. Such customer agreement(s) must incorporate the Sponsorship Provisions set forth in paragraph (ii) below.

(ii) For a Sponsored Participant to obtain and maintain authorized access to the BX Market, a Sponsored Participant and its Sponsoring Member must agree in writing to the following Sponsorship Provisions:

(A) Sponsored Participant and its Sponsoring Member must have entered into and maintained a User Agreement with the Exchange. The Sponsoring Member must designate the Sponsored Participant by name in its User Agreement as such.

(B) Sponsoring Member acknowledges and agrees that

(1) All orders entered by the Sponsored Participants and any person acting on behalf of or in the name of such Sponsored Participant and any executions occurring as a result of such orders are binding in all respects on the Sponsoring Member and

(2) Sponsoring Member is responsible for any and all actions taken by such Sponsored Participant and any person acting on behalf of or in the name of such Sponsored Participant.

(C) Sponsoring Member shall comply with the Exchange's Certificate of Incorporation, Bylaws, Rules and procedures with regard to the BX Market and Sponsored Participant shall comply with the Exchange's Certificate of Incorporation, Bylaws, Rules and procedures with regard to the BX Market, as if Sponsored Participant were an Exchange Member.

(D) Sponsored Participant shall maintain, keep current and provide to the Sponsoring Member a list of individuals authorized to obtain access to the BX Market on behalf of the Sponsored Participant.

(E) Sponsored Participant shall familiarize its authorized individuals with all of the Sponsored Participant's obligations under this Rule and will assure that they receive appropriate training prior to any use or access to the BX Market.

(F) Sponsored Participant may not permit anyone other than authorized individuals to use or obtain access to the BX Market.

(G) Sponsored Participant shall take reasonable security precautions to prevent unauthorized use or access to the BX Market, including unauthorized entry of information into the BX Market, or the information and data made available therein. Sponsored Participant understands and agrees that Sponsored Participant is responsible for any and all orders, trades and other messages and instructions entered, transmitted or received under identifiers, passwords and security codes of authorized individuals, and for the trading and other consequences thereof.

(H) Sponsored Participant acknowledges its responsibility to establish adequate procedures and controls that permit it to effectively monitor its employees', agents' and customers' use and access to the BX Market for compliance with the terms of this agreement.

(I) Sponsored Participant shall pay when due all amounts, if any, payable to Sponsoring Member, the Exchange, or any other third parties that arise from the Sponsored Participant's access to and use of the BX Market. Such amounts include, but are not limited to applicable exchange and regulatory fees.

(iii) The Sponsoring Member must provide the Exchange with a Notice of Consent acknowledging its responsibility for the orders, executions and actions of its Sponsored Participant at issue.

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